

2018 Sustainability, Social, & Governance Report



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*This Sustainability, Social, and Governance Report covers the O'Reilly Auto Parts' year of progress in 2018.*

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# ABOUT THIS REPORT

At O'Reilly Auto Parts, the O'Reilly Culture, which began in Springfield, Missouri with 13 team members in 1957, is the foundation for the way we approach everything, including our relationships with our team members, customers, business partners, and the communities where we live, work and serve, to our ongoing engagement with our shareholders. In this, our first O'Reilly Sustainability, Social and Governance Report, we highlight some of the many ways we “Live Green” by subscribing to the O'Reilly culture values you see below and instilling these principles in our team members each day. These core culture values have paved the way for our past success and will provide the concrete framework for a bright, successful future.

## O'REILLY CULTURE VALUES & SUPPORTING BEHAVIORS



### COMMITMENT

*O'Reilly is committed to our customers and our team members.*



### EXPENSE CONTROL

*Focus on controlling expenses at all times.*



### RESPECT

*Treat others as you would like to be treated.*



### DEDICATION

*Focus your efforts on doing your best for the Company.*



### HARD WORK

*Work harder and smarter than our competition.*



### SAFETY/WELLNESS

*Practice safe choices and healthy habits at work and at home.*



### ENTHUSIASM

*Let your passion and determination help you and O'Reilly succeed.*



### HONESTY

*Be honest in your dealings with O'Reilly, fellow team members, and our customers.*



### TEAMWORK

*Build and be part of a positive team.*



### EXCELLENT CUSTOMER SERVICE

*Make it your priority to deliver extraordinary, above and beyond service.*



### PROFESSIONALISM

*Take pride in your responsibilities and abilities as a professional parts person.*



### WIN-WIN ATTITUDE

*Work with a positive attitude to help everyone succeed.*



# A LETTER FROM OUR CEO

O'Reilly has consistently succeeded in delivering superior financial results for our shareholders, and these efforts continue to be top of mind for our management team each and every day. You cannot achieve great financial results without a relentless focus on providing consistently excellent service to your customers, ensuring your team members are motivated and engaged, and forming strong and lasting partnerships with each of the communities where you do business.

As a part of our continued efforts to provide clarity and transparency to our shareholders, we are very pleased to bring you our inaugural O'Reilly Sustainability, Social, & Governance Report. We are committed to sharing this information with you so you can be better informed about the many things we do for our customers, our team members, our communities, and to look at all stakeholders from an engagement perspective.

At O'Reilly, we continually ask ourselves some fundamental questions: What are we doing for our team members to make their lives better, easier, and healthier? What are we doing to support the communities where we live, work, and serve? What are we doing to make our environmental practices sustainable? What are we doing in our relationship with our shareholders to be transparent and promote good corporate governance?

Of course, the O'Reilly culture values of customer service, to all our customers, is at the center to the answers for each of these questions, and this report will provide the answers to these questions, highlighting the road traveled, where we are today, and a piece of the map for the road ahead.

Thank you for your interest in O'Reilly Auto Parts and for learning more about our company values and how we care.



A handwritten signature in black ink that reads "Greg Johnson". The signature is written in a cursive, flowing style.

**Greg Johnson**

*Chief Executive Officer and Co-President*

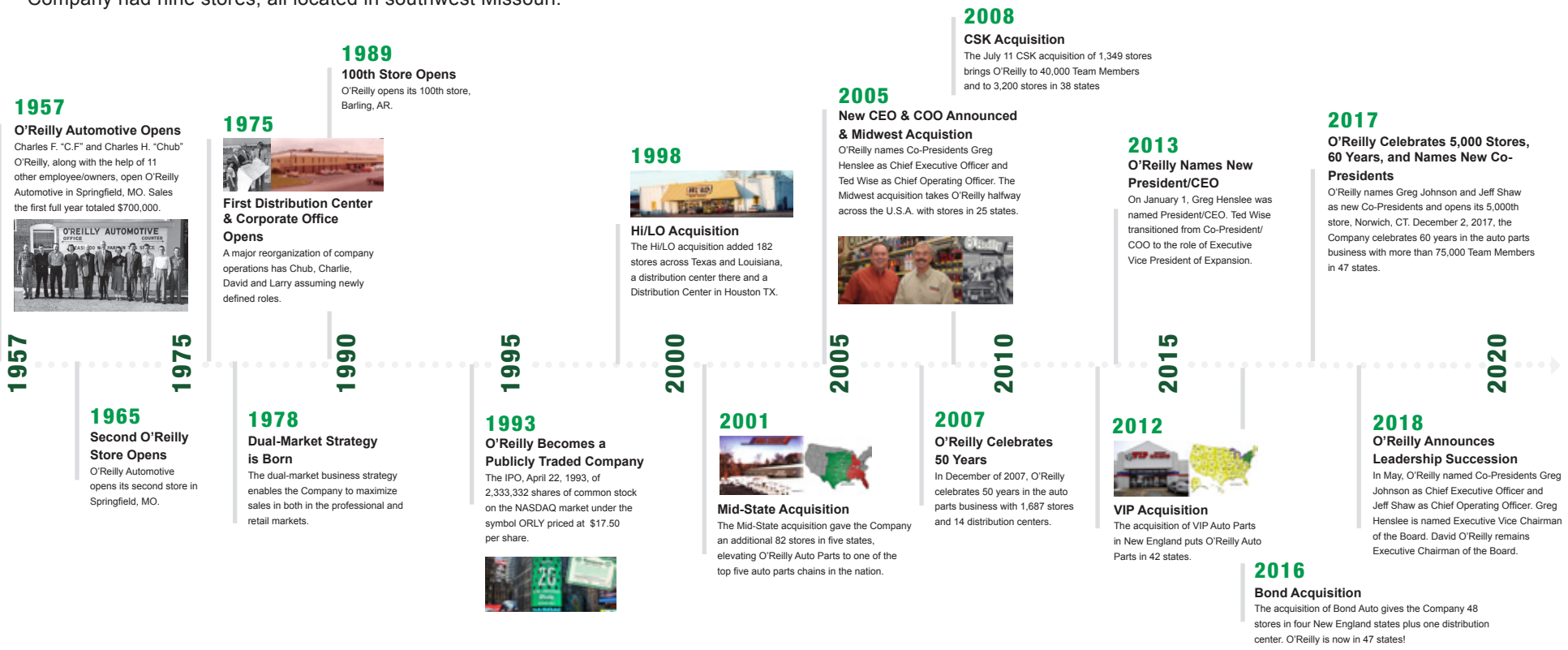
# OUR HISTORY

The business was founded in **1957** by Charles F. O'Reilly and his son, Charles H. "Chub" O'Reilly, and initially operated from a single store in Springfield, Missouri.

They opened for business on Dec. 2, **1957**, with one store and 13 employees at 403 Sherman Avenue in Springfield. Their sales totaled \$700,000 in **1958**, their first full year of business. Due to the hard work and ability of the original employees, several of whom were shareholders in the Company, the business grew and prospered from its very first year. By **1961**, the Company's volume had reached \$1.3 million — the combined volume of O'Reilly Automotive and Ozark Automotive Distributors, a division formed to serve independent automotive jobbers in the area. In March **1975**, the annual sales volume rose to \$7 million, and a 52,000 square-foot facility at 233 S. Patterson was built for the O'Reilly/Ozark warehouse operation. By that time, the Company had nine stores, all located in southwest Missouri.

The long-range plans and stability of the Company were solidified by a public offering of company stock in April **1993**. Since that time, the Company has grown through the opening of new stores, as well as through numerous mergers and acquisitions, and currently operates stores in 47 states.

Today, O'Reilly Auto Parts is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States, selling products to both do-it-yourself ("DIY") and professional service provider customers by using our "dual market strategy."



# OUR TEAM



The Company's first female district manager, Judy McKinley, receives the Charlie O'Reilly Leadership Award at the 2015 Leadership Conference.

We recognize that each and everyone of our more than 80,000 team members play a very important role in our ability to provide outstanding customer service and consistent, successful performance. In our stores, we employ more than **70,000 team members** in **more than 5,300 locations** across **47 states**. More than 8,000 team members work in our 27 distribution centers and more than 3,000 team members provide administrative or corporate support functions throughout the country.

We have a strong and experienced management team, built primarily through our promote from within philosophy, comprised of:

## 194

**Senior Managers**  
with an average of  
**20 Years of Service**

## 254

**Corporate Managers**  
with an average of  
**16 Years of Service**

## 518

**District Managers**  
with an average of  
**13 Years of Service**

We maintain an environment that is inclusive where our team members can be successful and have personal and professional opportunities for growth. As a part of our efforts to create a positive work environment, O'Reilly provides a variety of high-quality training programs and services designed to help our team members thrive.



# DIVERSITY & INCLUSION

O'Reilly is committed to being the Friendliest Parts Store in Town and our neighborhood parts stores are staffed with team members that reflect the customers they serve. We believe our business is stronger when we demonstrate that commitment through aggressive outreach and recruiting efforts. As we build diversity making us a stronger company, we believe we also build bridges for team members to trust, respect, and understand one another. Our Talent Acquisition team offers diversity resources in each state of operation to help find the best and most diversified candidates for employment.

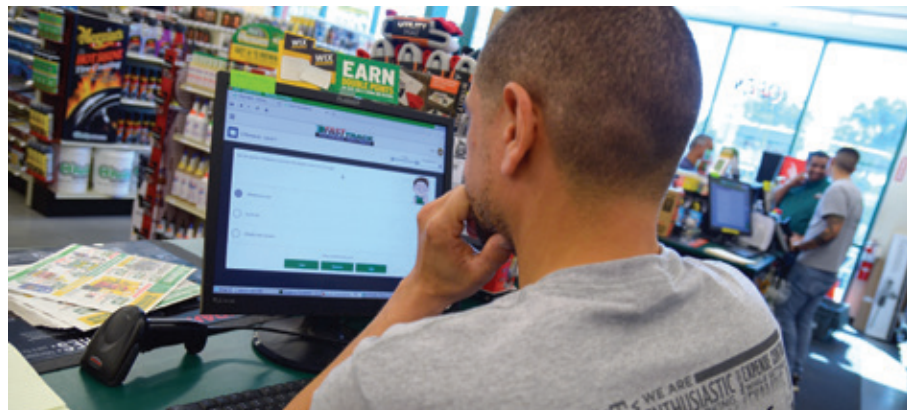
O'Reilly is equally committed to maintain a workplace that respects the diversity of our team members. This means not only in the manner in which our EEO policies are enforced but also by respecting and encouraging diversity of thoughts and being open to our team members good ideas. An example of this is found in our Innovation Committee where members are encouraged to innovate the way we do business by thinking outside the box and challenging the status quo.



# PROGRAMS & TRAINING

## COMPENSATION

Our compensation philosophy has always been to incent team members to “run it like you own it.” We have designed our compensation programs to tap into our team members entrepreneurial spirit. O’Reilly pays competitive market-driven wages to its team members. Store team members have the opportunity to earn incentive pay that increases their hourly wage based upon their individual performance or the performance of their store. Managers, district managers, regional managers, and regional vice presidents have the ability to earn additional compensation above their salary or hourly wage based upon the performance of their stores. All full-time team members, once meeting eligibility requirements, may participate in the Company’s 401(k) plan with corresponding company matches and contributions. Team members may also participate in the Employee Stock Purchase Program (ESPP) that allows them to allocate a percentage of their pay to purchase company stock at a 15% discount. Stock option grants at varying levels are available upon promotion into management positions. Stock options vest over a period of time and last 10 years from the date of grant.



## HEALTH AND WELLNESS

The Company offers up to three different levels of health care plans to eligible team members, which allows each team member to choose a plan in terms of coverage and cost that best fit their needs. The Company funds a significant percentage of the team member cost for coverage and offers the team member wellness discounts for voluntary participation in wellness programs and making healthy lifestyle choices. The Company also offers vision and dental plans as well as optional plans for life insurance, legal services, and identity theft protection, to name just a few. In addition, the Company offers wellness programs that offer 24/7/365 access to medical providers via phone and video chat, annual in-house flu shot clinics that combine additional voluntary health screenings, access to fitness centers or fitness benefits, monthly wellness tips, and wellness challenges “to keep O’Reilly active.” If team members are facing unique personal needs and/or life challenges, the Company offers a free Employee Assistance Program called O’Care Solutions. Planning is underway for our first ever wellness and acute care clinic offering no additional cost services to 1,600 team members in our corporate offices. In 2018, the Company created an education assistance program that helps those who qualify to pursue advanced outside educational programs.

## A CULTURE OF SAFETY AND CARING

We take safety seriously at O’Reilly. Safety is one of the O’Reilly culture values. The Company offers extensive programs and training related to safety initiatives tailored to each team members job.



# PROGRAMS & TRAINING

## PROMOTE FROM WITHIN PHILOSOPHY

O'Reilly focuses on promoting from within, providing opportunities for advancement at every level of the Company. Promotion from within builds loyalty and gives team members a clear pathway for advancement and develops an experienced motivated team! When necessary to align the skills of our existing team or in an effort to accelerate growth in a given market, O'Reilly will periodically hire strategic talent from outside the Company. To enhance opportunities for all of our team members, the Company offers a number of programs designed to ready team members to take on more responsibility and for promotion.

One such program is our 360° assessment of all management in our corporate office. This program gives our team members the ability to provide critical feedback regarding their employment experience and used by our managers to increase the level of team member engagement and overall job satisfaction.

O'Reilly offers a variety of specific training programs that address a broad spectrum of topics from store and DC operations, customer satisfaction, the employer/employee relationship and environmental sustainability. O'Reilly team members received an estimated 1.7 million hours of training in 2018.

### Leadership Enhancement and Development Program (LEAD):

Team members identified as candidates for next-level management positions are nominated for the LEAD program. There, they complete development activities to prepare them for advancement.

### Field Manager Training Programs:

Leaders in field management receive ongoing training that covers leadership skills, team member relations, sales-related topics, customer service training, management training, and more.

### ASE (Automotive Service Excellence) Certification:

This nationally recognized technical certification is available to all part specialists and participation in becoming ASE certified is encouraged.

### Management Development Program (MDP):

Store managers attend special training at our Corporate Office where they receive training on how to become successful store leaders. It also introduces them to the corporate team who are there to provide great customer service to the stores.

### FastTrack Training Program:

FastTrack, O'Reilly's innovative learning platform, is based on brain science research and designed to build knowledge that aids retention, equipping team members for success. FastTrack training encompasses a variety of concepts from daily store operations to training focused on compliance and regulatory matters. The FastTrack program rewards team members for completing and retaining training. During 2018, FastTrack Rewards paid team members \$500,000 for their accomplishments.

### Distribution Center Leadership Development Program (DCLD):

Like the MDP program for stores, DCLD includes training at our Corporate Office to help become effective and successful distribution center leaders.

### Certified Parts Professional Program:

This program recognizes parts specialists and above who have demonstrated they have the knowledge and skills necessary to provide the best customer service in the automotive aftermarket. The Company provides training tools that allow team members to acquire the knowledge required to obtain the designation of a Certified Parts Professional.

### Annual Leadership Conference:

Our store and DC management teams meet annually for a multi-day leadership conference offering training and networking opportunities for over 6,000 of our managers.

# WORK ENVIRONMENT

The Company is committed to providing a work environment that allows team members to feel highly valued and to be productive and effective in their jobs. The company realizes that productivity at work is related to maintaining a healthy work/life balance. O'Reilly deployed approximately \$160 million of Selling, General and Administrative Expenses (SG&A) from tax savings recognized by the Tax Cuts and Jobs Act of 2017 into additional vacation benefits for our team members in addition to increasing wages. In addition, we comply with all applicable federal, state and local laws, and regulations affecting employment practices, such as pay rates and meal breaks, overtime, occupational health and safety, equal employment opportunity, and sexual harassment, among others.

**Discrimination & Harassment** – The Company is committed to providing a work environment that is free from discrimination and harassment. Both are strictly prohibited and will not be tolerated. This applies to all areas of employment, including hiring, training, advancement, compensation, discipline, and termination. The Company provides ongoing training to our team members to both educate and maintain compliance. The Company has a zero tolerance policy regarding discrimination and harassment, and appropriate progressive discipline, up to and including termination, is taken against any team member who violates this policy.

**Safety & Health** – The Company is committed to providing a safe and healthy environment for team members and customers. Team members must report all safety concerns or accidents to their supervisor, no matter how slight the problem. Violence, or the threat of violence, is not tolerated. All Company locations must comply with the Occupational Safety and Health Administration requirements.

## TEAM MEMBER RECOGNITION

Just as pay, benefits, and growth opportunities are critically important to our Team member success, we believe it is equally important to recognize team members for a job well done.

### HOLIDAY AWARDS

During the traditional holiday seasons, team members receive bonuses as a simple thank you for their continued dedication. In 2018, those bonuses totaled more than \$7 million.

### YOU R.O.C.K. AWARD

Team members found exemplifying the O'Reilly Culture are nominated by management for the "Recognized O'Reilly Culture Keepers" awards that are given monthly throughout the year. The awards range from \$100 to \$1,000. In 2018, the Company thanked Team O'Reilly by awarding \$600,000 in "You R.O.C.K." awards.

### SHAMROCK AWARDS

Peer-to-peer recognition of excellent customer service. A pin and letter of recognition are given as a simple thank you to those living the O'Reilly Culture by providing excellent customer service.

### SERVICE AWARDS

Longevity with the Company is prized and is officially recognized every five years of service with a gift to the team member and a certificate recognizing their achievement.

### LEADERSHIP CONFERENCE AWARDS

Annually at our Leadership Conference, team members from individual stores and their leaders earn recognition and cash awards for their performance.

### CHARLIE O'REILLY LEADERSHIP AWARD

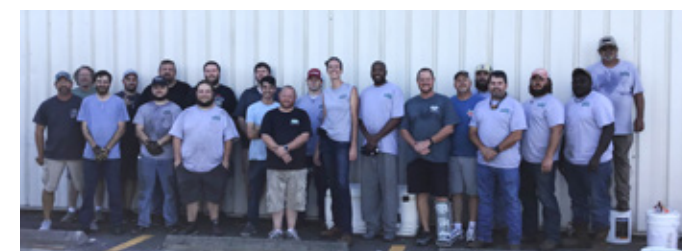
This award is presented annually to an O'Reilly leaders who possess the qualities and characteristics set forth in our culture statement



# TEAM MEMBER EMERGENCY FUND

Like the communities in which they work, our team members are affected by a variety of man-made and natural disasters. Whether it is tornadoes in the Midwest, hurricanes along the coast, wildfires in California, or a personal tragedy, we are all committed to helping each other during difficult times. In order to provide financial support during periods of hardship, O'Reilly has established the Team Member Emergency Fund using ongoing Company contributions, as well as periodic voluntary team member donations, typically in response to catastrophic events.

The Company has sent in excess of  
**\$2.1 Million**  
in emergency funds to team members  
in need.



# WHAT IT MEANS TO “LIVE GREEN”

Our business is one that fits naturally with environmental sustainability. We Live Green at O’Reilly Auto Parts by helping you keep your cars running as clean and efficiently as possible, increasing miles per gallon, and extending the life of your car. Each day, our team members conserve resources and reduce operating costs through recycling and intentional energy conservation. We offer convenient drop-off locations to safely handle used oil, oil filters, batteries, radiators, and other parts as well as other programs that remove hazardous waste from our environment. Our environmental awareness includes actions taken across the spectrum of our operations from the stores, distribution centers and corporate office to our delivery fleet and solar project initiatives.



**6,749,800**

**RECYCLED LEAD-ACID BATTERIES**



**1,760,000**

**RECYCLED USED MOTOR OIL FILTERS**



**7,744,190**

**GALLONS RECYCLED USED MOTOR OIL**



# LIVING GREEN AT O'REILLY STORES

- Energy management system to efficiently control heating, cooling, and lighting (*approximate 20% energy savings*).
- Installation of interior and exterior LED lighting (*approximate 40% energy savings*) with reduced landfill materials.
- Core product returns are collected for remanufacturing (*alternators, starters, A/C Compressors, etc.*).
- Replacing less fuel efficient and higher CO2 producing delivery vehicles with more fuel efficient models.
- Installation of high efficiency HVAC units with 33% energy savings over previous HVAC units.
- Installation of Low-E window glass (*approximate 25% energy savings*).
- Waste bucket program that segregates damaged or leaking chemical containers for proper disposal.
- Reduced use of single use plastic bags in selected states.

- Dumpster lid locking program to control hazardous waste disposal at O'Reilly locations\*.
- Enhanced training to facilitate recognition and enhanced management of hazardous and universal waste\*.
- Enhanced waste bucket program that includes neutralized lead acid battery electrolyte\*.
- Trash bag inspection program to ensure segregation of bucket program and other special handling programs\*.
- Drain box program to enhance used oil collection containers and maximize recycling of used oil\*.
- Third party dumpster audits to ensure proper handling and disposal of waste and universal waste\*.

(\* in selected states)

# O'REILLY STORE RECYCLING EFFORTS



Approximate Recycled in 2018

Equivalent Savings

**6,749,800 Batteries**  
(Consumer Vehicle Lead-Acid Batteries)

171,000,000 lbs. recycled lead, 35% energy savings vs. new metal, 340,000 cubic yards of landfill space, 20,000,000 lbs. recycled plastics, 88% energy savings vs. raw materials

**7,056 55 Gallon Drums of Used Motor Oil Filters**

1,760,000 uncrushed filters, 1,760,000 lbs. recyclable steel, 138,000 gallons residual oil, 344,000 quarts new motor oil, equivalent 5,800,000 gallons crude oil

**7,744,190 GALLONS of Used Motor Oil**

19,400,000 quarts new motor oil, equivalent 325,000,000 gallons crude oil, 67% less energy to refine vs. crude





# LIVING GREEN AT O'REILLY DISTRIBUTION CENTERS

- Newer DCs use LED lighting (*approximate 40% energy savings*) and older DCs are transitioning to LED lighting.
- In the process of converting DC roofs to white Duralast Membrane for solar reflectivity with R30 insulation.
- Installation of motion sensors on internal lighting.
- Installation of external lighting photo sensors and timed industrial fans.



## O'REILLY DISTRIBUTION CENTERS RECYCLING EFFORTS



Approximate Recycled in 2018

Equivalent Savings

**10,953 TONS** of Cardboard  
(baled/compacted)

186,000 trees, 2,700,000 lbs. CO2 absorbed, 4,300,000 kWh energy, 504,000 gallons of oil, 99,000 cubic yards of landfill space, 24% energy savings vs. new cardboard

**98 TONS** of Paper  
(office paper, magazines, and newspapers)

1,700 trees, 25,000 lbs. CO2 absorbed, 402,000 kWh energy, 37,000 gallons of oil, 300 cubic yards of landfill space, 690,000 gallons of water, 5,900 pounds less air pollutants, 75% energy savings vs. new paper

# O'REILLY DISTRIBUTION CENTERS RECYCLING EFFORTS CONTINUED



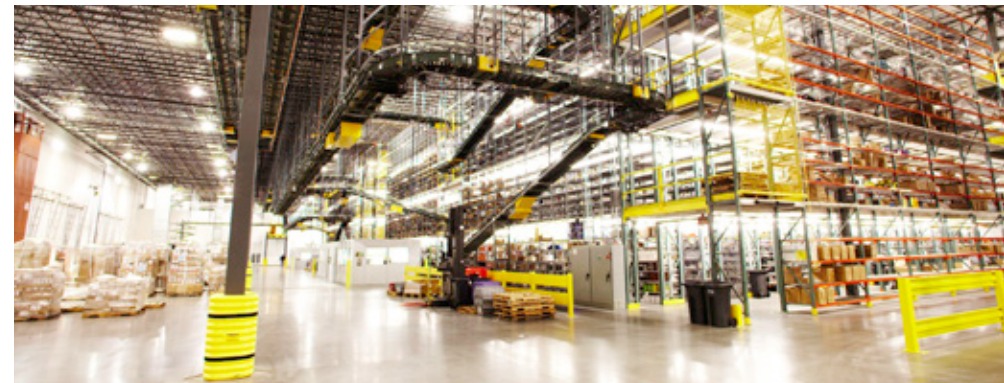
## Approximate Recycled in 2018

## Equivalent Savings

<p><b>10,937 TONS</b> of Metal (rotors, brake pads, radiators, etc.)</p>	<p>7,000,000 kWh energy, 830,000 gallons of oil, 44,000 cubic yards of landfill space, 25% energy savings vs. new metal</p>
<p><b>274 TONS</b> of Plastic (shrink wrap and strapping)</p>	<p>1,600,000 kWh energy, 188,000 gallons of oil, 8,000 cubic yards of landfill space, 88% energy savings vs. raw materials</p>
<p><b>303 TONS</b> of Totes (high-quality recyclable plastic)</p>	<p>1,700,000 kWh energy, 208,000 gallons of oil, 9,000 cubic yards of landfill space, 88% energy savings vs. raw materials</p>
<p><b>1,065,835</b> Pallets (recycled and returned to suppliers)</p>	<p>133,000 trees, 2,000,000 lbs. CO2 absorbed annually</p>
<p><b>22 TONS</b> of Wood Scrap (not pallets)</p>	<p>350 trees, 5,000 lbs. CO2 absorbed</p>
<p><b>139 TONS</b> of Industrial Batteries</p>	

# LIVING GREEN AT O'REILLY DISTRIBUTION CENTERS' DELIVERY FLEET

- Onboard computers monitor driver behavior and vehicle performance resulting in increased miles per gallon and fuel savings.
- Routing system minimizes miles driven between DC and stores.
- Ongoing driver scorecards and coaching to reinforce actions that reduce fuel usage.
- Enhance tractor technology that minimize fleet fuel usage.
- Advanced aerodynamics on tractors to reduce fuel usage.





# LIVING GREEN AT THE O'REILLY CORPORATE OFFICE

- High-efficiency HVAC units.
- Office lighting motion sensors.
- In the process of converting all office space to LED lighting (*approximate 40% energy savings*).
- Installation of Low-E glass in corporate office buildings (*approximate 25% energy savings*).
- Energy management system to efficiently control heating, cooling, and lighting.



- Toner cartridge recycling
- Recycling old computers, monitors, and printers

## O'REILLY CORPORATE OFFICE RECYCLING EFFORTS



Approximate Recycled in 2018

Equivalent Savings

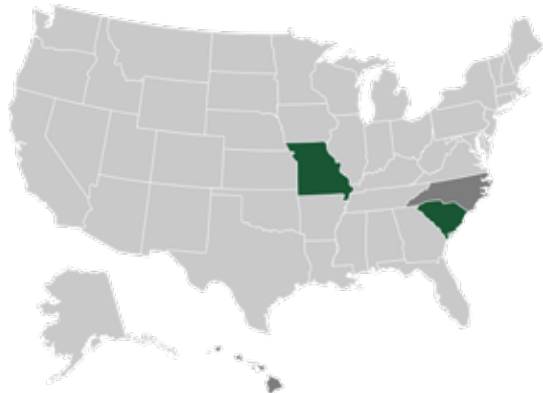
**279 TONS** of Paper  
(office paper, magazines, and newspapers)

4,800 trees, 70,000 lbs. CO2 absorbed, 1,140,000 kWh energy, 105,000 gallons of oil, 930 cubic yards of landfill space, 1,950,000 gallons of water, 17,000 pounds less air pollutants, 75% energy savings vs. new paper

# SOLAR INITIATIVES

O'Reilly Auto Parts currently has a total of **4,246 solar panels** in use.

Our solar panels will produce approximately 2,100,000 kWh of electricity annually which translates to approximately 200 average U.S. households electrical energy needs met, or an offset of estimated 63,000 gallons of gasoline consumed.



Solar panels were added in:

2015 to selected stores in **Southwest Missouri**

2017 to selected stores in **South Carolina**

*Solar projects are under review for stores in Hawaii and North Carolina, as well as for our corporate office and select distribution centers.*



# SOLAR FARM INVESTMENTS

During 2018, O'Reilly made a significant investment in North Carolina solar farms with a total of 147,822 solar panels. As a result, it is expected the solar panels will produce approximately 52,000,000 kWh of electricity annually which translates to meeting approximately 5,000 average U.S. households electrical energy needs, or an offset of approximately 1,556,000 gallons of gasoline consumed. We expect to continue these investments during 2019 and beyond.





# CHARITABLE GIVING

We live, work, and serve in our own communities wherever there is an O'Reilly Auto Parts store, distribution center, or office.

Our efforts resulted in donations of **more than \$18.7 million to charities and community groups** addressing a variety of needs: hunger, veteran support, at-risk children, sheltering the victims of domestic abuse, literacy, cancer research, homelessness, and humane societies.

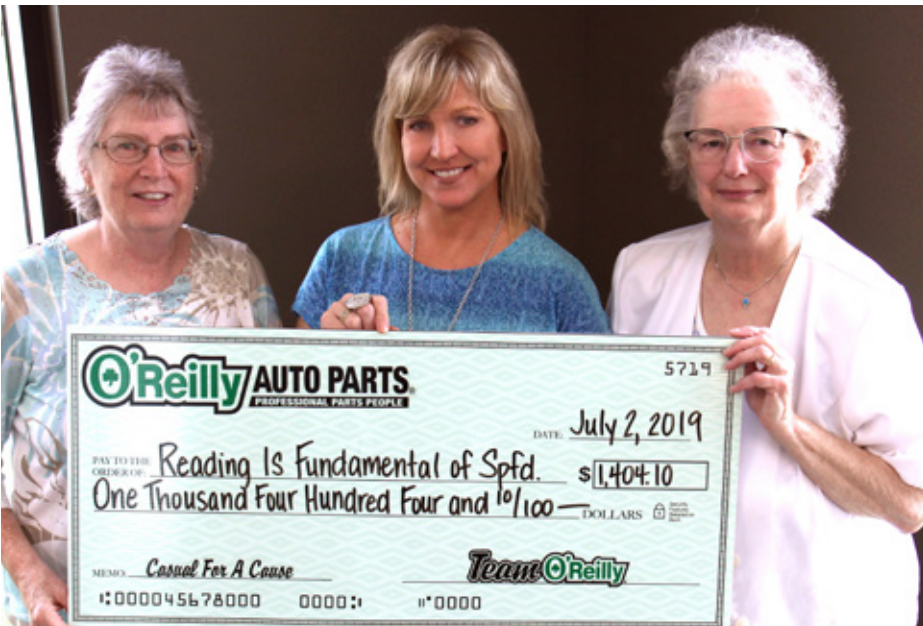


# UNITED WAY

O'Reilly has a long relationship with United Way and has found that supporting the United Way allows the company and our team members to make a real difference in the communities and areas where we work and serve by helping local programs financially and by volunteering. O'Reilly and its team members have donated **more than \$6.3 million and thousands of hours of work.**

# O'REILLY AUTO PARTS CHARITY EVENT

The O'Reilly charity event has raised **over \$1.1 million** that **benefited dozens of charities** doing work in the fields of at risk individuals/families, hunger, homelessness, health, poverty, domestic violence, and literacy.



## CASUAL FOR A CAUSE

One Wednesday each month, corporate team members raise money by paying \$2 to wear jeans to work.

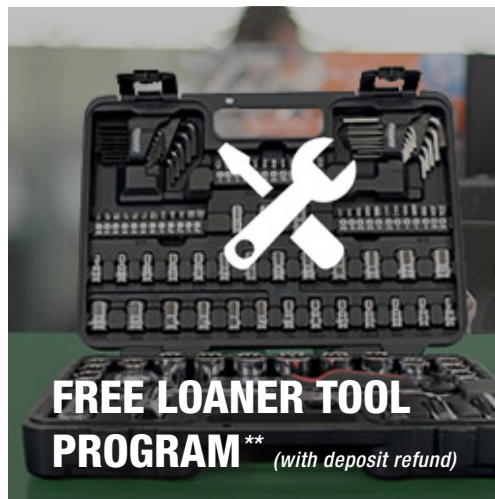
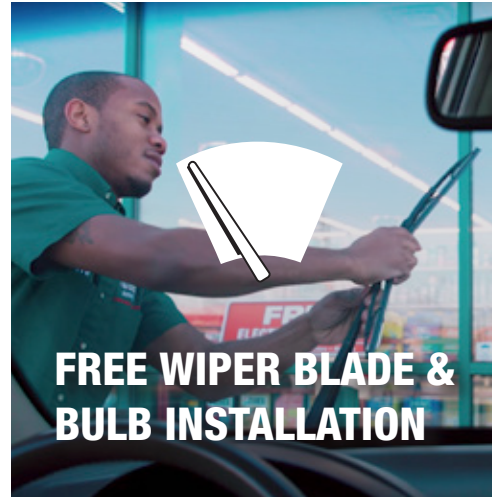
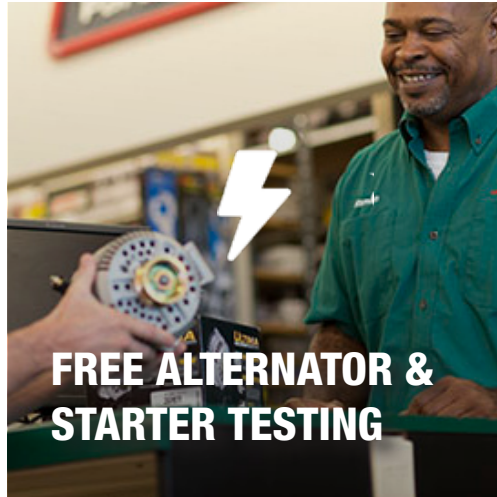
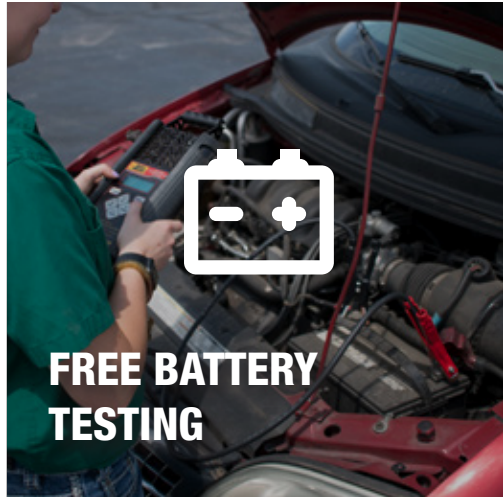
In 2018, these small gifts raised **thousands of dollars** for local charities.



# STORE SERVICES

We know our customers are often in search of some basic information about their car or just need a little bit of help.

That's why we offer the following services:



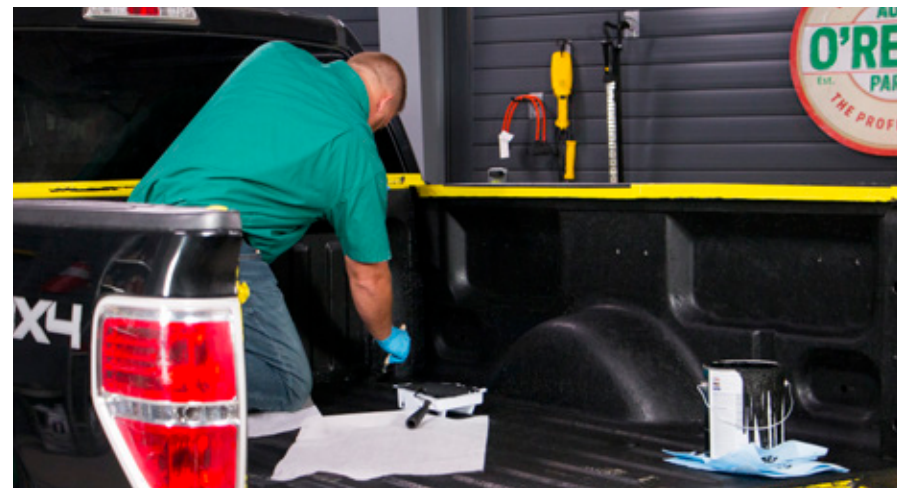
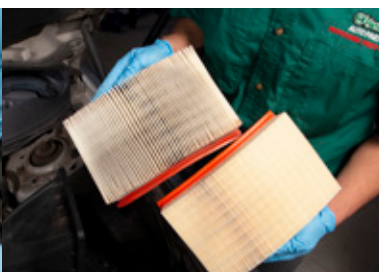
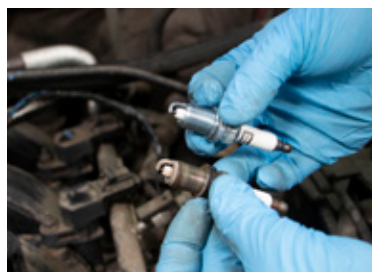
\* Not all services offered at every location. \*\*We also refer customers to a professional technician for difficult or complex repairs.



# ONLINE RESOURCES

O'Reilly offers an ever-expanding digital library with a growing number of How-To maintenance "how to" videos and maintenance tips at [www.OReillyAuto.com](http://www.OReillyAuto.com).

We believe that with a little instruction in automotive maintenance and repair, it's possible to greatly increase the lifespan and dependability of your car, truck, or SUV. We provide online resources covering a variety of tips, tricks, and step-by-step D.I.Y. instructions to help customers keep their vehicle in great shape.



# CODE OF BUSINESS CONDUCT & ETHICS

O'Reilly's Code of Business Conduct and Ethics is our statement of expectations regarding the ethical standards each director, officer, and team member should adhere to when acting on behalf of O'Reilly. The Code contains compliance standards and procedures to facilitate effectiveness and to ensure a prompt and consistent response to any violation. The Code is mandatory reading and must be acknowledged annually by those in management. It deals with conflicts of interest, confidentiality, protection of company information, protections of company assets, compliance with laws and regulations, the Foreign Corrupt Practices Act, insider trading, gifts, items related to accurate and timely financial reporting, antitrust, and the Company's zero-tolerance workplace harassment policy. A copy of the Code of Conduct may be found at:

<https://corporate.oreillyauto.com/corporate-governance-business-ethics>.

We build our code of conduct into our agreements with our product suppliers to ensure they take no action in their business dealings with O'Reilly that violates our code. The Company supports efforts to eradicate slavery and human trafficking in supply chains. Our suppliers acknowledge there is no slavery or human trafficking involved with the products they supply O'Reilly and O'Reilly seeks to partner with those that share our beliefs.





# T.I.P.S. HOTLINE

If something is wrong or simply appears wrong, we want to know. Our O'Reilly culture of honesty and fair dealing leads us to an open door policy where team members are encouraged to report suspected business abuse or any type of misconduct. If they choose not to report directly, the T.I.P.S. Hotline is an anonymous third party hotline provided by the company to allow team members a convenient and confidential way to communicate.



**We encourage team members to report known or suspected violations of the Company's Code of Business Conduct and Ethics.**



# DATA PRIVACY & SECURITY

We value and respect the privacy of all customers whether at our stores or on our online platforms. Our retail point-of-sale systems use end-to-end tokenization and encryption of credit card data. In addition, we have in place appropriate security measures to prevent unauthorized access to our customers' personally identifiable information including security access controls, information security technologies and policies, and information disposal procedures, with training for our team members regarding these items. Our full privacy policy can be found at: [www.OReillyAuto.com/legal-policies#privacy-policy](http://www.OReillyAuto.com/legal-policies#privacy-policy).



## Data Privacy

**O'Reilly does not sell your information.** We use a customer's personal information only to support and further our customer service to you, such as filling orders, preventing fraud, creating individualized marketing offers, and complying with legal requirements.



## Data Security

Whether someone is shopping using our websites, mobile services, or physical stores, our associates utilize security measures to prevent unauthorized access to personal information. These measures include security access controls, information security technologies and policies, information disposal procedures, and participation in security training programs.

# CORPORATE GOVERNANCE

We value and appreciate our relationship with our shareholders and have frequent engagement with them every year. In 2018, we engaged with our shareholders hundreds of times, covering a diverse range of issues from informational and financial to sustainability and governance-related. Listening and engaging with our shareholders has aided in framing governance policies that are best in class as well as consistent with SEC regulations and NASDQ listing requirements.

- The diversity percentage of the Company's board of directors is 33%.
- The election of the board of directors is unstagged with each member elected annually.
- Proxy access exists through an amendment in the Company's bylaws.
- The Company has no poison pill (a defensive tactic used to prevent a takeover).
- The Company has a claw back policy requiring disgorgement of certain compensation.
- Directors are elected by majority vote.
- The Company separates chief executive officer and chairman positions.
- The Company has a lead independent director with substantial authority and responsibility.
- Directors are required to and do meet stock ownership requirements.
- In 2018, the Company revised its policy from discouraging pledging and hedging practices to precluding the same.
- Holders of 15% of the Company's outstanding stock may call a special meeting. *(Subject to Shareholder approval in next proxy)*
- A majority vote is required to approve an amendment to the charter or bylaws.
- A majority of the board is comprised of independent directors.
- Members of each of the Compensation, Audit, and Nominating/ Governance Committees are independent directors.
- Independent directors meet quarterly in a session independent of affiliated directors.
- The charters of the committees of the board of directors clearly establishes the committees' respective roles and responsibilities which are annually benchmarked.
- The Code of Business Conduct and Ethics is reviewed and affirmed by the board of directors annually.

