

The Compass of a Responsible Company

Parts Authority Sustainability Report 2024

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





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CEO's Welcome Letter

I am delighted to share Parts Authority's 2024 Sustainability Report, which describes the work our team members have done in the past year to advance us toward vital business and sustainability goals.

The automotive aftermarket industry moves at a fast clip, so it's critical that we maintain a well-defined direction of travel and strong sense of urgency. Our teams set aggressive business goals, build sound strategies, and move forward with resolve. This same spirit and sense of direction drive our sustainability efforts, which is why we named this 2024 report The Compass of a Responsible Company. Simply put, we have set a course toward achieving even greater impact through our environmental, social and governance (ESG) efforts, and are committed to maintaining both our momentum and our bearing.

Greater impact means creating opportunities for team members, such as by upgrading our training and education programs so they can learn and advance in their careers. It also means engaging them in improving the company, such as through upward communication channels that encourage them to share creative ideas and cite issues to explore.

Looking beyond our walls, greater impact describes how we engage the marketplace and the industry. We are reaching out to learn operational best practices that can boost our efficiency. We also are offering new categories of parts, such as collision parts (bumpers, fenders, hoods). This means that auto-body centers can receive both undercar and collision parts from us in one shipment as opposed to two or three – a more efficient and sustainable solution.

Within this report, you will find many illustrations of how Parts Authority follows its unique sustainability heading to achieve greater impact:

Our Planet – Learn how we are recycling and reusing materials, furthering our use of sustainable packaging, and taking our “right to repair” message to Washington.

Our Supply Chain – See how we work with suppliers who are innovating to give auto parts extended lifespans and lower environmental impact.

Our People – Learn how we are cultivating a vibrant, diverse team through our labor, health, safety and inclusion policies.

Our Community – Find out about the financial, leadership and volunteer contributions we're making across the country.

We hope that the following stories and themes resonate with you and bring our sustainability commitment to life.



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
- » Over 250 locations in the U.S. and steadily expanding
- » More than 6,000 dedicated team members across the country
- » Precision service delivered by a professionally trained, experienced counter team

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.

"We can only reach our goals when our team fires on all cylinders!"

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.

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.

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.

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.

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.





ESG Governance and Management

Parts Authority has formed an ESG company-level committee to guide its progress in embracing and advocating for sustainability.

Board

The board meets annually to review progress of our ESG activities and offer guidance regarding strategies the company should pursue to further its ESG progress. The most recent meeting was held in November 2023.

Company-Level ESG Committee

The company-level ESG committee meets bi-annually. The most recent meeting was held online in May 2024. This company-level ESG committee comprises individuals from a spectrum of Parts Authority's departments and divisions. These include people with the following roles:

- Chief Strategy Officer
- EVP, Chief Human Resources Officer
- EVP of Supply Chain
- VP of Strategy & Sustainability
- VP of Marketing
- General Counsel
- Assistant General Counsel
- 2 Regional Vice Presidents of Operations
- National Safety & Compliance Director
- National Facilities Manager
- Director of Fleet Operations
- Director of Warehouse Operations
- President, Eastern Warehouse Distributors
- General Manager, IMC
- Finance Manager

The role of the company-level ESG committee 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; and to help disseminate ESG-related training and education to their respective teams.

The company has updated and formalized a number of policies and guidelines, including:

1. Discrimination, Harassment, Retaliation Prevention Policy
2. Whistleblower Policy
3. Anti-Bribery & Anti-Corruption Policy
4. Sanctions Compliance Policy
5. Telecommuting Policy
6. Vacation & Leave Policy
7. Lactation room & Break room Policy
8. Forced Labor Policy
9. Supplier Code of Conduct
10. Business Ethics & Personal Conduct
11. Disabilities & Religious Accommodation
12. Health & Safety
13. Open Door Policy & Suggestion Program
14. Generative Artificial Intelligence (AI) Use in the Workplace
15. Antitrust Compliance Policy

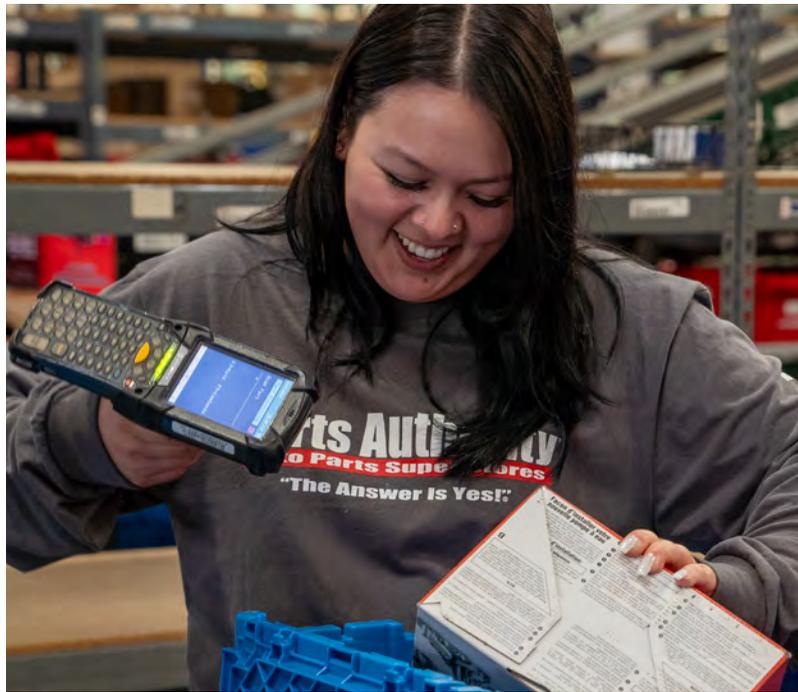
To support our Sustainable Procurement efforts, we've also created a Supplier Code of Conduct as well as a Supplier Assessment Questionnaire, which we have shared with our suppliers to complete and sign.

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 fall of 2022. We are proud that EcoVadis, based on this assessment, assigned its Bronze sustainability rating to our company.

Throughout this report and unless stated otherwise, target goals use 2021 as a baseline year; figures are based on a 2023 reporting year. The report includes all of our locations throughout the United States, as well as all of our subsidiaries, including Eastern Auto Parts Warehouse (EAPW) and Fast Undercar, but excluding Fast Undercar franchisees.







OUR PLANET

Parts Authority seeks to grow its business while simultaneously mitigating its environmental impact. Based on experience, our innovations and investments in enhancing operational efficiency often provide parallel benefits in reducing our effects on the environment. Additionally, we are proud that the core of our business – extending the lives of automobiles – delivers considerable environmental benefits by helping people reduce their vehicles' lifetime carbon intensity.

Our definition of “the planet” reaches beyond the natural environment near our operating locations. We certainly embrace recycling, reusing and repurposing resources, and try to reduce reliance on virgin raw materials when possible. More broadly, we contend that our company’s output – auto parts provided to professionals who repair and optimize the performance of millions of cars – has the potential to influence global environmental processes such as climate change.

In this year's report, we are pleased to have expanded some of our reporting, including more details and data on our recycling efforts, as well as figures related to reducing paper use in our offices.

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 2023 and fuel consumption in all leased and directly owned delivery vehicles and corporate vehicles during the same year. For 2023, our energy management calculations do not cover upstream or downstream third-party suppliers or distributors.



We have started the process of reporting our greenhouse gas emissions. We have identified Scope 1 emissions: those produced directly at our locations or by delivery vehicles; and Scope 2 emissions: indirect production of emissions through purchase of electricity.

We gathered data on natural gas and electricity usage. Estimates of fuel usage have been collected for all 3,464 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 2023, as shown in the figures below.

Beginning in 2021, using data provided by our regional managers, we identified areas of inefficiency at our distribution centers and began a series of energy-efficient upgrades such as: replacing fluorescent lighting across 32 distribution centers with energy-efficient LED bulbs, prioritizing locations with the oldest light fixtures. In addition to a lower carbon footprint, this is helping us reduce our exposure to fluctuating energy prices. We estimate that in 2023 our continuing program of replacing traditional lights with LED lights saved up to 2.5 million kWh.

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 started 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.

Managing Emissions



Getting parts to our customers quickly is a key business priority. When repair facilities have vehicles sitting on hydraulic lifts, they are effectively losing money if they don't yet have the necessary parts to complete the job. Accordingly, prompt "last mile" parts delivery is critical for the efficiency and profitability of our customers' businesses.

We keep vital parts flowing by operating our own fleet of vehicles. As of the end of 2023 the Parts Authority fleet was composed of:

- » 3,352 gasoline-powered vehicles and 112 diesel vehicles.
- » Our gas vehicles drove over 104 million miles, consumed 3,236,241 gallons of gasoline and produced CO₂ equivalent emissions of 28,760 metric tons (mT).
- » Our diesel vehicles drove over 3.6 million miles, consumed 247,642 gallons of diesel and produced CO₂ equivalent emissions of 2,521 mT.

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.

3 Facts and 1 Math Quiz

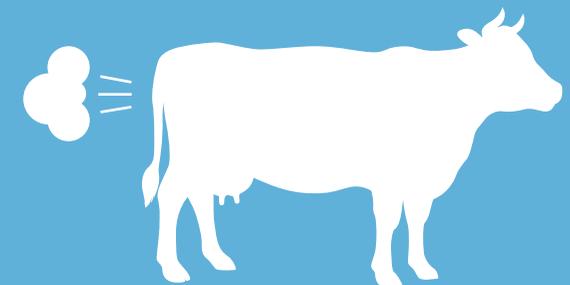
Fact 1: Cows produce as much as 500 liters of methane per day, through a combination of flatulence, belching and excrement

Fact 2: Humans produce 1 liter of flatulence per day, of which 7% is methane

Fact 3: Parts Authority has 6,000 team members

Math Quiz: Who produces more methane each day, one cow or our team collectively?

The answer is hidden toward the end of the report. Look for the cow.





Waste Management

Keeping the Recycling Wheel Turning

As a major automotive parts distributor, the waste we produce is mainly from packaging materials for inbound and outbound goods. We strive to recycle cardboard packaging and wooden pallets in as many of our locations as possible.

- » **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.
- » **Scrap Metal Recycling** – Collection of scrap metal and resale to local recyclers to help keep materials out of landfills.

We collected 2022 recycling data from 270 Parts Authority warehouses and stores, which identified recycling or reuse processes at each location. We gathered additional data about the amount of recycled material or waste avoided in most locations.

To assist with our data collection in 2022, 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 2023 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.



Cardboard recycling at **63%** of locations.
20 locations bale used cardboard for more efficient removal.
515 tons of baled cardboard.
1,465 tons of cardboard.



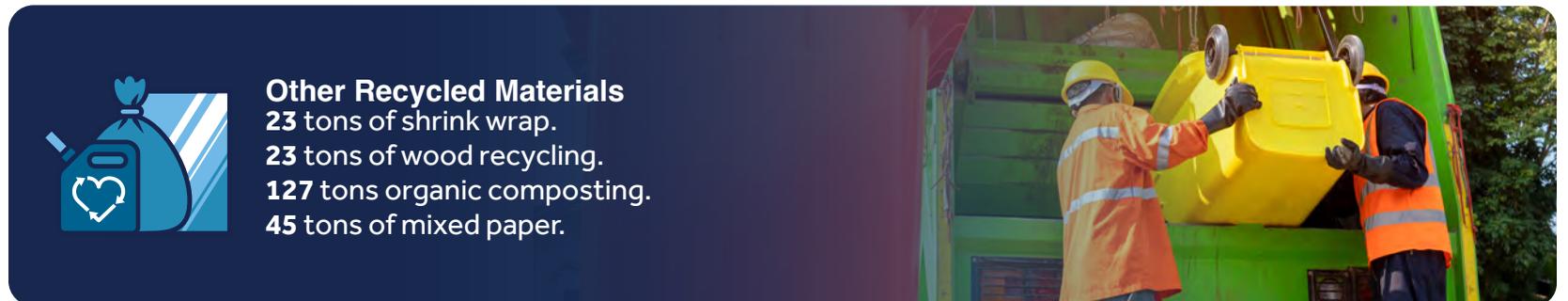
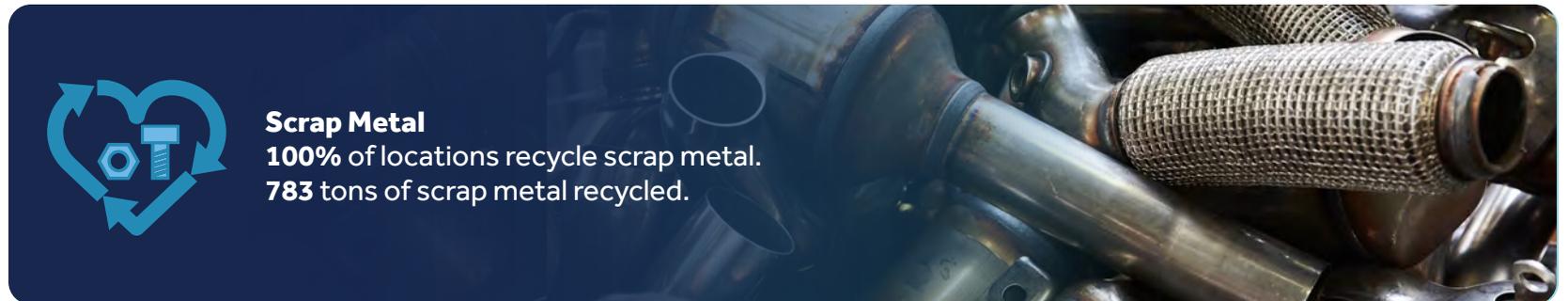
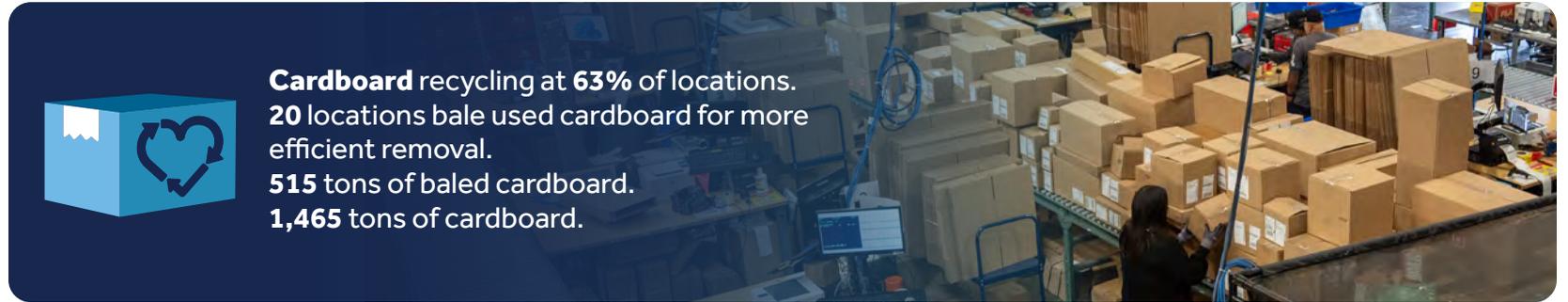
Pallet Reuse and Recycling at **96%** of locations.
417 tons of pallets reused and recycled.
 We reuse pallets when possible. However, multiple locations work with pallet recyclers to give excess or damaged pallets a second life.



Scrap Metal
100% of locations recycle scrap metal.
783 tons of scrap metal recycled.



Other Recycled Materials
23 tons of shrink wrap.
23 tons of wood recycling.
127 tons organic composting.
45 tons of mixed paper.





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

- » Track the amount of waste produced by 2025 in order to set reduction targets for facilities thereafter.
- » Implement a formal, nationwide recycling program concerning cardboard by 2025.

Electronic Waste Recycling Initiative

Electronic waste encompasses products with electrical cords or batteries that have reached their end of lives; although many parts could be recycled, these products often wind up in landfills complete with toxic chemicals and hazardous materials.

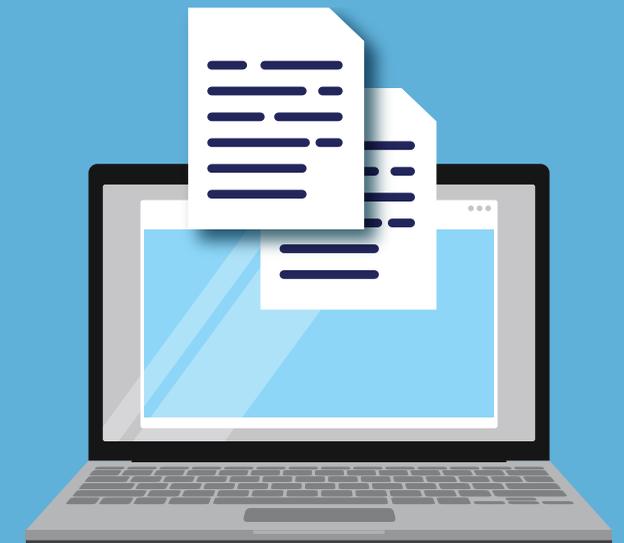
Parts Authority is beginning to identify electronic waste generated by our operations, with the intent of recycling it. We are partnering with qualified electronics recycling firms to assist us with our own recycling process as products reach their end of lives.

Here are some of the types of electronic equipment and devices our teams are recycling:

- **Computing** – Desktop and laptop computers, circuit boards, monitors, keyboards, CD-ROM drives, video cards, docking devices, dongles
- **Peripherals** – Scanners, printers, modems, fax machines, speakers
- **Networking** – Routers, switches, servers
- **Power Units** – Uninterruptible power supply units (UPS), small batteries, surge protectors, converters
- **Transactions** – Check readers, cash registers, calculators, scales
- **Portable devices** – Two-way radios, phones, tablets
- **Environmental devices** – Thermostats, smoke alarms

Digital Documents Reduce Paper Usage

We seek to leverage digital technology to reduce the environmental impact of our accounting processes. For accounts receivable, depending on the customer's preference, we may submit invoices and receive payments electronically. Similarly, for accounts payable, we may accept invoices and pay them electronically. Already, we estimate that more than 1 million sheets of paper a year are saved by Parts Authority because we are employing digital tools rather than sending and receiving printed documents through the mail.





Sustainability in Packaging: Product Sourcing, Packaging & Marketing

A wide range of the auto parts we provide to customers nationwide are delivered by our fleet drivers or sent via shipping services. We protect in-transit parts from damage by using a variety of packaging materials, striving to reduce our environmental impact in the process.

The packaging types used by our team members include but are not limited to:

- Corrugated paper (cardboard) boxes
- Inflatable air pillows
- Void fill paper
- Paper cushions

Several years ago, we looked at the third-party packaging materials we buy to seek ways to reduce environmental impact. We assessed the marketplace's packaging offerings and chose a manufacturer that prioritizes sustainability in the packaging supplied to its customers as our exclusive packaging supplier.

During 2023, we generated multiple positive outcomes from our partnership with this arrangement. Two examples were:

Void Fill Paper – By packaging using 100% recycled content paper, rather than non-recycled material, we achieved:

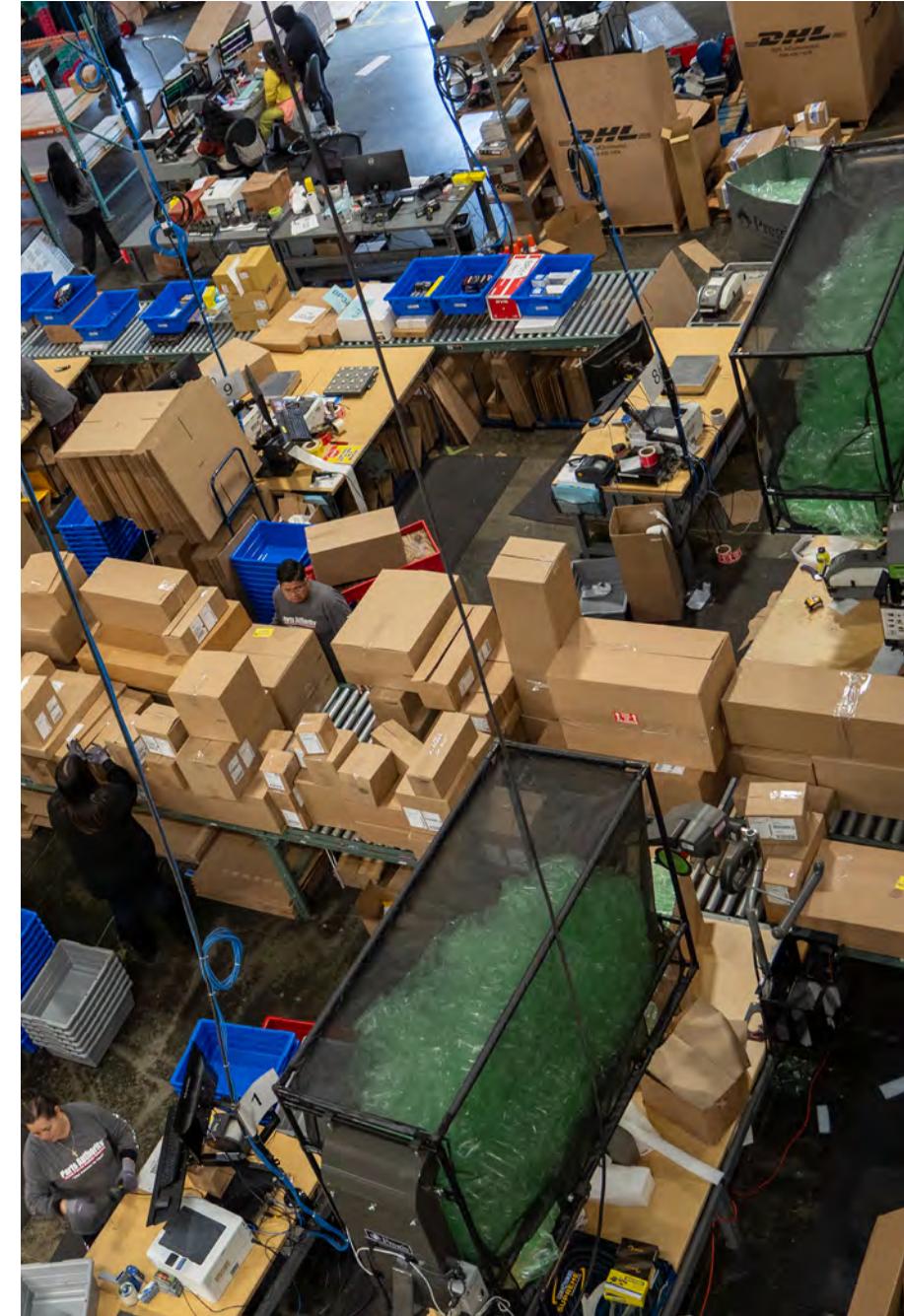
- **9% reduction** in fossil fuel use, saving more than 119 barrels of oil
- **14,594 trees saved** due to adoption of recycled paper

Air Pillows – By packaging using pillows comprised of 30% post-consumer recycled (PCR) content, rather than non-recycled material, we achieved:

- **24% reduction** in fossil fuel use, saving more than 520 barrels of oil
- **26% reduction** in water use, using 15,500,000 fewer gallons
- **15% reduction** in greenhouse gas emissions, equivalent to over 185,000 miles driven by passenger vehicles

We set sustainable packaging targets of:

- » Ensuring that a majority of our packaging is Forest Stewardship Council® certified by 2025 (Achieved since 2023).
- » Using plastic packaging composed of more than 20% recycled plastic by 2025 for our shipping filler material.



Creating Custom Boxes

Minimize Waste, Maximize Sustainability

In 2023, we further enhanced the sustainability of our packaging approach by incorporating new box-making technology.

Traditionally, select parts were placed in cardboard boxes that had been purchased fabricated in a range of pre-set sizes and stored until they were needed.

Inevitably, many boxes would have more capacity than was needed for the auto parts being shipped, and team members would insert additional fill to close the gaps.

With our new box-making machines, our team can fabricate a box that is custom-sized for the specific parts being shipped. This reduces the amount of cardboard required, cuts down on paper cushions or other fill, and lowers the parts' transportation carbon footprint on its way to the buyer.





Right to Repair Advocacy

Taking Our Message to Washington DC!



Automakers generally provide warranties for new vehicles, which require the car owner to visit an authorized dealer for covered repairs and maintenance. After the warranty period has ended, the owner has a choice: continue getting service from a dealer, or work with one of the hundreds of thousands of independent repair centers nation-wide. The dealer has an edge in this situation, because it often has exclusive access to data about the car's operation and history since it rolled off the assembly line. Such valuable, vehicle-specific data is typically unavailable to independent repair shops. Fortunately, however, a powerful national movement is determined to create a level playing field among repair service providers.

Right-to-Repair is the rallying cry for an effort to regulate automobile-data access to protect consumer interests and foster fair competition in the auto servicing sector.

In February 2023, U.S. House Representative Neal Dunn introduced the Right to Equitable Professional Auto Industry Repair Act (REPAIR Act). This Act seeks to require motor vehicle manufacturers "to provide to a vehicle's owner certain direct, real-time, in-vehicle data generated by the operation of the vehicle that is related to diagnostics, repair, service, wear, and calibration or recalibration of parts and systems of the vehicle."

Parts Authority works with the [Auto Care Association](#) and other industry groups both to advocate and encourage legislators to act on this issue. For example:

- » Drivers spend about 36% more money getting their car repaired at the dealer rather than at an independent repair shop.
- » Using an independent repair shop is essential in rural areas of the country where, in some cases, dealerships may be more than two hours away.
- » The supply chain could be impacted by delays requiring that fleet vehicles be repaired by a dealer instead of by their repair personnel, if diagnostics are not readily available.

- » About 4.7 million US jobs are at risk if the Right to Repair Act is not adopted and the dealers continue to maintain the diagnostics data.

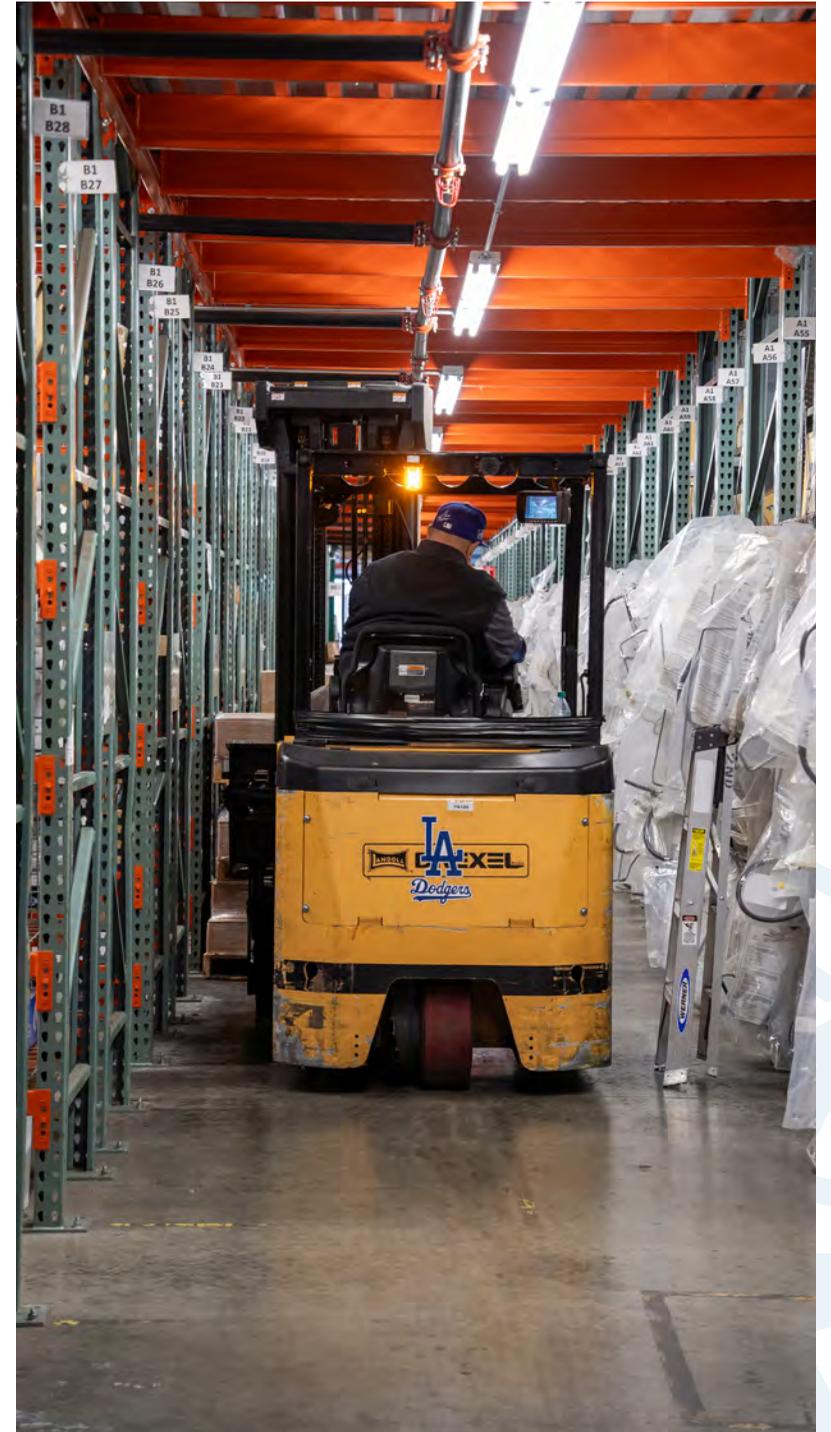
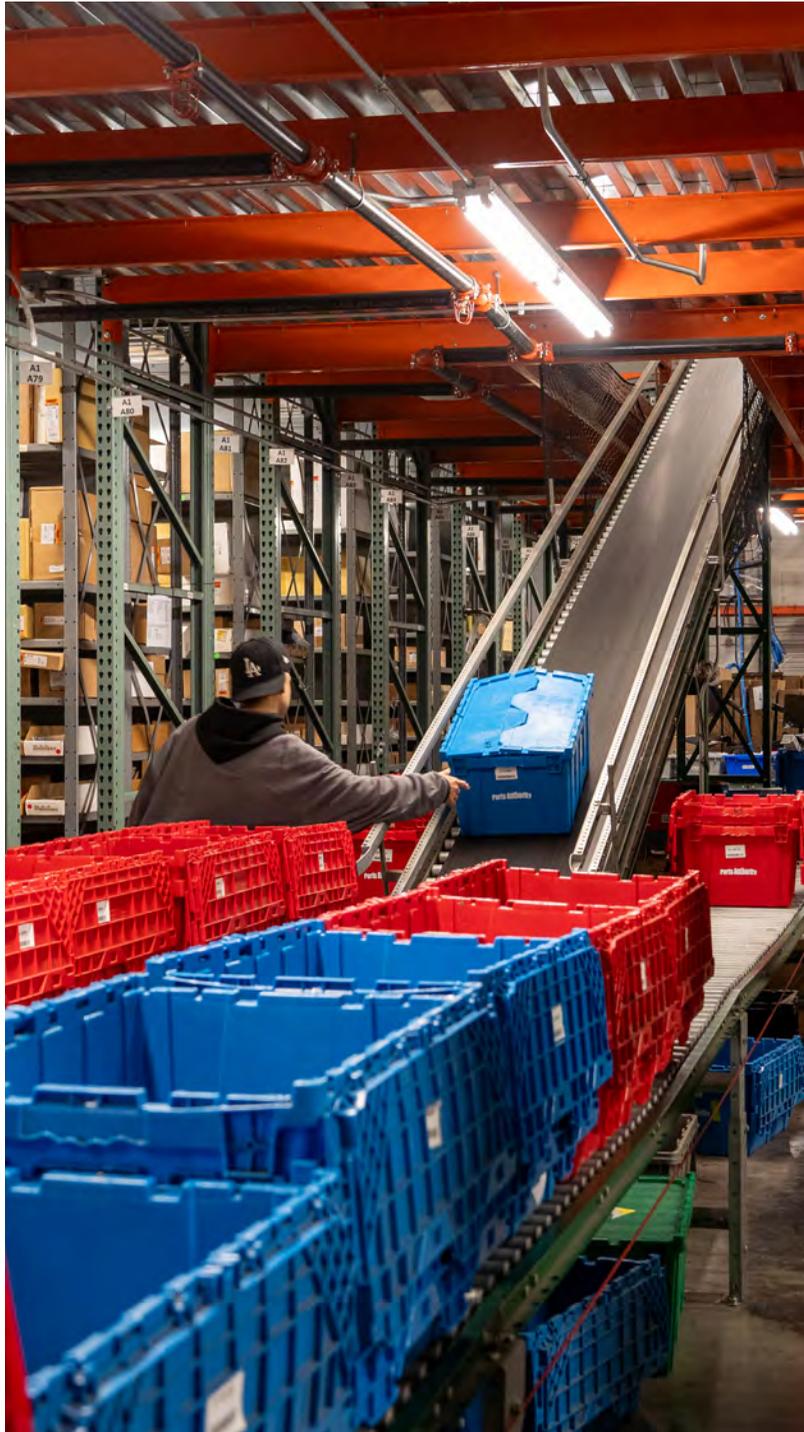
On September 21, 2023, in Washington, DC, several Parts Authority team members joined over 300 aftermarket professionals from across the country to speak to the staff of congressional representatives about the importance of the aftermarket industry and to seek their support of the REPAIR Act. The legislation is gaining momentum in the halls of Congress, and many of the legislative aides we spoke to seemed interested in supporting this bipartisan bill.

However, the federal legislation process is arduous, and we need all of the support we can get to have this bill passed and made into law. We encourage members of the aftermarket industry to get involved in advocating for the passage of this historic legislation to protect the industry's future.

Get started here: <https://www.autocareadvocacy.org>.

Photo by Auto Care Association







OUR SUPPLY CHAIN

Cars are among the most complex mass-produced devices ever created, providing people with access to mobility with impressive reliability. And, if something breaks down, as it inevitably does, a robust automotive aftermarket allows for most repairs and maintenance to be done fairly quickly – if the car owner can get the right parts.

Traditional vehicles have 30,000 distinct parts, while some electric vehicles have 15,000 parts. What's more, manufacturers create distinctly different versions of various parts; such "parts proliferation" makes it challenging for distributors to stock parts that are ordered less often.

However, Parts Authority has chosen to differentiate itself in the marketplace by making a significant investment in stocking a larger percentage of the "long tail" of aftermarket components. Today, we stock over 550,000 SKUs from over 700 global suppliers that can support millions of vehicle repair applications

**"Over 550,000 SKUs stocked from
700+ global suppliers supporting
millions of repair applications"**

Parts Authority's focus on building an outstanding supply chain organization has made us a leader in the warehouse distribution ecosystem of the automotive aftermarket. As a leader we take responsibility for advancing our sustainability, and for supporting the progress of our broad supplier network. Our company is strengthening its sustainable procurement processes to better assess suppliers' sustainability efforts and to spark collaboration to reach higher 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 environmental and social perspectives. In support of the policy, by 2023 more than 60% (by sales volume) of our top vendors signed our Supplier Code of Conduct (or shared their own equivalent code of conduct). Our 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 companies who accept the principles of our Supplier Code of Conduct.

To assess our suppliers' maturity on ESG topics, we have a supplier questionnaire to gather information on relevant topics, actions, policies and certifications. The questionnaire supports conversations with our suppliers about how we can provide 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.



Supplier Policies and Procedures

- » **Sustainable Procurement Policy:** Contains objectives and measures for each of Parts Authority's material issues, including general corporate social responsibility performance of our supply chain; social performance; environmental performance; materials sourcing, and supply chain resiliency.
- » **Supplier Code of Conduct:** Parts Authority is committed to conducting business in a sustainable manner, which means ensuring that our actions as well as suppliers' are aligned with sustainability principles. We ask them to complete a sustainability-focused questionnaire and to sign our Supplier Code of Conduct.
- » **Forced Labor Policy:** Our Purchasing team is responsible for ensuring that our vendors have signed the Supplier Code of Conduct (the "Code"). As part of signing the Code, a supplier affirms that its operations remain free of forced and child labor; the supplier also agrees to respect international agreements regarding human rights, such as the United Nations Universal Declaration of Human Rights.



Parts Authority Making Key Contributions To Auto Care Association Sustainability Initiatives

Parts Authority was among the key advocates of the 2023 creation of a new Sustainability Committee at the Auto Care Association. The committee, which is chaired by Ben Spitz, our Vice President of Strategy & Sustainability, seeks to generate dialogue and action regarding environmental opportunities and challenges across the automotive aftermarket industry.

Committee members are executives from across the aftermarket supply chain, including leaders from top manufacturing, distribution and service companies ([see list](#)).

Among the committee's areas of focus are regulations and legislation, industry and public education, best practices, and recycling. Here are a few recent milestones:

Launching a New Sustainability Web Site to Serve Needs of Industry and Public

A newly developed [website](#) is bringing together resources and tools to help visitors understand sustainability topics and take action. Among the first features is a Sustainability Dictionary that demystifies technical terms and acronyms seen across the E.S.G. (that's on the list!) landscape. Additionally, there is a one-page infographic showing how Scope 1, 2 and 3 carbon emissions differ in relation to wholesalers and manufacturers.

Raising Awareness of Regulatory Issues and Priorities

Among other areas, Parts Authority is helping the committee develop resources that industry members can access to understand the ever-shifting regulatory landscape. The new website features links to news about US and international ESG-focused legislation, as well as to state-level regulatory developments. A major focus of the committee's work is to advocate for US federal Right to Repair (page 14) legislation, to ensure access to repair information, tools and affordable aftermarket parts. Perspectives on this and other critical legal and regulatory issues are also [available on the site](#).

Recycling: Potential Collaboration with BBB for Oil Waste

Parts Authority is deeply involved in the committee's development of recycling initiatives. Among these initiatives is a potential collaboration with the Better Business Bureau (BBB) that envisions a national oil waste recycling program. The BBB National Programs' Center for Industry Self-Regulation is proposing to build a new self-regulatory program to support the Auto Care Association in benchmarking and measuring sustainable practices in the industry. The first area of opportunity being explored involves auto fluid disposal.

The new website also includes [Recycling Regulations by US State](#), which was carefully curated by the committee. Additionally, information about key environmental programs and certification are available for quick reference.





Materials Efficiency – Remanufactured Auto Parts

Delivering Environmental Benefits, Boosting Customer Value

Repair professionals and car owners can access a vast array of aftermarket parts to keep vehicles running well and lasting longer. Some such parts have been remanufactured to provide solid performance, as well as lower environmental impact and costs, compared to building a new part.

Remanufacturing typically involves complex auto parts that have multiple components. A portion of the components get worn down by use while the balance of the part (the “core”) remains undamaged. Remanufacturers salvage these cores and rebuild the worn-out components, thus giving the auto part a “second” life (possibly several more lives, with the right component replacements). Technicians disassemble the used part, clean it, install new components, and test it. The resulting part is warrantied and meets Original Equipment Manufacturer (OEM) specifications, while promising equal or better performance.

Remanufacturing Benefits

Sustainability is at the core of remanufacturing. When compared to producing a new auto part from raw materials, by some estimates a remanufactured part:

- Consumes less energy (as much as 80% less)
- Requires fewer raw materials (such as aluminum, copper and steel)
- Uses less water (more than 80% less)
- Produces less waste (as much as 70% less)

By some estimates, remanufactured products conserve roughly the equivalent of 400 trillion BTUs of energy per year, which can translate into significant reductions in greenhouse gas emissions when compared to creating new parts.

Parts Authority is proud to play a role in the remanufacturing value chain. When customers buy certain parts there is a “core charge” fee, which we refund when they return the part after it is worn. We send returned cores to the suppliers for remanufacturing. We follow a similar process for lead-acid batteries, which are technically “recycled” but still involve a core-charge fee with subsequent refund for returns, and that align with the same “second life” value proposition as remanufacturing.

We conducted a survey of all parts in our inventory that carry a “core charge” to calculate the volume of remanufactured parts we sell:

We estimate that nearly 1 out of every 10 parts (9%) Parts Authority sells is remanufactured.* The following is a sampling of systems which may contain remanufactured components.

- **Car battery**
- **Alternator**
- **A/C compressor**
- **Disc brake calipers**
- **Starter motor**
- **Rack and pinion**
- **Power steering pump**
- **Fuel injectors**

* Recycled batteries are included in these calculations as they carry a core charge as well.



Steering Components – Environmental Benefits of Sustainable Manufacturing

Among our remanufactured parts suppliers is BBB Industries, which provides us with parts that support vehicle steering capabilities. In 2023, BBB produced more than 80,000 different steering parts. According to BBB, for the average steering part, about 13.35 pounds of material – the weight of a standard bowling ball – were reused, and saved from waste. These units, on average, used 88.6% less new material in their production than if they were newly manufactured.

Here is a glimpse of the potential environmental impact of BBB's efforts:

1,300 METRIC TONS
OF CARBON EMISSIONS AVOIDED

391,000 POUNDS
OF ALUMINUM REUSED

165,000 POUNDS
OF CAST IRON REUSED

532,000 POUNDS
OF STEEL REUSED



Product Safety – Recalls

Parts Authority does not manufacture parts, but we do participate in rare product recalls directed by our suppliers. We are proud that out of 800,000 stock keeping units (SKUs) offered in 2023, we only had 26 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 99.99% 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 require follow-up.

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 2023 were due to factors outside of our knowledge or control, and thankfully were rare and of minimal impact.

0.003%
(3 100THS OF 1 PERCENT) OF ALL PARTS
RECALLED IN 2023



OUR PEOPLE

Labor Practices

Parts Authority can only achieve its full potential and serve our customers superbly when our team is engaged and operating at peak performance! Accordingly, we focus on enhancing team member satisfaction, career development and professional growth, which have been core values of the company since its founding.

For this report, we assembled information about our key employee programs, which are designed to create a positive and affirming work environment.

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 ongoing health and safety training to new and veteran team members throughout the company.

Compensation and Benefits

Parts Authority strives to support the wellbeing of our team members, by providing competitive pay and benefits. These benefits are available to team members after 60 days of employment:

- Sick leave, safe leave and vacation days
- 6 paid company holidays
- 3 floating 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, HSA, commuter benefits
- Life insurance
- Short-term disability
- Long-term disability insurance
- Voluntary coverage options: Critical Illness, Accident Insurance, Hospital Indemnity Plan, ID Theft, Legal Plan, Pet Insurance
- Financial planning services
- Referral program
- Daily pay
- Bereavement leave

We also encourage healthy lifestyles through our Wellness Program, which has been enhanced to include various enterprise-wide campaigns across multiple dimensions of good health.

Additionally, in early 2023 we launched a new Employee Assistance Program, which offers no-cost confidential assessments, short-term counseling, referrals and follow-up services to all team members who have personal or work-related problems.

The Employee Assistance Support team is available 24/7.

Training and Development

Parts Authority Education, our company's learning management system, provides every team member with a single destination for training and development needs involving diversity and inclusion, compliance, safety, health and wellness, and leadership development – in addition to role-based, job skills training. Parts Authority Education blends custom-curated content with proprietary content created in-house by our Education Team. This comprehensive system operates across several delivery modes – interactive e-learnings, infographics, and virtual live facilitators-led sessions – to optimize learning and knowledge retention. In 2023 Parts Authority Education delivered nearly 46,000 hours of training.





Women Powered by Parts Authority First Team Network Launched

In 2023, Parts Authority achieved an important milestone in its Diversity, Equity, and Inclusion (DEI) journey by launching its first Team Member Networking Group (TMNG). A Women’s Networking Group was formed to continually empower and engage with women and their supporters across the company by providing an array of resources and tools.

Since the group’s founding, members have voted to name it “Women Powered by Parts Authority.” The group serves as a platform for sharing experiences, generating new ideas, instilling confidence, broadening connections, and amplifying their voices.

Areas of focus for these meetings are aligned with member-driven content, which was garnered from a survey distributed to group members, including topics such as:

- » Career Advancement
- » Diversity and Inclusion
- » Industry Specific Discussions
- » Leadership Development
- » Mentoring and Coaching
- » Networking and Relationship Building
- » Skill Enhancement
- » Work-Life Balance

The group has attracted the interest of members whose work experience ranges from a few months to more than two decades. The women’s areas of expertise are similarly diverse, from branch and warehouse specialists, to hourly and non-hourly professionals, to functional managers and people managers, to executive leaders.



Executive Sponsor: Lisa Tanzi. As General Counsel, Lisa is a trusted advisor, leveraging over 20 years of experience in addressing legal inquiries across all operational domains. With a deep comprehension of the intricate legal landscape, Lisa guides the organization’s legal strategy, manages legal risks, and provides counsel to senior management on diverse legal matters. Ensuring compliance with all applicable laws and regulations, Lisa plays a crucial role in steering Parts Authority towards legal integrity and operational excellence.



Group Leader: Jill Natalie. As Organizational Development Manager, Jill leads initiatives nurturing growth and development for both team members and Parts Authority as a whole. Drawing from experience and expertise in HR and organizational effectiveness, Jill’s contributions span enhancing company culture, cultivating competencies, optimizing performance, increasing engagement, promoting wellness, and facilitating career development. Dedicated to unlocking potential and fostering a thriving workplace, Jill plays a central role in driving Parts Authority towards continued advancement and success.

Key Policies and Programs



Discrimination, Harassment, Retaliation Prevention Policy

Parts Authority has a strict policy against discrimination and harassment of individuals inside and outside the company based on their traits or characteristics, consistent with federal, state and local laws and ordinances. Also prohibited is any retaliation against individuals who report, among other things, behavior that is or constitutes discrimination or harassment.



Vacation & Leave Policy

Parts Authority provides paid vacation days for full-time regular status team members, as well as paid sick/safe leave, several paid public holidays and three paid "floating" holidays. Team members also may be entitled to leaves of absence under such federal programs as the Family and Medical Leave Act and Military Family Leave Entitlement.



Whistleblower Policy

Our company's Whistleblower Policy aims to provide current and former team members an avenue to raise concerns if they think actions of the company, agents of the company or team members are in violation of the law. The policy also aims to protect against reprisals or victimization for whistleblowing. In 2022, we added an anonymous hotline for team members to easily report any concerns.



Open Door Policy & Suggestion Program

Parts Authority encourages team members who have job-related problems or complaints to speak to their supervisors or any management member. This "Open Door" approach can serve as an effective path toward resolution, but is not intended to replace other remedies. Additionally, we encourage team members to share their ideas for improving our company.



Telecommuting Policy

The company may allow certain team members to telecommute on a regular basis, subject to advance approval by management. This may be as a fully remote team member or as part of a hybrid work arrangement.



Lactation Room & Break Room Policy

Parts Authority shall provide reasonable break time for team members to express breast milk each time such team member has reasonable need, for up to three years following childbirth. In such cases, the company will provide access to a lactation room and refrigerator, and breaks to express milk.



Health and Safety

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.

Safety has always been important for our company, and in recent years we have strengthened our commitment to this priority. In 2019, we appointed the company's first National Safety & Compliance Director, then in 2022 we also appointed a National Safety Manager. The company 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:

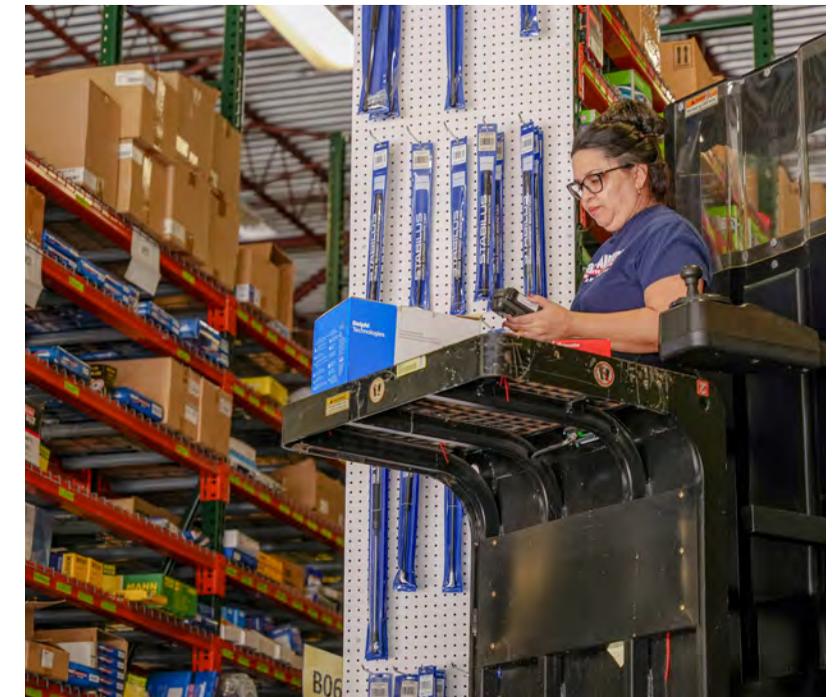
- » Monthly scorecards for locations, which capture metrics related to inspections completed, injuries, accidents, days away and other factors;
- » Monthly safety inspections for each branch,
- » Quarterly safety inspections by district/general managers
- » Monthly Safety Meeting programs featuring: presentation of a safety video; review of the previous month's Injuries and Vehicle accidents and alerts, and actions that can be taken to prevent reoccurrence,
- » Safety Meetings are documented with attendance and are monitored for proper completion.

We have formed a Parts Authority Safety Council, which includes our Chief Operating Officer, Chief Financial Officer, Chief Human Resources Officer, General Counsel, VP of Finance, Senior VP of Operations, Senior VP of Warehouse, Regional VPs, and representatives from human resources, legal and fleet.

The Council meets monthly and reviews the Safety Scorecard, and discusses and develops strategic initiatives to enhance the Company's safety program and identify areas to mitigate.

As part of the Company's strategic initiatives to improve safety, Parts Authority implemented in-vehicle driver cameras for all of our company owned vehicles. These cameras have built-in warnings and coaching to help improve driver behavior. The camera program is backed up by reviewing incidents and issuing progressive discipline to further affect driver behavior and accountability.

The company is addressing the most common injuries with training by local management and through educational programs. In addition, we implemented a 365 day 24/7 hotline that allows our team members to report concerns, issues and problems anonymously. Finally, site visits are conducted by our district and general managers to recognize performance, identify risk and assist the local management to problem solve.



In the 2023 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 5.6. This is based on 355 lost-time workplace accidents (in the context of 12.7 million total hours worked in 2023 across the company) based on OSHA's calculations, which use 200,000 hours (100 employees working 40 hours a week for 50 weeks a year).
- » 9.5 accidents per million miles driven. We experienced 1,022 total vehicle accidents in 2023.

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

- 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

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

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 (US and/or EU), quality, brand-name manufacturers. Such manufacturers disclose chemical information on product information sheets and they sell products regulated under the US Consumer Product Safety Act.

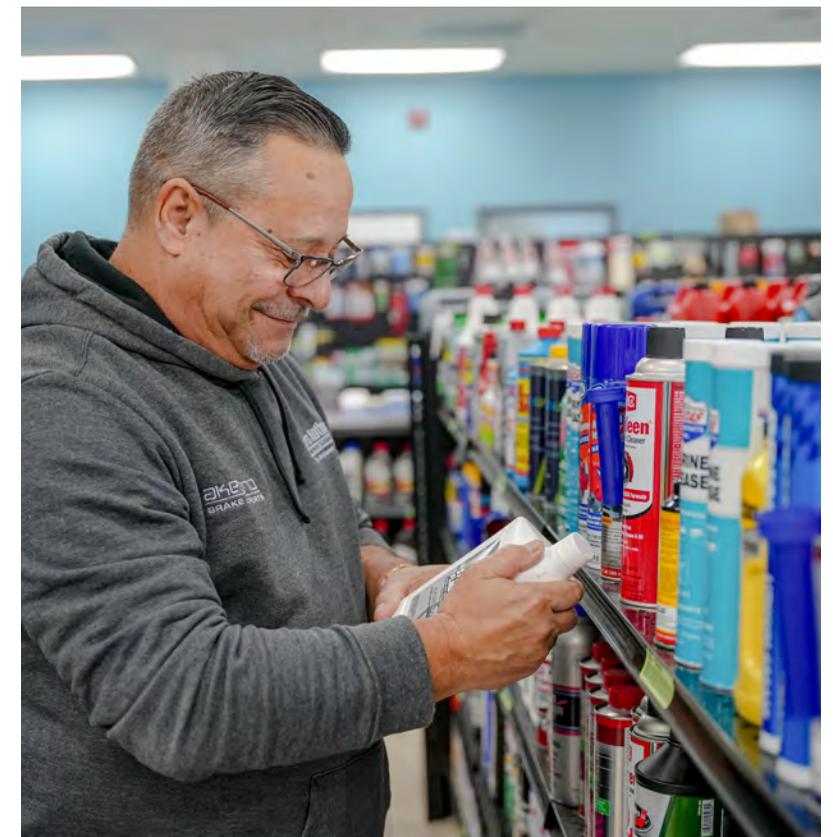
Parts Authority relies on manufacturers to test, certify and market their products based on applicable laws regarding banned or illegal substances.

Additionally, we procure chemical management information, which is updated regularly using a third-party company.

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.

Health & Safety Commitment

Parts Authority is committed to maintaining safe workplaces, and may issue guidelines at each location to achieve a safe, healthy, and environmentally conscious workplace in accordance with local laws and regulations. Team members are required to comply with all company rules and guidelines, as well as any applicable laws, while keeping their work areas free of potential hazards.





Team Member Wellness Program

At Parts Authority, the health and well-being of our team members has always been a top priority. This commitment took on even greater relevance after the COVID-19 pandemic began, and our company and team members coast to coast were faced with major disruptions in their professional and personal lives.

As our company swiftly adapted to change, we engaged team members about their needs and goals through several surveys. These included: the Team Member Engagement Survey (Dec 2021); the Benefits Pulse Survey (May 2022); the Wellness Pulse Survey (July 2023); and the Team Member Satisfaction Survey (Sept 2023). We also conducted a Pre-Wellness Program Survey, which highlighted team members' preferences for resources on physical, nutritional, financial, mental, emotional, social, and occupational wellness.

In the summer of 2022, Parts Authority proudly launched its Enhanced Wellness Program, which encompasses:

» **PA Benefits Reminders** – a steady flow of informational emails that highlight aspects of medical and financial benefits that may be underutilized, such as the company's 401(k) savings program; its flexible spending account for handling health expenses; and 529 plan guidance to help them save for children's future education costs. The company also extends select discount offers through a variety of national retailers to help team members stretch their dollars for home and family purchases.

» **Awareness Campaign** – monthly educational emails that explore a range of health and wellness topics. These campaign notices are released in sync with high-profile national campaigns, such as Diabetes Awareness Month, Colon Cancer Awareness Month and Breast Cancer Awareness Month. Importantly, the awareness campaign highlights behavioral health topics, such as suicide prevention and reminds team members of the free, 24/7 availability of the employee assistance program (EAP).

» **Wellness Engagement and Participation Opportunities** – several times each year, team members are encouraged to help raise awareness of certain aspects of disease prevention and treatment. For example, team members send in creative photos of their colleagues in pink t-shirts (showing support for breast cancer screening) or giant sunglasses (for National Sunglasses Day, which encourages people to protect their eyes from the sun's UV rays).

By taking such proactive steps to engage and educate team members regarding these critical topics, Parts Authority hopes to support their efforts to enjoy a fulfilling life, both personally and professionally.

"At Parts Authority, the health and well-being of our team members has always been a top priority."



The 2023 Year In Review...
Brought to you by your PA Wellness Committee

CHALLENGE YOURSELF
WELLNESS
YOUR WELLNESS

To access the Wellness Flyers above, scan this code using the camera on your Smart device to access the content on PAE



Employee Engagement

At Parts Authority, the voices of our team members are paramount. In December 2021, we conducted our first comprehensive engagement survey, a demonstration of our commitment to ensuring team member satisfaction.

In September 2023, our second survey showcased a significant surge in responses, marking a 116% increase compared to our initial survey. This substantial uptick not only highlights our commitment to team member engagement and satisfaction, but also underscores our team members' increasing comfort with providing feedback.

Our team has highlighted key areas of job satisfaction, including job security, work atmosphere, social responsibility, teamwork, company culture, values, technology, and work-life balance.

These findings reaffirm our commitment to cultivating a supportive workplace environment, and emphasize the significance of listening to and acting upon the feedback provided by our team members.

Diversity and Inclusion

Achieving Parts Authority's mission relies on the contributions of talented and diverse team members. We value the unique characteristics and experiences that enrich personal perspectives and positively impact our workplace.

Accordingly, we work to create an inclusive environment where diverse voices strengthen our organization.

Single Destination for Diversity & Inclusion Resources

Parts Authority Education, our learning management system (LMS), features a dedicated Diversity & Inclusion page, which gives team members a single destination for all D&I education, information and resources. From this page, they can access curated resources such as the Harvard Implicit Association Test, TED Talks and other social-driven media, as well as relevant educational content. Here, too, is where they access our Preventing Discrimination and Harassment training, which is customized for team members and managers.

Enhancing Our Approach to Diversity in Hiring

To further our recruitment efforts, all Talent Acquisition Team members have been trained in employing inclusive language across communications and have attained Recruiting Inclusive Certification after completing courses centered on culture, jargon, and empathy.

Exploring Diverse Beliefs, Traditions, Circumstances

Our Drive Forward communication program illuminates the array of holidays, celebrations and commemorations that take place in communities across the nation and among various groups of people in addition to delivering company focused Diversity and Inclusion messaging. Drive Forward is a key phrase used by Parts Authority Diversity & Inclusion. We have adopted Drive Forward to mean continuously learning, growing, and striving to do better in the space of inclusion and belonging.

In 2023 Parts Authority launched our first Diversity & Inclusion campaign: Drive Forward: The Importance of Words. This campaign features messages and personal stories from several of our executives as well as a call to action inviting all team members to Drive Forward. **This campaign, also shared on social media,** was well received by both our internal team members and external industry peers.

Industry Participation and Recognition

Jillian Weishaar, our Manager of Education, Diversity and Inclusion, complements these internal programs by engaging in D&I initiatives with groups across the industry. In 2023 Jillian served as speaker, panelist, facilitator, and host at events sponsored by the Auto Care Association and Diversity of Thought. She also has served as a judge for the Impact Awards and the Women in Auto Care Awards.

Parts Authority is proud to have received an industry-recognized Diversity, Equity and Inclusion Certification through CADIA.

Disabilities & Religious Accommodation

The company complies with the Americans with Disabilities Act (ADA), as amended, and applicable state and local laws that provide for nondiscrimination against qualified individuals with disabilities as applicants or team members. Parts Authority also will make reasonable accommodations for an applicant's or team member's bona fide observance of religious holidays, beliefs or practices, in accordance with applicable laws.





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 serve as volunteers in a range of organizations
- » **Suppliers** – who act as our partners in advancing enlightened, high-value programs
- » **Customers** – who responsibly return their product "cores" so we can return them to vendors who can then remanufacture the related parts
- » **Local Nonprofits** – who make our towns and cities stronger, drawing on resources such as funding from companies like ours

Supporting Reggie Jackson's Mr. October Foundation

Reggie Jackson is among America's greatest professional sports legends, having played 21 seasons in Major League Baseball as part of four different teams, and gaining induction into the National Baseball Hall of Fame. Nicknamed "Mr. October" for his outstanding performance in post-season championship series, Reggie Jackson chose to devote his retirement years to community service – with a focus on young people in America.

In 1997, he formed the Mr. October Foundation for Kids, which pursues the mission of improving educational opportunities for underprivileged youth.



With financial support from committed partners, including Parts Authority, the Foundation has made Science, Technology, Engineering and Math (STEM) a priority, funding curricula geared for young people without full access to STEM topics at their schools.



The organization's marquee fundraising event is the annual Mr. October Foundation Celebrity Golf Classic. The event attracts a range of legends from sports, celebrities, and others, and raises hundreds of thousands of dollars for the foundation's programs.

Parts Authority has been a Corporate Partner for the Celebrity Classic for several years.

National 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 2023 alone, the foundation provided 378 scholarships and \$640,250 in funding to help train America's next generation of automotive professionals.



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.



Other Sponsorships

Parts Authority helps to build vibrant communities nationally by providing financial support and volunteer action:

- American Youth Soccer Organization
- Amityville Police Benevolent Association, LLC
- AP Sports Venture Group – Corporate Sponsorship
- Bay Shore Fire District
- California Automotive Wholesalers' Association – Conference General Session
- Charity Golf Tournament for Past Pleasures Car Club
- Chesapeake Automotive Business Association
- D.W. Campbell Annual Charity Fundraiser
- Etowah Touchdown Club
- Lines for Life - Title Sponsor
- Matt Martin Foundation Inc.
- Natraj Center for Performing Arts
- Northern New Mexico Children's Football League
- Pagosa Fun LLC
- Rescue Mission of Middle GA
- Rockville Centre Fire Department Donation
- Sally Ann McNulty – Team Sally Sponsorship
- The River's Edge Ranch
- Youth Inc.

Business Ethics and Personal Conduct

The successful business operation and reputation of the Company is built upon the principles of fair dealing and ethical conduct of our team members. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. The continued success of the Company is dependent upon our customers' trust and we are dedicated to preserving that trust. Team members owe a duty to the Company and its customers to act in a way that will merit continued trust and confidence of the public.

In general, the use of good judgment, based on high ethical principles, guides our team members when making difficult decisions.

In addition to the policies set forth in the team member handbook, the following basic principles guide the conduct of all team members:

- » **Comply** with all applicable laws and regulations.
- » **Perform** all aspects of their jobs with honesty, fairness, integrity, pride, trust and loyalty.
- » **Embrace** differences, including individual perspectives and experiences.



Integrity in Conducting Business

The Company expects team members to take personal responsibility for maintaining the highest standards of honesty, trustworthiness, and ethical conduct. Team members are expected to show integrity by supporting our customers' ability to understand our products and services. All Company leaders have a responsibility to model good behavior and foster an environment where compliance is achieved. Leaders also have a responsibility to promote a culture that prioritizes integrity and compliance, and team members are expected to be active participants in the maintenance of integrity standards.

Anti-Bribery & Corruption Policy

Parts Authority is committed to ensuring ethical practices in all business transactions and communications. Parts Authority prohibits team members from offering, paying, receiving or soliciting a bribe. Conversely, the company does not tolerate bribery by any third party with whom the Company does, or seeks to do, business. Team members cannot ignore signs of bribery and are encouraged to escalate any concerns to the Company's General Counsel. In 2023, the company provided live training to executives, senior managers, sales team members and others.

Antitrust Compliance Policy

Parts Authority also strives to prevent antitrust situations by instructing team members not to act or communicate in a way that implies that the company's business decisions arise out of cooperation rather than competition with industry rivals.

Data Security and Privacy

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.

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.

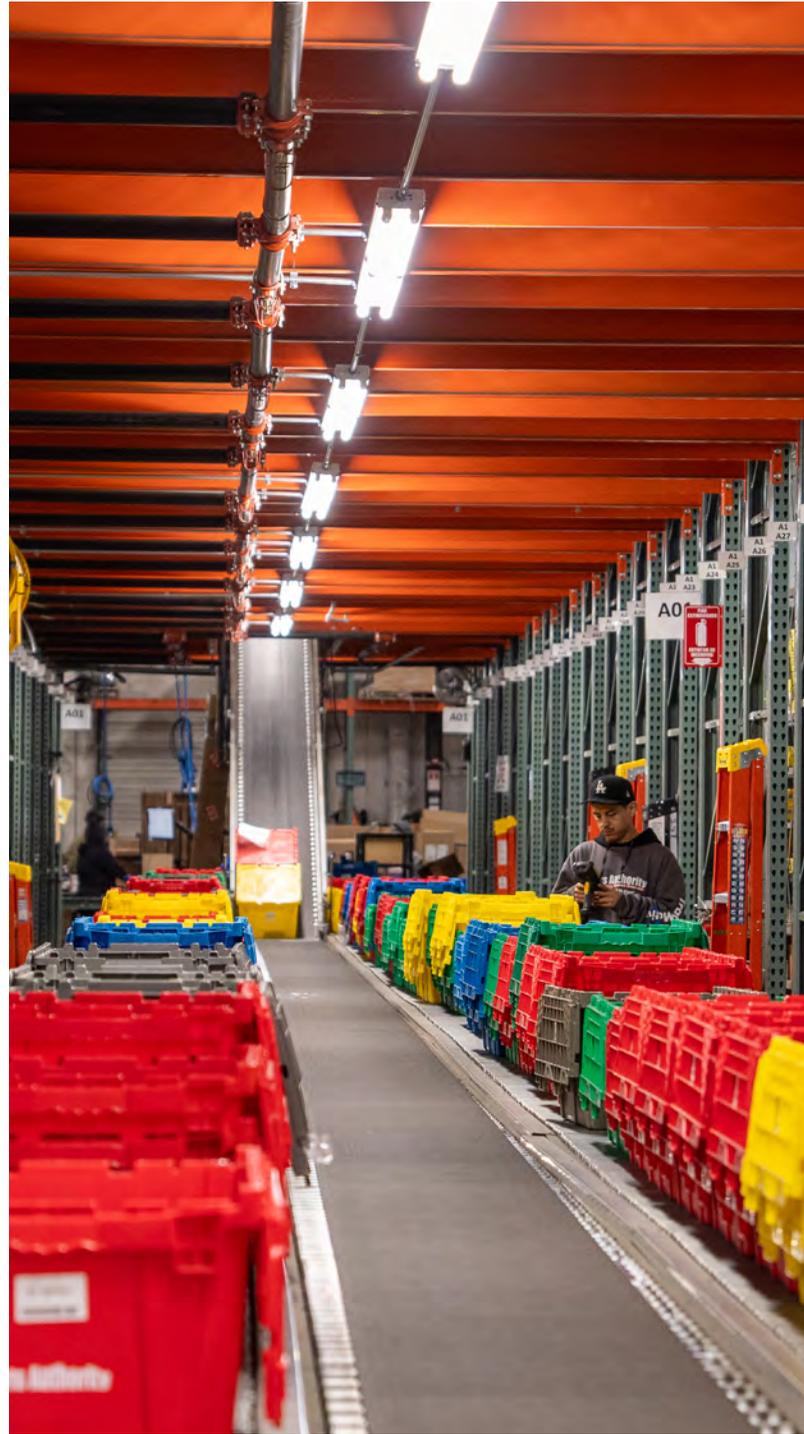
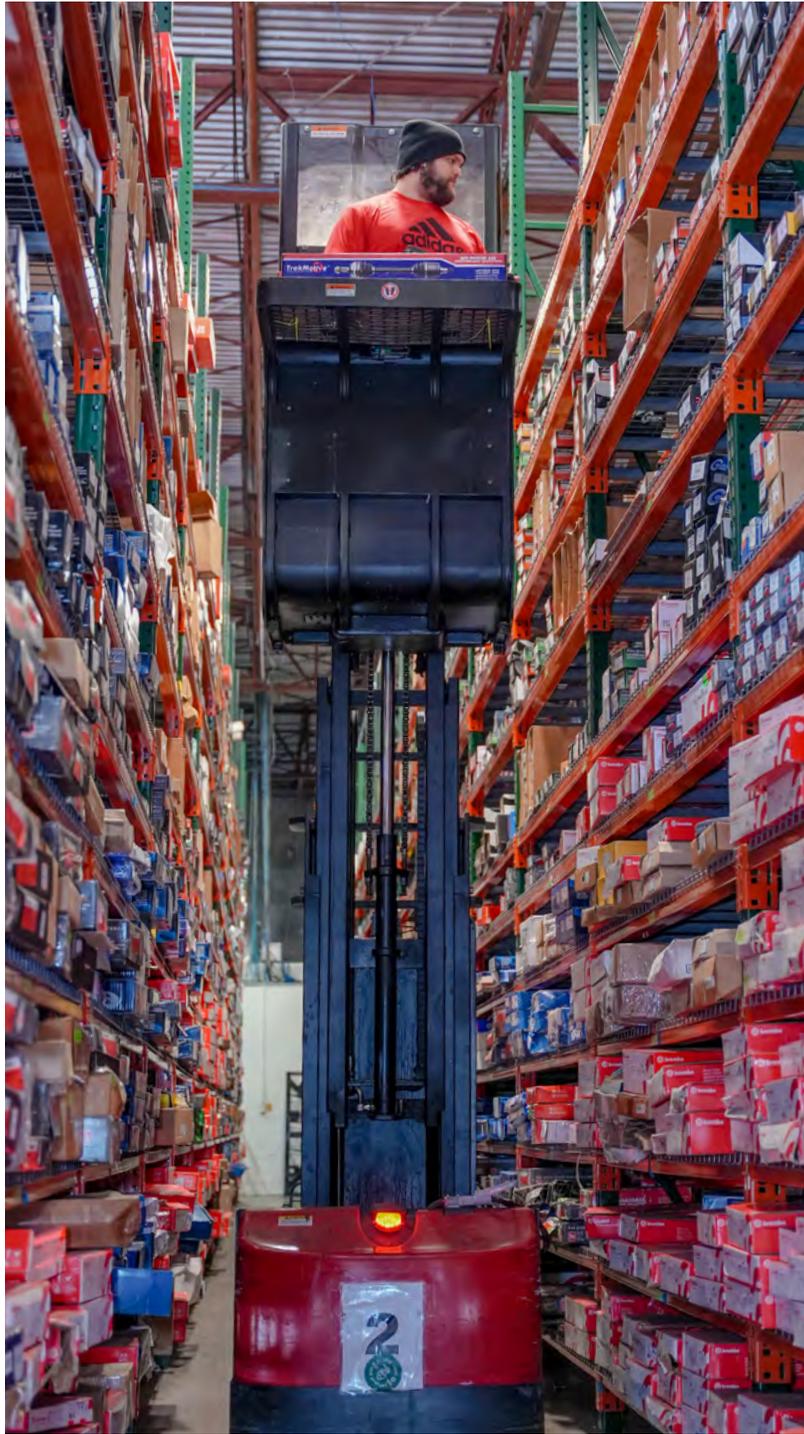
Parts Authority periodically tests the security program's effectiveness by facilitating both internal and external independent assessments.

To the extent the Company collects personally identifiable information of its team members or customers, it takes steps to comply with applicable state specific privacy laws, including the California Consumer Protection Act, among others. Customers can learn more about Parts Authority's privacy practices at <https://partsauthority.com/privacy-policy>.

Generative Artificial Intelligence (AI)

In addition, Parts Authority is supportive of the ethical and compliant use of artificial intelligence tools. In doing so, Parts Authority launched a company-wide training program and policy regarding the responsible use and engagement of generative artificial intelligence tools. Team Members are unable to access generative artificial intelligence tools without acknowledging receipt and review of the Company's policy and completing a training program.







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 2023, with additional qualitative information regarding activities from before this report's publication.

"Our process is aligned with global principles and best practices..."

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. In the chart that immediately follows, we have summarized the material issues and their relevance to Parts Authority. The Index on page 39 provides detailed disclosures as per the relevant SASB codes.



Material Issue	Relevance to Parts Authority
<i>Energy Management</i>	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.
<i>Data Security</i>	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.
<i>Labor Practices</i>	As an employer it is our responsibility to provide team members with acceptable labor practices. This means complying with relevant local laws and regulations.
<i>Employee Engagement, Diversity & Inclusion</i>	We strive to engage our team members through dialogue and development, and cultivating a culture marked by inclusion, diversity and mutual respect.
<i>Product Design & Lifecycle Management</i>	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.
<i>Waste & Hazardous Materials Management</i>	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.
<i>Product Quality & Safety</i>	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. The vendors declare that the products we sell are safe for their intended and prescribed use.
<i>Materials Sourcing & Efficiency</i>	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.
<i>Competitive Behavior</i>	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 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 or has taken:

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:

- Provide ongoing anti-discrimination and anti-harassment training to new and veteran team members throughout the company.
- 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. (Achieved in 2023)
- 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.

(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 rate by 5% by 2028..
- Reduce lost time case rate by 4% by 2028.
- Improve manager/supervisor safety knowledge to address unsafe conditions or behaviors through additional training.
- Provide ongoing health and safety training to new and veteran team members throughout the company.

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

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:

- Track the amount of waste produced by 2025 in order to set reduction targets for facilities thereafter.
- Implement a formal, nationwide recycling program concerning cardboard by 2025.
- Ensure a majority of our packaging is FSC certified by 2025. (Already in use since 2023)
- Use plastic packaging composed of more than 20% recycled plastic by 2025 for our shipping filler material.
- Contribute to repairs of an estimated 10 million vehicles each year to extend their lifetimes.

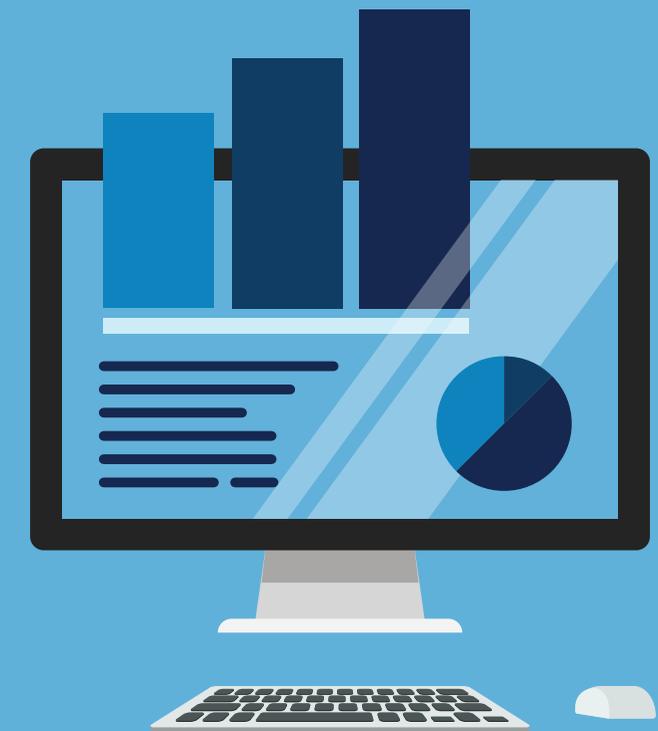
(12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle)

Parts Authority has:

- Participated in the CDP private markets pilot to establish benchmarks for private companies to assess climate-specific risks and opportunities; and has calculated and reported on our Scope 1 and 2 emissions since 2022.

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.





SASB Disclosures Index

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: 681,544 Gigajoules 2. Percentage of total consumed energy accessed via electric grid: 14% or 95,833 Gigajoules 3. Not reported.
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.

Labor Practices		
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.
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 are 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 27.



Product Sourcing, Packaging & Marketing		
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) More information on page 12.
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, 26 voluntary recalls were issued by various parts suppliers. More information on page 20.
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, 1 out of 4 products sold helps to improve fuel efficiency or reduce emissions. More information on page 42.
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 pages 19 and 43.
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 19.
Competitive Behavior		
TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	\$0

Conclusion

Parts Authority intends to build upon our sustainability achievements in the coming year, drawing on the enthusiastic participation of team members across the country. We hope to see even greater reach and impact of our resource recycling, reusing and reduction initiatives, as well as innovations that may save energy and enhance safety in the years ahead.

We remain committed to pursuing sustainability strategies that have the potential to enhance our company's performance, deliver positive impacts to communities, and align our team members and other stakeholders with the impact-oriented Compass of a Responsible Company.

"We remain committed to pursuing sustainability strategies...with the impact-oriented Compass of a Responsible Company."





Appendices

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

List of Part types that increase fuel efficiency, including Part category designation

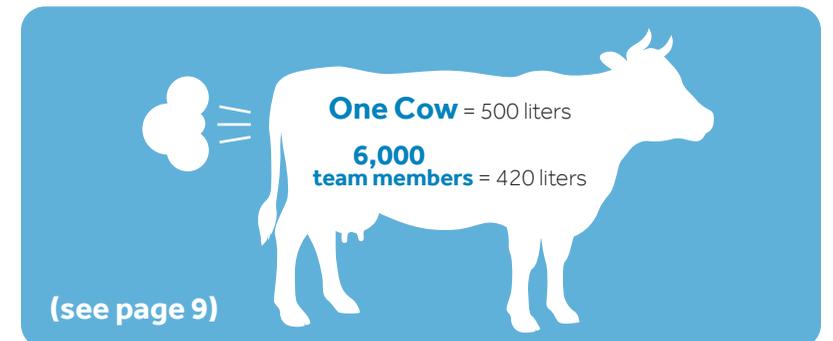
- 6192_Air Filter
- 10328_Air / Fuel Ratio Sensor
- 5128_Mass Air Flow Sensor
- 6072_Fuel Injection Idle Air Control Valve
- 5340_Engine Oil Filter
- 12138_Engine Oil
- 12429_Engine Oil Filter Housing
- 5562_Engine Oil Pan
- 4588_Engine Oil Pressure Switch
- 10434_Automatic Transmission Oil Cooler Hose Assembly
- 10396_Engine Oil Pan Gasket Set
- 2084_Engine Oil Cooler
- 2088_Automatic Transmission Oil Cooler
- 5564_Engine Oil Pump
- 13795_Engine Oil Pressure Sensor
- 10619_Engine Oil Cooler Hose Assembly
- 5436_Engine Oil Pan Gasket
- 19159_Diesel High Pressure Oil Pump
- 5132_Oxygen Sensor
- 7212_Spark Plug
- 7228_Spark Plug Wire Set
- 15174_Suspension Strut and Coil Spring Assembly
- 10401_Suspension Control Arm
- 7556_Shock Absorber
- 16658_Steering Tie Rod
- 10070_Suspension Ball Joint
- 7580_Suspension Stabilizer Bar Link Kit

- 19837_Suspension Strut
- 7584_Suspension Strut Assembly
- 50548_Air Suspension Strut
- 16634_Air Suspension Spring
- 12719_Air Suspension Compressor
- 15108_Air Spring to Coil Spring Conversion Kit
- 7532_Suspension Control Arm Bushing
- 7600_Suspension Strut Mount
- 52376_Suspension Strut Mount Kit
- 56949_Air Suspension Shock
- 10933_Suspension Stabilizer Bar Bushing Kit
- 10922_Suspension Kit
- 7504_Suspension Trailing Arm
- 7500_Suspension Track Bar
- 7596_Suspension Strut Cartridge
- 10489_Suspension Control Arm Bushing Kit
- 10400_Steering Tie Rod End Assembly
- 7572_Shock Mount
- 7592_Suspension Strut Bellows

List of Part types that reduce emissions, including Part category designation

- 5808_Catalytic Converter
- 14724_Catalytic Converter with Integrated Exhaust Manifold
- 11127_Exhaust Manifold Heat Exchanger
- 15114_Exhaust Manifold Hardware Kit
- 19013_Catalytic Converter and Pipe Assembly
- 4968_EGR Valve
- 12040_Evaporative Emissions System Leak Detection Pump
- 6268_Fuel Tank
- 5180_Vapor Canister
- 5900_Fuel Tank Cap
- 4936_Vapor Canister Purge Valve

- 16992_Vapor Canister Vent Solenoid
- 5148_Vapor Canister Purge Solenoid
- 4436_Fuel Tank Sending Unit
- 17130_Fuel Tank and Pump Assembly Combination
- 5052_PCV Valve
- 11798_PCV Valve Hose





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

2476 Vehicle Battery
2412 Alternator
6628 A/C Compressor
1704 Disc Brake Caliper
4152 Starter Motor
7388 Rack and Pinion Assembly
7380 Power Steering Pump
6224 Fuel Injector
5128 Mass Air Flow Sensor
6472 Fuel Injection Throttle Body
7416 Steering Gear
5764 Turbocharger
1884 Power Brake Booster
2308 Drive Shaft
7108 Distributor
48241 Direct Injection High Pressure Fuel Pump
1516 Power Window Motor
8824 Windshield Wiper Motor
13629 Electronic Throttle Body Module
10543 Engine Control Module
8856 Windshield Wiper Linkage
6013 Diesel Fuel Injector Pump
47959 HVAC Control Module
19714 Drive Motor Battery Pack
15322 Power Brake Booster Vacuum Pump
1844 ABS Control Module
19159 Diesel High Pressure Oil Pump
18582 Integrated Control Module
14756 Fuel Pump Driver Module
2888 Body Control Module
16127 Fuel Injector Control Module
16802 ABS Hydraulic Assembly
6132 Fuel Injection Pump

13652 Transmission Control Module
13835 Diesel Fuel Injector Driver Module
10462 Lighting Control Module
2700 Generator
58853 Air Brake Disc Brake Caliper
59836 Powertrain Control Module
12955 HVAC Auxiliary Fan Control Module
14477 Power Steering Control Module
11303 HVAC Heater Control Panel



Contact

For questions or additional information about our sustainability efforts please contact us at:

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Please visit our Sustainability web page at
<https://www.partsauthority.com/sustainability>



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