

Euro Car Parts Limited

S172 compliance statement – Year Ended 31 December 2020

Directors of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

The directors of Euro Car Parts Limited agree that engagement with LKQ Corporation, together with wider stakeholder groups including employees, suppliers and valued customers plays a vital role in securing the success and continued development of Euro Car Parts Limited.

Governance

LKQ Corporation is a NASDAQ listed entity regulated by the US Securities and Exchange Commission and subject to the US securities laws and listing regulations including Sarbanes-Oxley. As a wholly owned subsidiary of LKQ Corporation, the board is required to report and administer Euro Car Parts Limited in line with the requirements of LKQ Corporation as well as the laws of England and Wales. For information on LKQ Corporation please see <https://www.lkqcorp.com>

Stakeholder engagement

By taking the time to understand the various stakeholders, the directors of Euro Car Parts Limited can ensure the various interests are factored into boardroom discussions along with the potential impact of decisions on each stakeholder group and their needs and concerns. All the committees that report to the board are chaired by a senior member of the executive team and the members of the committees represent a broad diversity of the business.

The following summarises the key stakeholder groups of Euro Car Parts Limited and how the company and board engages with them:

a) The interest of the company's employees

The board understands the importance and benefit of having a broad range of skills, experiences, perspectives, and backgrounds in our teams and continuously strives to attract, engage, and retain a diverse range of talented people. Employees are engaged on an annual colleague review process, training and development, prospects, fair pay, and benefits to help develop their careers. The board regularly communicates to its employees through video streaming, presentations, internal group-wide emails and newsletters. During the year a significant number of colleagues worked from home for the first time and resources were put in place to support them. There are regular presentations, open to all colleagues, at which the senior leadership team inform and update employees on the company's performance, plans and outlook. Employees are encouraged to ask questions about the company's plans and performance. Employee surveys are undertaken to receive feedback about the employee experience at Euro Car Parts Limited, the results of which are analysed and discussed by the board. The Health Safety and Environment committee reports upon any incidents, near misses and initiatives to further protect and enhance the working conditions of our colleagues.

b) The need to foster the company's business relationships with suppliers

The company regularly hold meetings (virtual) and reviews with suppliers. It has a supplier on-boarding process in place to check compliance, corporate social responsibility, and credit checks with KPI's and service level agreements for key suppliers. Supplier management from dedicated indirect and direct procurement professionals. The board understands the importance of the company's supply chain in delivering its long-term plans. Any material ethical or compliance related issue would be identified by the Audit, Risk and Compliance committee or the product committee for discussion. The company regularly engages with suppliers and any significant supply issues, or concerns are brought to the attention of the relevant board member.

c) The need to foster the company's business relationships with customers

The company ensures that customers have access to its product range and that availability, pricing and service delivery are all of the highest standard.

The board regularly reviews updates on Customer engagement, (external and internally conducted) feedback surveys as well as any significant complaints or issues which are escalated from the Customer Services team. Board members receive regular dashboard reports identifying the timeliness of deliveries, stock availability and the performance of the Customer Services team. Board members also visit and call customers as well as visiting branches and depots to ensure they are familiar with all operational issues. New concepts, reward programmes and initiatives are discussed and approved at board level. The board through its various sub-committees considers any areas of risk or concern in terms of Health & Safety, environmental or exploitation issues which may arise. The company sets terms and conditions, policies and procedures detailing its trading arrangements. Euro Car Parts limited has dedicated account managers and a customer services team for trade, consumer and web customers.

d) The need to foster the company's business relationships with stakeholders

The company engages through regular meetings, calls and site visits with LKQ board and management at global and European levels. Euro Car Parts Limited must satisfy and comply with the governance requirements of LKQ Corporation and report to its board and sub-committees. There is comprehensive analysis and monthly, quarterly and annual reporting of results and performance ensure all areas of the business are being monitored and reviewed. The company's risk and compliance function together with the equivalent LKQ group teams looks at the key risks facing both the company and wider automotive industry. Engagement with industry bodies and close alignment with customers and suppliers ensures the company is familiar with key areas of change within the industry.

Our board and committees review and engage with all the European and Global teams, committees and functions to review all areas of company performance as well as considering forecasts, risks and emerging trends and technology.

e) The impact of the company's operations on the community and environment

The company engages with suppliers to reduce waste and packaging. There are recycling initiatives across the distribution centres and offices. It is a member of industry groups and relevant bodies. It deploys sophisticated routing and logistics software to reduce the miles travelled and the amount of product transported. It has invested in dashcams and focuses on driver and road user safety. The company engages in local and national charities for worthwhile causes.

The board and its committees regularly engage in initiatives both nationally and locally to support the community

f) The desirability of the company maintaining a reputation for high standards of business conduct

Central Functions including Finance and Audit, Communications, Health & Safety, Facilities, Legal, Operations and People Teams review and maintain the policies of Euro Car Parts Limited in relation to all the legislative and governance requirements for the company to operate responsibly. These include; compliance with regulations; worker pay and conditions; waste and environment; gender pay; consumer protection; legal trading; health and safety; privacy and GDPR; and the treatment of suppliers.