

LKQ ITALIA BONDCO S.P.A.

**PROCEDURE ON MANAGEMENT AND DISCLOSURE
OF INSIDE INFORMATION**

INTRODUCTION

This procedure (hereinafter the “**Procedure**”) regulates processes and rules of conduct concerning the internal management and disclosure of Inside Information (as defined below) of the Company as well as the creation, keeping and updating of the Insider Register (as defined below).

This Procedure has been approved by the Board of Directors of LKQ Italia Bondco S.p.A. (hereinafter the “**Company**”) on October 26, 2016 in order to comply with (i) regulation on market abuse under the EU Regulation no. 596/2014 of the European Parliament and the Council on April 16, 2014, and the related implementing regulation (hereinafter “**MAR**”), and (ii) the amendments to the ExtraMot Regulation published by Borsa Italiana S.p.A. and subsequent amendments and integrations (hereinafter the “**ExtraMOT Regulation**”) by notice no. 11990 dated June 16, 2016.

This Procedure is effective starting from the date of its approval by the Board of Directors.

ART. 1

DEFINITIONS

1.1 Without prejudice to other definitions contained in this Procedure, the following terms shall have the meaning attributed to them below:

“**Board of Directors**” means the Board of Directors of the Company in office from time to time.

“**Board of Statutory Auditors**” means the Board of Statutory Auditors of the Company in office from time to time.

“**CEO**” means each member of the Board of Directors in office from time to time, who has been granted by the Board of Directors with delegated powers pursuant to art. 2381, paragraph 2, of the Italian Civil Code.

“**Consob**” means the National Commission for Companies and the Stock Exchange.

“**Financial Instruments**” means any financial instruments of the Company which has been listed on the ExtraMOT multilateral trade facility organized and managed by Borsa Italiana S.p.A.

“**Inside Information**” means information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or the Financial Instruments and which, if it were made public, would be likely to have a significant effect on the prices of those Financial Instruments or on the price of related derivative financial instruments. For the purposes of this definition:

- an information shall be deemed to be of a “*precise nature*” if it: (i) indicates a set of circumstances which exists, or may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur; and (ii) is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event referred to under point (i) above on the prices of the Financial Instruments or related derivative financial instruments;
- an information “*which, if it were made public, would be likely to have a significant effect on the prices of such Securities or of the related derivative financial instruments*” shall mean information which may be used by a reasonable investor as part of the basis of his/her investment decisions;
- in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, such future circumstances or future event, as well as the intermediate steps of that process which are connected with

bringing about or resulting in those future circumstances or future event, may be deemed as information of a precise nature. In this context, an intermediate step in a protracted process shall be deemed to be as Inside Information if, by itself, it satisfies the above mentioned criteria of inside information.

“**Insider Register**” shall have the meaning set forth under Article 9 of this Procedure.

“**Investor Relator**” means the responsible for the investor relations of the Company.

“**List**” shall have the meaning set forth in Article 9.6.2 of this Procedure.

“**Person in Charge with the Insider Register**” shall have the meaning set forth under Article 9.1.1 of this Procedure.

“**Regulation No. 347**” means the implementing Regulation (EU) 2016/347 of the European Commission of March 10, 2016, which provides technical standards with regard to the precise format of the insider register and for the relevant updating in accordance with MAR.

“**Relevant Person**” means each person within the Company who is:

- (a) a member of the of the Board of Directors or of the Board of Statutory Auditors;
- (b) a senior executive who is not a member of the bodies referred to in letter (a) above, who has regular access to Inside Information relating directly or indirectly to the Company and has power to adopt managerial decisions affecting the future developments and business prospects of the Company;
- (c) an employee or any other person, whether natural or legal, who by virtue of his/her employment or professional activity or duties has access on a regular or occasional basis to Inside Information concerning the Company.

“**SDIR**” means the system for the dissemination of regulated information pursuant to Consob regulations.

“**TUF**” means the Legislative Decree of February 24, 1998, no. 58, containing the Consolidated Law on Financial Intermediation.

ART. 2

RECIPIENTS

- 2.1 This Procedure applies to the Relevant Persons and contains the provisions concerning the management of the Inside Information as well as the terms and conditions for the disclosure to third parties of documents and information concerning the Company, with particular reference to the Inside Information.
- 2.2 This Procedure shall be made available to all Relevant Persons, by sending them a copy of this Procedure. A copy of the Procedure shall also be sent to all the parties included in the Insider Register or in the List.

ART. 3

ASSESSMENT OF THE “INSIDE” NATURE OF THE INFORMATION

- 3.1 For the purposes of this Procedure, the assessment concerning the nature of the Company’s information shall be carried out by the following persons:
 - (i) in case of an information arises within the context of a meeting of any corporate body of the Company, such body shall be responsible for the relevant assessment;
 - (ii) in case of an information arises within the context of a shareholders’ meetings, the Chairman of such meeting shall be responsible for the relevant assessment;

- (iii) with reference to the accounting data, the CEO and the Investor Relator shall be responsible for the relevant assessment;
 - (iv) with reference to any other information, the CEO and the Investor Relator shall be responsible for the relevant assessment.
- 3.2 With the exception of those cases described in Section 3.1, points (i) and (ii) above, in which the external communication of the Inside Information is simultaneous with the assessment of such information, in all other circumstances the Relevant Persons becoming in possession of an Inside Information are required to:
- (a) promptly inform the CEO;
 - (b) where the Inside Information relates to events or protracted process, to be updated regularly with the frequency required by the nature of the transaction or event, inform the CEO on the relevant state of progress.
- 3.3 For illustrative purposes only, the following events might be deemed as relevant events or circumstances under this Procedure (the so-called “Relevant Events”):
- a) entering into, or withdrawal from, any Company’s business;
 - b) resignation or appointment of directors or statutory auditors;
 - c) purchase or sale of shareholdings, other assets or business units;
 - d) resignation by the external auditor;
 - e) transactions on the share capital;
 - f) the issue of warrants, bonds or other debt securities;
 - g) changes in rights concerning the listed financial instruments;
 - h) losses that have a significant impact on the net equity;
 - i) merger and spin-off transactions;
 - j) execution, amendment or termination of contracts or agreements;
 - k) termination of proceedings related to intangible assets such as inventions, patents, and licenses;
 - l) litigation and judicial proceedings;
 - m) changes in key personnel of the Company;
 - n) transactions on its own shares;
 - o) submission of petitions for insolvency proceedings or issuance of the relevant decisions;
 - p) request for admission to bankruptcy proceedings;
 - q) related party transactions;
 - r) accounting situations to be reported in the financial statements, the consolidated financial statements and interim financial statements, when such situations are communicated to third parties, except in cases where such third parties are bound by confidentiality obligations and the communication is made pursuant to legal requirements. The public information shall cover not only any accounting situation but also any significant information relating to it, analyzed by the Board of Directors, to be included in financial statements and the interim financial statements;
 - s) the resolutions of the Board of Directors concerning the approval of the draft of the financial statements, the proposed distribution of dividends, the consolidated financial statements, the interim financial statements and interim management report;

- t) the issue by the external auditor of a qualified opinion, an adverse opinion, the declaration of the impossibility of expressing an opinion or the significant uncertainties regarding the business continuity.

ART. 4

MANAGEMENT OF INSIDE INFORMATION

- 4.1 Without prejudice to Article 6 below, the Company shall adopt the most appropriate measures in order to ensure that the disclosure of Inside Information within the Company takes place without prejudice to their inside nature.
- 4.2 The Relevant Persons shall inform the CEO of any acts, facts or omission of which they become aware and which may represent a violation of this Procedure.
- 4.3 It is forbidden to the Relevant Persons, who are aware of Inside Information due to their office, to disclose, disseminate or communicate in any way such information to persons other than those against whom the communication is necessary in order to allow the exercise of their functions within the Company.
- 4.4 It is forbidden to Relevant Persons to (i) use the Inside Information to buy, sell or carry out other transactions, directly or indirectly, on behalf of third parties, on Financial Instruments or related derivative Financial Instruments and (ii) recommend or induce third parties to carry out transactions on Financial Instruments or related derivative financial instruments on the basis of Inside Information in their possession. For the purposes of this paragraph, a recommendation shall occur when the Relevant Person in possession of Inside Information: (x) recommends, on the basis of that information, another person to buy or sell the Financial Instruments or induces such person to carry out such an acquisition or disposal; or (y) recommends, on the basis of that information, another person to cancel or amend an order concerning a Financial Instruments to which that information relates or induces such person to carry out such cancellation or amendment. The use of recommendations or inducements is intended as insider trading under MAR when the person using the recommendation or inducement knows or should have known that it is based on Inside Information.
- 4.5 Without prejudice to Article 6 below, the following general rules of conduct, concerning the management of Inside Information and applicable to the Relevant Persons, shall apply:
 - (i) special attention shall be paid to: (i) the submission to the members of the Board of Directors and Board of Statutory Auditors of the documents necessary for the relevant meetings; (ii) extraordinary transactions and, specifically, in case of exchange of documents and information with external consultants or advisors. In this respect, the disclosure of such documents and information shall be made in a manner which ensure the confidentiality thereof;
 - (ii) paper documents containing Inside Information shall be kept in a manner that limit access to unauthorized subjects.

ART. 5

EXCLUSIONS

- 5.1 The Company may confidentially communicate, in compliance with the applicable provisions of law, Inside Information to third parties who are subject to legal, regulatory or contractual confidentiality obligations. Therefore, it is possible to selectively inform third parties when a confidentiality obligation and a supporting cause occur. For illustrative purposes only, the following persons may be considered as third parties:
 - a) the Company's consultants and any person providing advice to the Company;

- b) the parties with whom the Company has ongoing negotiations on commercial or financial transactions;
 - c) banks granting loans
 - d) rating agencies;
 - e) market operators of regulated markets where the Financial Instruments are listed;
 - f) the competent supervisory authorities;
 - g) the trade unions (when a specific confidentiality agreement is executed).
- 5.2 When a third party who is not subject to any confidentiality obligation (legal, regulatory, statutory or contractual) has access to the Insider Information, or in any case when the confidentiality of the Inside Information has expired, the Company must re-establish an equal information through the public disclosure of the Inside Information (“*immediate*”, if the disclosure was voluntary and occurred on the same date, “*without delay*” if the disclosure was not intentional and occurred on the same date in which the CEO becomes aware of the relevant disclosure).

ART. 6

CONFIDENTIALITY DURING THE PROCESS OF FORMING THE INSIDE INFORMATION

- 6.1 The Relevant Persons shall adopt any measure in order to:
- (i) avoid the access and the circulation of confidential information that may be Inside Information to non-authorized persons, by maintaining as confidential all documents and information acquired during the performance of their duties;
 - (ii) use the above mentioned documents and information only for the performance of their duties;
 - (iii) protect the above mentioned documents in a manner to limit the risks of not allowed access and unlawful management.
- 6.2 A person who sends hardcopy and/or electronic copy of documents relating to Inside Information shall highlight the strictly confidential nature of such information by including the words “*Strictly Confidential*”.
- 6.3 In case of loss of documents relating to Inside Information, the Relevant Persons shall immediately inform the CEO, specifying the relevant circumstances, so that he/she can adopt the appropriate measures, including the publication of a press release.

ART. 7

DISCLOSURE OF INSIDE INFORMATION

- 7.1 Pursuant to art. 17 of MAR, the Company shall inform the public, as soon as possible, of Inside Information, which directly concerns the Company, in a manner which enables fast access and complete, correct and timely assessment of the information by the public in compliance with the principles of fairness, clarity and equal access to Inside Information. To this purpose, when the information is assessed by the persons of paragraph 3.1 as Inside Information, such information shall be made public without delay in accordance with this Procedure and the applicable provisions of law.
- 7.2 Each public disclosure shall contain all price sensitive information and shall be disclosed in a complete and timely manner according to the provisions set out in paragraph 7.3 below.

- 7.3 The CEO, together with the Investor Relator, shall prepare and disclose a press release in a manner which enables a fast access and a complete, correct and timely information of the public and, where appropriate, through SDIR.
- 7.4 In any case, Inside Information shall be provided in a clear, complete and timely manner, avoiding asymmetries of information among investors. On this respect, the CEO shall ensure that the disclosed Inside Information is not misleading, false or deceptive and does not omit anything which may likely affects it.
- 7.5 Inside Information shall not be disclosed before it is published in accordance with the provisions set out in paragraph 7.3 above; to this purpose, the Inside Information shall be managed by taking all necessary measures in order to ensure that its circulation within the Company occurs without prejudice to the latter until it is disclosed to the public in compliance with the provisions of this Procedure.
- 7.6 Inside Information shall also be published on the Company's website under section of "Investor Relations" and shall be kept therein for a period of at least five years from the date of its publication.

ART. 8

DELAY IN COMMUNICATION OF THE INSIDE INFORMATION

- 8.1 The Company may decide to delay, under its responsibility, the disclosure of Inside Information to the public when the following conditions are met:
- (i) the immediate disclosure is likely to prejudice the legitimate interests of the Company;
 - (ii) the delay of disclosure of the Inside Information is not likely to mislead the public; and
 - (iii) the Company is able to ensure the confidentiality of the Inside Information.
- 8.2 When the Inside Information regards events or protracted process which may cause events or special circumstances, the Company may, under its responsibility, delay the communication of such Inside Information provided that the conditions set forth in paragraph 8.1 jointly occur.
- 8.3 When the Company has delayed the disclosure of the Inside Information according to paragraphs 8.1 and 8.2 above, it shall:
- (i) inform Consob of such delay by e-mail at consob@pec.consob.it or protocollo@consob.it by specifying as recipient "**Divisione Mercati**" and as subject "**MAR delay of communication**"; and
 - (ii) immediately after the disclosure to the public of such Inside Information, provide Consob with a writing explanation of how the conditions set forth in paragraph 7.5 above have been met.
- 8.4 If the disclosure of Inside Information has been delayed in accordance with this Article 8 and the confidentiality of such Inside Information is no longer ensured, the Company shall disclose to the public such Inside Information as soon as possible. To this purpose, the provisions of paragraph 5.2 above shall apply *mutatis mutandis*. This paragraph includes situations where a rumour explicitly related to Inside Information the disclosure of which has been delayed in accordance with Art. 8, where that rumour is sufficiently accurate to indicate that the confidentiality of such information is no longer ensured.

ART. 9

9.1 REGISTER OF PERSONS WHO HAVE ACCESS TO INSIDE INFORMATION

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The Company shall draw up, in accordance with the provisions of art. 18 of MAR and Regulation No. 347, a list of persons who have access to Inside Information (hereinafter, the “**Insider Register**”), of which the Investor Relator shall be responsible (hereinafter, the “**Person in Charge with the Insider Register**”).

9.1.2. The Company may decide to use an external firm for the set-up and update of the Insider Register.

9.2 REQUIREMENTS OF THE INSIDER REGISTER

9.2.1 The Insider Register is created in an electronic form in order to ensure:

- (i) the certainty of the date of each annotation, change or cancellation;
- (ii) the durability of its contents;
- (iii) the readability and visibility of information even if modified and/or deleted;
- (iv) the traceability of access to information; and
- (v) the availability of the Insider Register via internet and the protection of such access through appropriate security measures.

9.2.2 The Insider Register is divided into the following sections:

- (i) a section for each Inside Information, to be further integrated with subsequent specific sections for each new Inside Information identified (hereinafter, the “**Sections of Occasional Accesses**”);
- (ii) a supplementary section that shows the data of persons who, due to their duties or professional activities, have access to Inside Information on a regular basis (hereinafter, the “**Section of Permanent Accesses**”). For the purposes of this Procedure, the following persons shall be deemed to be included in Section of Permanent Access: (a) members of the Board of Directors and Board of Statutory Auditors; (b) top managers of the Company who have access to Inside Information and who have the power to adopt managerial decisions that may affect the developments of the Company; (c) persons within the Company who are in charge of drafting corporate and accounting documents; (d) external auditors of the Company; (e) external consultants who have access to Inside Information on the basis of a continuous relationship.

9.2.3 The persons referred to in points 9.2.2(ii), letters (a), (b) and (c), have an obligation to report to the Company from time to time the names of their staff and any other name of employees, who are in a position to have access to Inside Information, to be included in the Insider Register.

9.3 MINIMUM CONTENTS OF THE INSIDER REGISTER

9.3.1 Taking into account the sections of the Insider Register pursuant to art. 9.2.2 above, the Person in Charge of the Insider Register shall include the following information:

- (i) date and time at which a section is draw up;
- (ii) for each person included in the Insider Registry:
 - (a) date and time at which that person obtained access to Inside Information;
 - (b) the identity of the person having access to the Inside Information, namely: (x) in case of individuals, the full name, professional and private phone number, date of birth, fiscal code, full home address, e-mail address for communications relating to this Procedure; (y) in case of legal entity, the full

corporate name, registered office and VAT number as well as the data referred to in letter (x) above concerning a person (belonging to the legal entity) who have access to Inside Information;

- (c) type of relationship with the Company;
- (d) the reason for including such person in the Insider Register;
- (e) the update and the reason for the update of the information contained in the Insider Register;
- (f) the date and time of any updating of the information already included in the Insider Register;
- (g) the cancellation and the reason for the cancellation from the Insider Register;
- (h) the date and time on which a person included in the Insider Register has ceased to have access to the Inside Information.

9.4 MAINTENANCE, STORAGE AND UPDATING OF THE INSIDER REGISTER

9.4.1 The Person in Charge with the Insider Register assumes the task of drawing up and updating the Insider Register.

9.4.2 It remains understood that the persons included in the Insider Register are liable for correctness of the information communicated to the Person in Charge with the Insider Registry and shall ensure their completeness and prompt update.

9.4.3 The Insider Register shall be updated promptly upon the occurrence of the following circumstances:

- (i) where there is a change in the reason for including a person already on the Insider Register;
- (ii) where there is a new person who has access to the Inside Information and needs to be added to the Insider Register;
- (iii) where a person ceases to have access to the Insider Information.

9.4.4 Each update indicates the date and time at which the change occurred and the reason for the update.

9.4.5 The Person in Charge with the Insider Register shall immediately communicate to the relevant persons any registration, modification or cancellation that affects them directly. The Person in Charge with the Insider Register also promptly inform any person on the Insider Register of the obligations arising from access to Inside Information, including the sanctions provided in Part V, Title I-bis of the TUF for Inside Information, market abuse and unauthorized disclosure of Inside Information.

9.4.6 The registration of any subject in the Insider Register shall take place only if he/she had access to Inside Information. Cancellation must occur as soon as the Inside Information has been disclosed to the public or for any reason which caused lack of utility to maintain such registration.

9.4.7 Data relating to persons included in the Insider Register are kept for a period of at least five years from the date of the relevant registration or update.

9.5 COMMUNICATIONS TO THE COMPETENT AUTHORITY

9.5.1. The Person in Charge with the Insider Register shall promptly provide Consob with the Insider Register or a part thereof when it is so expressly required. To this purpose, and without prejudice to any additional indication which may be required by the authority, the Person in Charge with the Insider Register shall use the certified email consob@pec.consob.it or the email protocollo@consob.it.

9.6 SME GROWTH MARKET

- 9.6.1 If ExtraMOT will be qualified as “*SME Growth Market*” pursuant to art. 33 (and related amendments) of the Directive 2014/65/EU as implemented in Italy, the Company may be exempted from drawing up the Insider Register pursuant to art. 18, paragraph 6, of MAR.
- 9.6.2 If the Company decides to adopt the exemption referred to in paragraph above: (i) this article 9 shall not apply; (ii) the Company will be still required to draw up and update a list of persons having access to Inside Information (the “**List**”); and (iii) the CEO shall ensure that all persons having access to Inside Information will expressly acknowledge of their obligations therefrom.
- 9.6.3 The Person in Charge with the Insider Register shall be responsible for the List.
- 9.6.4 The CEO shall promptly submit the above list, or a part thereof, to the competent if it is so required.

ART. 10

MARKET SOUNDINGS

- 10.1 A market sounding is a communication of information by an issuer, a secondary offeror of financial instruments or a third party acting on their behalf, prior to the announcement of a transaction, in order to assess the interest of potential investors for such possible transaction and related conditions.
- 10.2 For the purposes of this art. 10, disclosure of inside information by a person who intends to carry out a takeover bid for the securities of an issuer or a merger with a listed company can be deemed to constitute a market sounding, provided that: (i) the information is necessary to enable the parties entitled to the securities to form an opinion on their willingness to offer their securities; and (ii) the willingness of parties entitled to the securities to offer their securities is reasonably required for the decision to make the takeover bid or merger.
- 10.3 If the Company is willing to conduct a market sounding, it shall comply with the conditions and terms set out by MAR and by provisions of law applicable from time to time.
- 10.4 Subject to paragraph 10.3 above:
- (i) any person who conducts a market sounding shall consider whether such activity will involve the disclosure of Inside Information. He/she shall make a written record of its conclusions and the reasons thereof and provide the competent authority with such records, if so requested;
 - (ii) the person conducting the market sounding shall inform the person receiving the market sounding that he/she is prohibited from using that information and that he/she is obliged to keep the information confidential;
 - (iii) the recipient shall provide a written consent to the person conducting the market sounding;
 - (iv) the person conducting the market sounding shall keep evidence of the information provided and the list of the relevant recipients for five years.

ART. 11

AMENDMENTS TO THIS PROCEDURE

- 11.1 This Procedure and the relevant amendments shall be approved by the Board of Directors.

- 11.2 The Board of Directors shall assess, at least on a yearly basis, whether to revise this Procedure, taking into account any development in the provisions of law as applicable from time to time or any request from Borsa Italiana S.p.A. or Consob.

ART. 12

VIOLATION OF THE OBLIGATIONS UNDER THIS PROCEDURE

- 12.1 The failure to fulfill the obligations set forth in this Procedure, even if such violation does not result in a behavior directly sanctioned by a court, may lead a serious damage to the Company's image, with relevant economic-financial implications. The violation also implies the right of the Company to claim for damages against relevant persons.
- 12.2 In the case of a violation made by a director, the latter shall not take part to the resolutions concerning the application of the related sanctions. If the majority of the member of Board of Directors takes part to the breach, the Board of Statutory Auditors shall adopt the appropriate measures.
- 12.3 If other Relevant Persons and employees (other than the directors and auditors) is in violation with the provisions of this Procedure, such violation may be subject to disciplinary measures and, in most important cases, may result in a dismissal and expose the person who committed the violation to penal and administrative risks.
- 12.4 Subject to the provisions set forth by MAR and any other legislative or regulatory provision currently in force and applicable, pursuant to art. 182, paragraph 2-bis, of the TUF, the provisions of artt. 184, 185, 187-bis and 187-ter shall apply to the Financial Instruments referred to in article 180, paragraph 1, lett. a), of the TUF (*i.e.* to the Financial Instruments of art. 1, paragraph 1, of the TUF admitted to the trading on an Italian multilateral trading system) and, therefore, also to the Financial Instruments admitted to trading on ExtraMOT.
- 12.5 If the Company would be sanctioned for the violation of the obligations under MAR, the Board of Directors shall proceed against the subjects liable for such violations in order to obtain the refund of any amount paid for penalties, without prejudice to any further claim for damages, including those related to the Company's image.
- 12.6 The Board of Directors may adopt appropriate measures against persons who committed the violation, including those provided for in the relevant employment agreement (in case of top managers or employees) as well as in the Italian Civil Code.