

# LKQ CORPORATION

## COMPENSATION COMMITTEE CHARTER

(adopted on September 10, 2003; amended on November 7, 2005; November 5, 2008; March 4, 2012; March 4, 2013; and November 4, 2014)

### **I. Purpose**

The Compensation Committee (the “Committee”) is a committee of the board of directors (the “Board”) of LKQ Corporation (the “Company”) composed entirely of independent, non-employee directors. The purpose of the Committee is to discharge certain Board responsibilities relating to the evaluation and compensation of the Company’s executive officers and the administration of the Company’s employee equity compensation plans. The Committee shall maintain effective working relationships with the Board as a whole, as well as with the Company’s management, legal counsel, independent auditors, and external consultants and advisors. In addition, each Committee member shall obtain an understanding of the responsibilities of Committee membership as well as a knowledge of the Company’s business, operations, and risks in order to effectively perform his or her role.

### **II. Compliance Obligation**

In the course of performing the goals and responsibilities set forth in this Compensation Committee Charter (this “Charter”), the Committee shall oversee compliance with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended (the “1934 Act”), the Sarbanes-Oxley Act of 2002, the Dodd Frank Wall Street Reform and Consumer Protection Act of 2012 (“Dodd Frank”) and the Securities and Exchange Commission rules adopted thereunder (collectively, “SOX”), and the applicable requirements of Nasdaq (“NASDAQ”).

### **III. Membership**

#### **A. Composition**

The Committee shall consist of three or more directors as determined by the Board. Each member of the Committee shall be appointed by the Board and shall meet the requirements set forth in this Charter. The Board shall appoint one member of the Committee as the chairperson of the Committee.

#### **B. Eligibility; No Additional Compensation**

A person may qualify for the Committee only if he or she (i) is a “Non-employee Director” for purposes of Rule 16b-3 under the 1934 Act, (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code, as amended (the “Code”), and (iii) is considered “independent” under Dodd Frank and applicable listing rules. Additional factors to consider may include, but are not limited to, executive experience with businesses and other organizations of comparable size, a background in human resources, and excellent interpersonal communication skills. Members should also be individuals who understand and

respect the confidential and sensitive nature of discussions with regard to compensation and performance evaluation.

Neither the chief executive officer nor any other executive officer of the Company shall serve on the Committee. No member of the Committee shall receive any compensation that would contravene the independence requirements of SOX and NASDAQ. The members of the Committee shall be appointed by the Board based on recommendations from the Governance/Nominating Committee of the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

#### **IV. Meetings**

The Committee shall meet as is necessary or advisable at the call of the Committee chairperson. The chairperson shall determine the subject matter of each meeting sufficiently in advance of each meeting to afford the members notice to prepare for the meeting so that the purpose of the meeting can be fulfilled.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

#### **V. Duties & Responsibilities**

The Committee's *primary duties* and responsibilities shall be to:

- set the compensation (including any salary, bonus, or other form of compensation) of the Company's chief executive officer and all other executive officers, taking into consideration, among other things, the outcome of any advisory vote on executive compensation by the stockholders of the Company,
- make recommendations to the Board with respect to incentive and equity compensation plans,
- develop and oversee guidelines designed for compliance by the Company and insiders with all applicable rules and regulations regarding these matters, and
- administer the Company's employee equity incentive plans.

Specifically, in setting the compensation of the chief executive officer, the Committee shall:

- review and approve corporate goals and objectives for the chief executive officer's compensation, evaluate the chief executive officer's performance in light of those criteria, and set compensation based on such evaluation;

- 
- conduct the executive evaluation process in a manner that seeks to promote trust and communication between the Board and chief executive officer and to ensure that the chief executive officer understands the Board's expectations by providing detailed feedback on his or her performance; and
- review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement, and approve the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.

In administering the Company's equity incentive plans in effect from time to time (the "Plans"), the Committee shall have the following duties and responsibilities:

- approving grants made under the Plans; and
- administering, in all respects, the Plans, including taking all actions and making all determinations required by or provided for under the Plans, any award agreement under the Plans, and with respect to any award granted under the Plans.

In addition, when necessary or advisable, the Committee's other responsibilities shall include:

- engaging, at the Company's expense, and meeting with external consultants and counsel and management in separate executive sessions to discuss any matters that the Committee believes should be discussed privately;
- requiring that significant findings and recommendations made by the external consultants and counsel are received and discussed on a timely basis;
- reviewing, with the Company's counsel, any legal matters that may have a significant impact on the Company's compensation policies;
- reviewing the policies and procedures in effect for considering officers' expenses and perquisites;
- performing other oversight functions as requested by the Board;
- annually reviewing and, if deemed necessary or prudent, updating, this Charter; and
- periodically updating the Board regarding Committee activities and instituting appropriate recommendations.

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and

responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside counsel and any other advisors. The Committee shall take into consideration the following factors prior to selecting, retaining or obtaining the advice of a compensation consultant, outside counsel or other advisor:

- (i) the provision of other services to the Company by the employer of the compensation consultant, legal counsel or other advisor;
- (ii) the amount of fees received from the Company by the employer of the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the employer;
- (iii) the policies and procedures of the employer of the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;
- (iv) any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee;
- (v) any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and
- (vi) any business or personal relationship of the compensation consultant, legal counsel, other advisor or the employer of the compensation consultant, legal counsel or other advisor with an Executive Officer of the Company.

## **VI. Report**

The Committee shall prepare a report each year for inclusion in the Company's proxy statement, concerning its compliance with this Charter. Each report shall disclose, at a minimum:

- the Committee's overall purpose,
- the methodology used in arriving at certain levels of compensation for the Company's senior executives,
- any recently established goals of the Committee, and
- a list and schedule of the reports the Committee reviewed since the previous report.

## **VII. Performance Evaluation**

The Committee shall undergo an annual performance evaluation.