



# DOING THE RIGHT THING



# 2018



# 2018 SUSTAINABILITY HIGHLIGHTS

## OUR SUSTAINABILITY MISSION

### SUSTAINING OUR WORKFORCE

Keeping our diverse team members safe and secure

### SUSTAINING OUR COMMUNITY

Supporting and uplifting the communities we serve

### SUSTAINING OUR ENVIRONMENT

Working to positively impact our environment



Our fleet management program recycled more than **20 TONS** of tires, **3,500 GALLONS** of oil and more than **7,800 POUNDS** of cardboard and scrap material



Since 2015 completed 752 lighting retrofits which have offset **52 MILLION POUNDS** of CO<sub>2</sub>



Reduced total emissions by **6 PERCENT** despite increasing global sales by **15 PERCENT**



Recycled **6,445 TONS** of waste through our comprehensive waste recycling program



Increased spend with diverse suppliers by **8 PERCENT** in 2018 from **5,200** diversity supplier partners and named a Tier 1 Automotive Supplier of the Year



Donated time, talent and treasure to support the **COMMUNITIES** we serve through partnerships with the United Way, American Cancer Society, Red Cross, The Salvation Army, Intrepid Fallen Heroes Fund, Starlight Foundation and R U OK?

## Integrating Sustainability into Our Business

In 2018, GPC's sustainability journey reached new milestones, delivering achievements across our most important categories of social and environmental performance. Our work is guided by three essential priorities: Sustaining Our Workforce, Sustaining Our Community and Sustaining Our Environment.

GPC's progress in becoming a more sustainable organization is underpinned by a relentless focus on improving processes and effectively measuring results. There are exciting success stories across the enterprise. At Safety Zone, an on-site 250kW solar array has generated more than 5.6 megawatts of clean electricity since 2012, about 65 percent of which is returned to the grid. Effective fleet management helps get our products to customers while using less fuel and minimizing other environmental impacts. We have long been leaders in philanthropy and volunteerism. Today that impact is truly global – with programs for drought relief and suicide prevention in Australia, hunger relief in Canada and support for children in need in the UK, among others.

GPC will remain focused on finding new ways to execute our sustainability priorities, leveraging the commitment of our 50,000 employees worldwide. I am confident our journey will continue to achieve new benefits for all our stakeholders.



Derek B. Goshay  
Vice President of Safety and Sustainability



**PAUL D. DONAHUE**  
Chairman and  
Chief Executive Officer

*“Responsible business practices are part of our strategic framework that guides GPC’s business decisions and practices.”*

In this update to last year’s inaugural Sustainability Report, we hope to provide insight into our sustainability efforts over the past year. During 2018, we continued to reduce the environmental footprint of our operations through efforts to reduce energy use and emissions while increasing recycling opportunities across the globe. We also worked on ways to promote an inclusive and diverse culture where all voices and points of view are heard and valued. Additionally, we have ensured that our corporate governance structure continues to provide leadership, accountability, and transparency on behalf of our employees and shareholders.

I am proud of the consistent and continued progress we have made in these areas, and I look forward to the opportunities that lie ahead.

As we move through 2019, we will continue to find ways to maximize the sustainability benefits our Company provides to our stakeholders. We embrace our responsibility to innovate in ways that care for our environment, our employees and the communities in which we operate.

Thank you for your interest in Genuine Parts Company. We welcome your feedback on this report. Please share with us your thoughts on sustainability at [sustainability@genpt.com](mailto:sustainability@genpt.com). We look forward to the continued progression of our sustainability journey, and we plan to update you again on our progress with a full report in 2020.

Sincerely,

Paul D. Donahue  
Chairman and Chief Executive Officer

As our employees continue to find efficiencies in our operations, volunteer with worthy community organizations, and serve our customers in better ways, it has become evident that focusing on sustainability at every location and at every level of the Company can drive change that truly benefits us all.

## **INTEGRATING OUR EUROPEAN ALLIANCE AUTOMOTIVE GROUP**

In 2018, we worked tirelessly to integrate our new European automotive division, Alliance Automotive Group (AAG), into the GPC operations and culture. AAG was acquired on November 2, 2017 and generates approximately 10 percent of the Company’s total net sales. AAG is headquartered in London, U.K., and operates in France, Germany, the U.K., Poland, the Netherlands and Belgium. We look forward to continuing to build synergies in our businesses, both in the operational areas as well as the environmental, social and governance areas. Learning from the best practices of our recently acquired businesses and sharing and implementing our best practices in the ESG areas makes GPC stronger and more efficient in every way we operate.

## **OUR GLOBAL FOOTPRINT**



- GPC Presence
- ★ Headquarters – Atlanta, GA

**Sustainability continues to be top of mind for our 50,000 employees each and every day. We continue to work on a global basis to embed sustainability throughout every area of our business.**

# KEY PERFORMANCE DATA

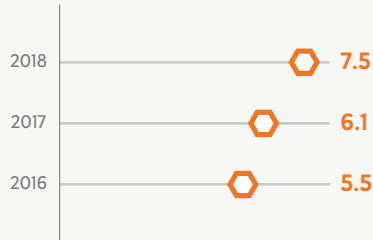
## ENERGY CONSUMPTION AND EMISSIONS SAVINGS

### ELECTRICITY CONSUMPTION (million kWh)



~ 1% decrease over 3 years

### GAS CONSUMPTION (million therms)



~ 36% increase over 3 years

### CARBON EMISSIONS (million pounds)

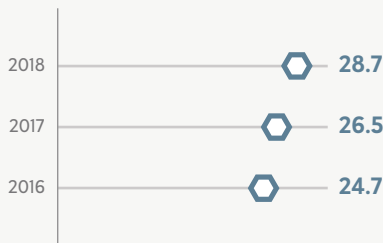


~ 8.5% decrease over 3 years

An innovative approach to packaging by our UAP Canada Long Sault distribution center repurposes and shreds used cardboard boxes to create packing material. The initiative saves **\$43,000 annually** and reduces the need to manufacture new paper.

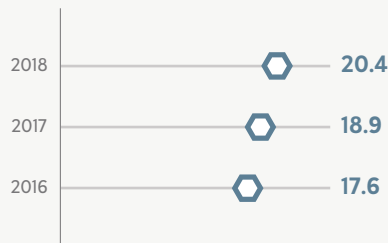


### KILOWATT-HOURS SAVED (millions)



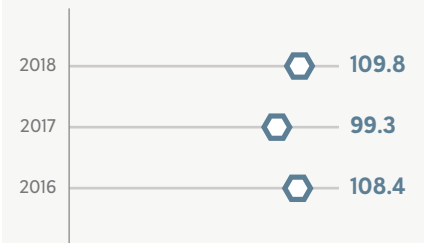
~ 16% increase over 3 years

### TOTAL GREENHOUSE GAS EMISSIONS REDUCTION (thousands of metric tons)



~ 16% reduction over 3 years

### WATER USAGE (million gallons)



~ 1.3% increase over 3 years

# ENVIRONMENTAL ACHIEVEMENTS

## FLEET MANAGEMENT

Our highly efficient tractor truck fleet continued to integrate enhancements in 2018 like aerodynamics, low rolling resistance tires, certified clean idle engines with idle shutdown and auxiliary power units. We continued to recycle fluids, filters, tires and vehicle waste materials.

## SUPPLY CHAIN

We are committed to responsible sourcing and regularly measure and enforce vendor compliance under our Social Responsibility Standards and Policy, including standards relating to child labor, forced labor, discrimination, health and safety, and other important criteria. In 2018, we continued to audit these areas on a continuous basis to ensure compliance.

## PRODUCTS AND SERVICES

We continued to expand our selection of recycled and remanufactured products and components, from brake parts to complete automotive engines, as well as products that conserve resources and reduce energy required for manufacturing.

## WASTE

In 2018, our recycling programs continued to increase the volume of material recycled and the percentage of waste diverted from landfills, thereby reducing GHG emissions by more than 20,000 metric tons of CO<sub>2</sub> equivalent.

## WATER

In 2018, we continued the deployment of a wide range of water conservation measures, including low-flow fixtures and periodic pipe inspections to identify leaks. In aggregate, our conservation measures have saved millions of gallons of water.

## ENERGY & EMISSIONS

In order to make our facilities more efficient, we continue to deploy lighting retrofits and HVAC improvements. In 2018, 149 of these projects resulted in energy reduction equaling more than 56 million pounds of CO<sub>2</sub> offset.

# EMPLOYEE ENGAGEMENT AND COMMUNITY INVOLVEMENT

## PHILANTHROPY AND COMMUNITY INVOLVEMENT

Thousands of GPC employees donated time, talent and treasures to a wide range of causes – from fighting hunger, heart disease and cancer to supporting children and veterans.



## DIVERSITY AND INCLUSION

To advance our inclusive and diverse culture, we continued to implement diversity and sensitivity training throughout GPC's workforce to promote an environment where individual view points and differences are valued.



## WELLBEING

In 2018, we continued to engage employees worldwide with a complete program of wellness activities including: biometric screenings, financial wellness activities and interactive nutrition and weight loss challenges. All activities promoted an inclusive and supportive environment, and cash incentives could be earned with consistent participation. We had over 10,000 employees participate in our wellness program.



## GLOBAL ENGAGEMENT

Across the globe, GPC is serving our communities, including support for *Aktion Lichtblicke*, *Actions Enfance*, the *Save the Children Fund*, Institut de recherche clinique de Montréal, *Opération Enfant Soleil*, *Moisson Montréal*, and *Fondation québécoise du cancer*.





Wherever we operate around the world, Genuine Parts Company has a legacy of giving back to the communities we call home. Among the most meaningful programs we supported in 2018 through philanthropic gifts and volunteerism include:



Our fight against cancer includes partnerships with the American Cancer Society, Winship Cancer Institute of Emory University and the City of Hope, where we funded over **\$1 MILLION** to support research, awareness and education.



Our work for children includes ~ **\$1 MILLION** for organizations such as Boys & Girls Clubs of America and Starlight Foundation, which provides assistance and entertainment to sick children in hospitals across Australia.



Our support for United Way has continued for more than 60 years, and in 2018, our corporate and employee giving exceeded **\$1.5 MILLION**.



In 2018 and each Christmas for 13 years, more than **100 VOLUNTEERS** at UAP in Canada volunteered to support Moisson Montréal, Canada's largest food bank.



In 2018, hundreds of GPC employees took part in the American Heart Association's **5K WALK**, and over **\$1 MILLION** was raised for research and greater awareness of the importance of heart health.



We are the single-largest donor to the Intrepid Fallen Heroes Fund, contributing **\$1.4 MILLION** in 2018.

Keep in touch with our sustainability initiatives and news at [www.genpt.com](http://www.genpt.com)

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