

# 2020 CORPORATE RESPONSIBILITY REPORT

# *Growth powered by people.*

*Our growth is driven by **you**,  
bringing your strengths, your  
energy, your inspiration.*



## **EARN CUSTOMERS FOR LIFE**

We create a welcoming and trustworthy experience for our customers.

## **IMPROVE CONSTANTLY**

We champion one another's growth so we can achieve more together.

## **TAKE PERSONAL OWNERSHIP**

We enjoy the freedom to make the right choices and own our results.

## **HAVE FUN**

We connect as a team through celebration, positivity, passion and purpose.



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## OUR ROOTS

Lithia Motors, Inc., (NYSE: LAD) is a Fortune 500 company headquartered in Medford, Oregon. Oregon has an honored history of trailblazing important environmental policies—such as the Oregon Bottle Bill of 1971, the first legislation of its kind in the country, and today, a national recycling model.

## A MESSAGE FROM OUR CEO

We are a growth company powered by people, but also one powered by conscientious growth.

As a leading provider of personal transportation solutions, we embrace the environmental and social pillars of sustainability to strengthen our five-year growth strategy of consolidating the largest retail sector in the country.

Our 2020 Corporate Responsibility Report shares our goals for protecting the environment and promoting the well-being of our people. We are excited to highlight areas in which our collective corporate responsibility efforts are making a positive difference.

We are *Taking personal ownership* to steer consumers towards greener purchasing decisions and habits. In 2020, we electrified that effort with the launch of GreenCars, which aims to spark more sustainable-vehicle adoptions by educating U.S. consumers on electric vehicles and hybrids. The website provides resources to make sustainable vehicle ownership affordable—including information on vehicle incentives, charging stations, and coverage of our ever-expanding, EV-charging network.

*Earning customers for life* means serving them wherever, whenever, and however they desire. While Greencars meets the needs of consumers interested in sustainable vehicles, we also expanded our consumer channels by launching Driveway—our new e-commerce, shop-from-home, vehicle-ownership experience—to give customers another innovative option to take care of business.

Several of our dealerships were honored in the past year for either being Green Dealers or ranking as one of the Best Dealerships to Work For in 2020. By *Having fun* and fostering a well-oiled, work-life balance, we retain the talent that helps us live our Mission of *Growth powered by people*.

Always looking ahead, on Earth Day 2021, we will be introducing our new GreenKids Program. This program will partner Lithia dealerships in different states with local high schools to create an educational opportunity to increase awareness and knowledge regarding sustainable vehicles.

We are passionate about *Improving constantly* and reducing our environmental impact through continued innovation and teamwork. We recognize that responsible growth is crucial to not only our success but to our planet and communities as well.



A stylized, handwritten signature in black ink, consisting of several fluid, overlapping strokes.

Bryan DeBoer  
Lithia Motors Inc. President and CEO

## OUR JOURNEY

Three generations of the DeBoer family have each made Lithia Motors, Inc. what it is today.

LITHIA MOTORS		INCOME STATEMENT		FOR THE YEAR ENDING DECEMBER 31, 1946	
Sales				\$10,000.00	
Less:					
Operating Expenses					
Depreciation					
Interest					
Taxes					
Advertising					
Office & Gen.					
Miscellaneous					
Total					
Net Income					
Operating Expenses					
Salaries					
Wages					
Utilities					
Insurance					
Repairs					
Travel					
Postage & Freight					
Telephone					
Rent					
Depreciation					
Interest					
Taxes					
Advertising					
Office & Gen.					
Miscellaneous					
Total					
Net Income					

Lithia Motors Income Statement from 1946

### 1946

In 1946, Walt DeBoer opened the first Lithia Motors dealership in Ashland, Oregon, where his hard work and friendly reputation helped support his large family.

### 1968

In 1968, Walt's oldest son, Sidney (Sid), took over the dealership. Unsure whether he could run the business alone, Sid persevered—selling 35 cars that first month.

### 1996

By 1996, Lithia Motors, Inc., had expanded to six dealerships in southern Oregon, employing more than 200 associates. Management decided to take the company public that year—a herculean effort as Lithia was only at \$146 million in annual revenues (that's smaller than many of our individual stores today). Afterwards, Sid tackled the challenges of expanding Lithia's reach into other states.

## OUR COMPANY NAME

In 1946, Walt DeBoer named his new Chrysler-Plymouth dealership after one of his hometown's famous mineral springs—Lithia Springs. Lithia water is a type of mineral water containing lithium salts.



The first Lithia Motors auto dealership in Ashland, Oregon, in 1946.



## WHO WE ARE TODAY

### 2012

In 2012, Sid's son, Bryan, succeeded him as CEO and President and has continued Lithia's forward-thinking strategy for growth, transforming the company culture to an entrepreneurial and high-performance model.

During Bryan's tenure, he has guided the company to impressive Fortune 500 positions—including #252 in 2020, #4 on 10-Year Total Shareholder Return, and #6 on Ten-Year EPS Growth.

### 2014

Our new Home Office building in Medford, Oregon, was awarded a Silver LEED Certification.

Lithia Motors, Inc., (NYSE: LAD) is one of the largest providers of personal transportation solutions in the United States and among the fastest-growing companies in the Fortune 500. With our foot on the growth pedal, we currently sell 33 brands of new domestic and imported vehicles, and all brands of used trucks and vehicles, at more than 200 store locations in 22 states.

We know our success is fueled by our talented teams who number more than 15,000 strong. Our Vision (*to create personal transportation solutions wherever, whenever, and however consumers desire*) and Our Mission, *Growth powered by people*, combine to inspire our leaders to innovate unique solutions that continually improve customer experiences, sustainability practices and community engagement.

## OUR CORE VALUES

Every day, we work hard to stay ahead of the competition while staying true to our environment, our team, and our communities. Our entrepreneurial culture is rooted in the constancy of our Core Values—which are affirming guidelines in our fast-paced industry.

TAKE PERSONAL OWNERSHIP

IMPROVE CONSTANTLY

EARN CUSTOMERS FOR LIFE

HAVE FUN



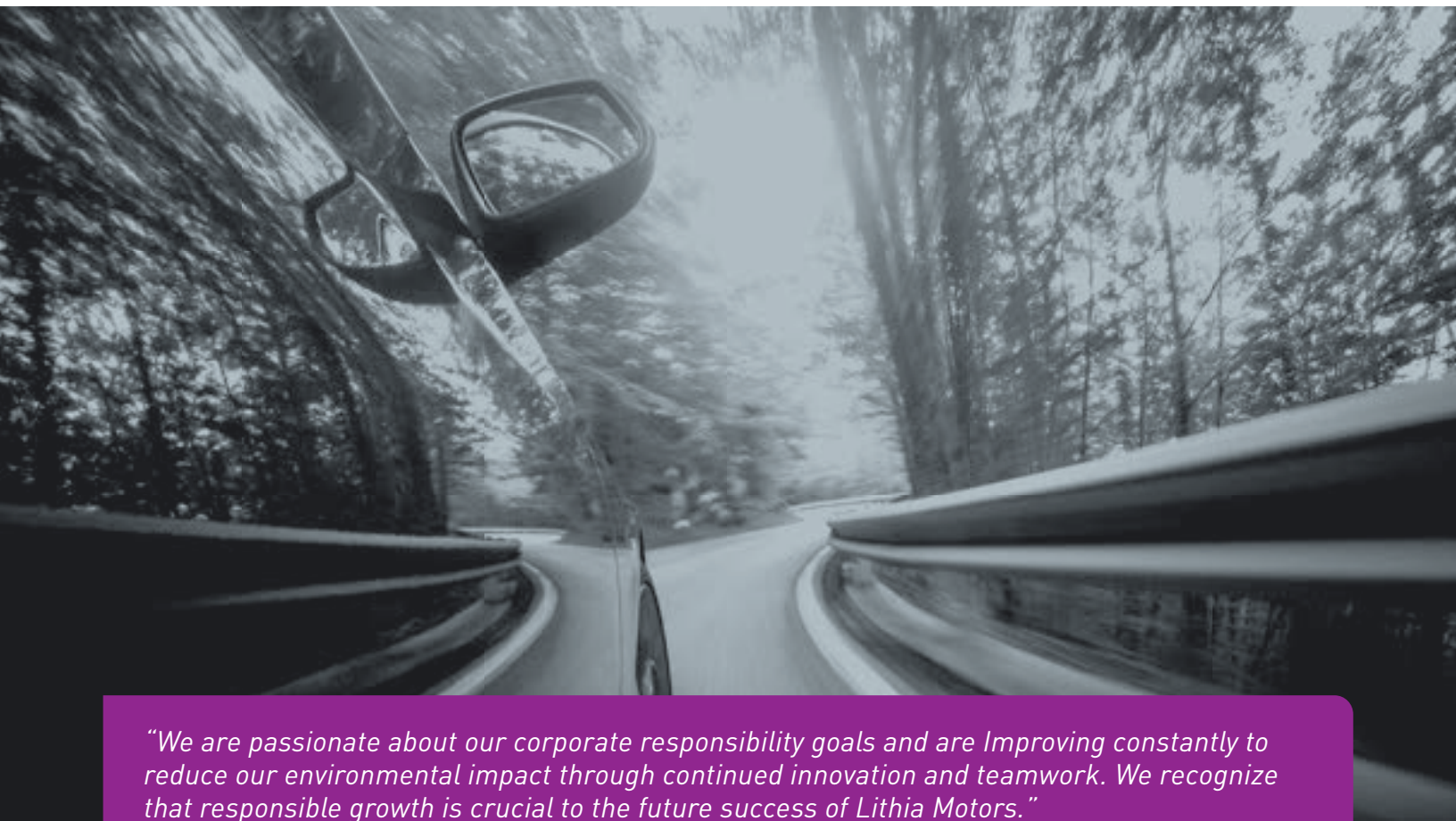
The Lithia Motors Home Office in Medford, Oregon.

# GOALS

## DRIVING CORPORATE RESPONSIBILITY

Honoring our Oregon roots, Lithia Motors strives to be an industry leader in responsible growth. This goal—along with our Core Values—is a fundamental driver behind our commitment to strengthening the three pillars of environmental, social, and governance at our Home Office in Medford, Oregon and at our more than 200 locations nationwide.

To keep us focused on our path towards *Improving constantly* and *Taking personal ownership*, we have established corporate responsibility goals. By providing transparency in reporting our sustainability practices and efforts, we demonstrate to ourselves and our industry the need and benefits of measuring our impact on the land on which we live, work, and play. Similarly, we are mindful of keeping our work environments inclusive, engaging, and fun.



*"We are passionate about our corporate responsibility goals and are Improving constantly to reduce our environmental impact through continued innovation and teamwork. We recognize that responsible growth is crucial to the future success of Lithia Motors."*

— Bryan DeBoer, Lithia Motors, Inc., President and CEO



## ENVIRONMENTAL GOALS

### GOAL 1: Public Education

Increase sustainability education, with a focus on youth, and engage the public on the benefits of electric vehicles (EVs) and hybrids via our GreenCars initiatives.



### GOAL 2: EV-Charging Network

Expand EV-charging network to alleviate range anxiety.



### GOAL 3: Green Dealer Programs

Grow sustainable business practices.



### GOAL 4: Bright Ideas

Develop employee knowledge, creativity, and participation surrounding sustainability efforts.



### GOAL 5: Energy Efficiency

Support facilities in applying energy-efficient standards.



## SOCIAL GOALS

### GOAL 6: Employee Promotion & Well-Being

Encourage internal promotions and employee health and well-being.



### GOAL 7: Training & Professional Development

Increase average hours of annual training per employee to promote professional growth opportunities.



### GOAL 8: Diversity & Inclusion

Continue to mirror the diversity of our communities within our workforce.



### GOAL 9: Diverse Leadership

Increase diversity candidates for leadership positions and ownership.



### GOAL 10: Community Commitment

Increase nonprofit volunteerism and financial support.



# COMMITMENT TO OUR ENVIRONMENT

## A LEADER IN ENVIRONMENTAL EDUCATION

Lithia Motors recognizes we are in a position to make influential, positive changes. As a leader in the automotive industry in sustainable practices, we are driven to increase public awareness regarding the benefits of electric vehicles and hybrids. Our exciting new GreenCars initiatives fuel our goal of encouraging consumers to pursue and explore planet-conscious transportation solutions.

In particular, our GreenCars initiatives—including a pilot program called GreenKids—and our home-grown Electric-Vehicle (EV)-Charging Network are going the extra mile in achieving this sustainability education goal.



In a difficult industry for making positive planet impacts, Lithia Motors developed GreenCars.com to increase consumer awareness of sustainable transportation and to accelerate the adoption of sustainable vehicles.

GreenCars is a unique online platform that combines EV education with our nationwide charging network. The website's interactive Vehicle Comparison Grid, Learning Center, blog, and other resources provide consumers with everything they need to know about EVs and hybrids all in one place.

The website also features a GreenCars Marketplace, which offers the largest selection of environmentally friendly vehicles for purchase in the United States.

### THE GREENCARS MISSION

We exist to accelerate the EV revolution by facilitating the adoption of electric and hybrid cars through passionate advocacy, tailored education, and a radically simple buying experience.

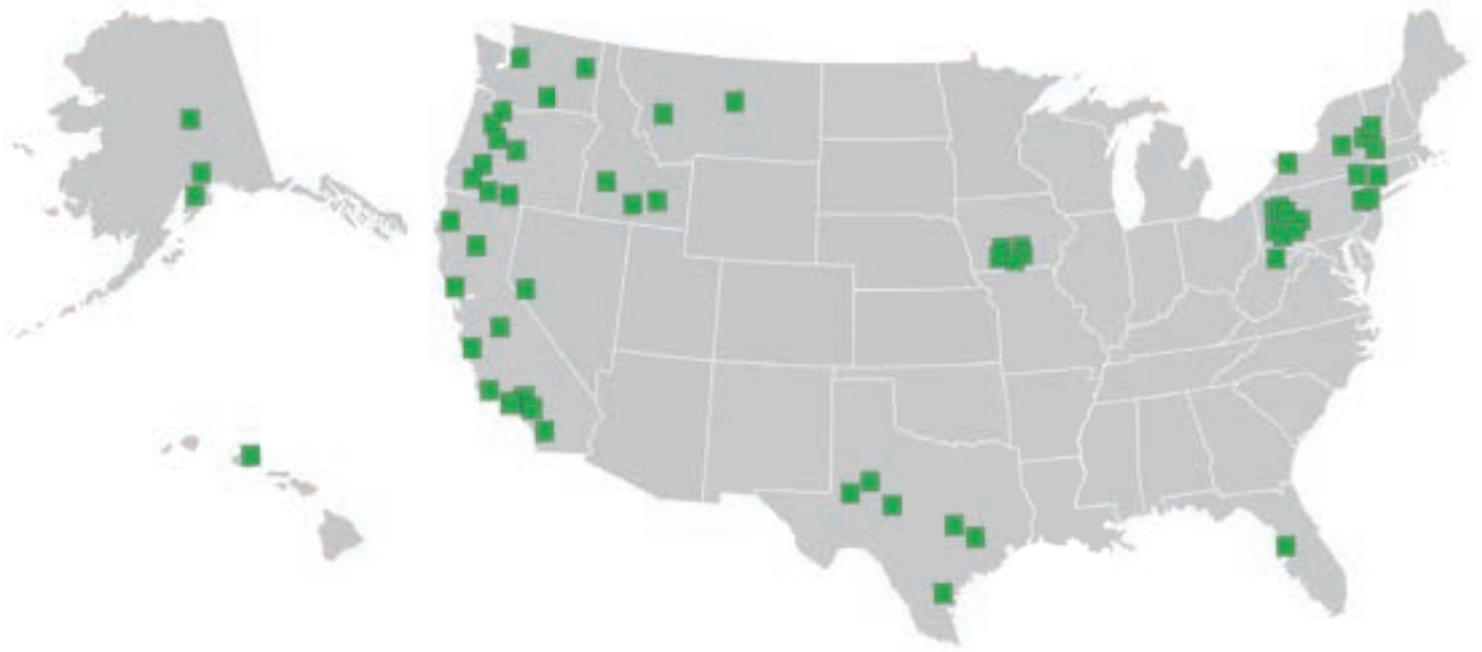
## OUR GREENKIDS EARTH DAY PROGRAM

In 2020, we initiated our upcoming GreenKids Program, which will launch on Earth Day 2021. This pilot program will partner Lithia dealerships in various locations in California, New Jersey, Oregon, and Washington State with local high schools to educate teens on the positive environmental impact of sustainable vehicles.

We will engage students using a creative, innovative video and other educational materials—and for some teens, a hands-on experience driving an electric vehicle (EV) or greencar. On certain dates and locations, the program will also plant a tree for every test drive of an EV. The program's scope will only accelerate as we continue to offer GreenKids partnerships throughout our national retail network.

## THE LITHIA ELECTRIC VEHICLE (EV) CHARGING NETWORK

Lithia provides a complimentary, nationwide electric vehicle (EV) charging network, including convenient locations all along the West Coast and down the Interstate-5 corridor. This network infrastructure is an important aspect of supporting and increasing the number of EVs on the road and thereby reducing emissions.



*"Lithia is passionate about improving our environment, and GreenCars is a part of our ongoing drive to educating and inspiring consumers to adopt greener transportation solutions."*

*Bryan DeBoer, President & CEO, Lithia Motors, Inc.*



# GREEN DEALERS

Lithia Motors currently sells 33 brands of new domestic and imported vehicles, and all brands of used trucks and automobiles, at our more than 200 locations nationwide. We encourage all of them to participate in sustainable business-operating programs, and we are particularly proud of our Green Dealers, who have been certified through their manufacturer's specific planet-conscious programs.

## SUBARU ECO-FRIENDLY DEALERSHIPS

Seven of our Subaru dealerships — Reno Subaru, Great Falls Subaru, Subaru of Spokane, Diablo Subaru of Walnut Creek, Carbone Subaru of Utica, Carbone Subaru of Troy, and Ramsey Subaru of Des Moines — have taken the initiative to qualify for The Subaru Eco-Friendly Retailer Program. This is a voluntary program designed for retailers who want to make a positive impact on their communities and local environment.

The Subaru Green Dealer program focuses on five key areas:

- Energy Efficiency
- Water Conservation
- Recycling
- Waste Management
- Community Involvement



In 2020, Diablo Subaru of Walnut Creek aimed its efforts on innovative Covid-19 cost-saving strategies and increased community involvement.

The Diablo Team armed employees with plenty of personal protection equipment and best practices, and then expanded its mobile repair teams to meet the growing customer needs during the pandemic. Their Covid-19 processes were the model for neighboring service centers, and they worked with Subaru of America to increase its expansion. They continued their commitment to community with donations to Meals on Wheels, a local homeless shelter, and an animal rescue foundation.



Diablo Subaru reminded employees and customers to practice sustainability by posting the Subaru Eco-Friendly Retailer banner in their office.



## HONDA/ACURA GREEN DEALER PROGRAM

Thirteen of our Honda and Acura dealerships have earned the Honda/Acura Environmental Leadership Award for measurably reducing energy and water use while enhancing their environmentally responsible business operations. These dealerships have implemented several environmental best practices, such as proper building envelope insulation to minimize heat gain and loss, energy-efficient HVAC systems, energy-efficient interior and exterior lighting, designated recycling areas, water-efficient systems and more.

In addition, to receive an Environmental Leadership Award, dealerships must reduce their energy consumption by certain verified percentages. In 2020, we are proud to announce two of our dealerships earned the Platinum Award, which demands a 50% reduction in energy consumption. Three of our dealerships earned the Gold Award by reducing energy consumption by 30%, and eight Silver Award winners reduced their consumption by 10%.

### LITHIA'S HONDA & ACURA GREEN DEALERS



#### Platinum Award Winners

Acura of Honolulu  
Island Honda



#### Gold Award Winners

DCH Paramus Honda  
Honda of Salem  
DCH Tustin Acura



#### Silver Award Winners

DCH Gardena Honda  
DCH Honda of Oxnard  
DCH Kay Valley  
DCH Academy Honda  
Bend Honda  
Honda of Great Falls  
Acura of Johnston  
DCH Montclair Acura

### VERIFIED ENERGY REDUCTION REQUIREMENTS FOR AWARD WINNERS



PLATINUM - 50%

GOLD - 30%

SILVER - 10%

## BRIGHT IDEAS

Part of our sustainability goals at Lithia Motors is to develop employee knowledge, creativity, and participation surrounding sustainability efforts. It's the little bright ideas around the workspaces that add up in reducing waste and saving energy.

## THE HOME OFFICE GREEN TEAM

As part of living our core value to *Improve constantly*, the Lithia Home Office now has its own Green Team. This employee-powered team plants ideas and tips for reducing waste, saving energy, recycling efficiently, and minimizing our carbon footprints.

The Green Team challenges our employees to *Take personal ownership* in their own lives and make small changes that together can have a positive impact in our environment. The team hopes to sponsor several in-person events in the coming years to get employees engaged and energized about smart, sustainable practices for both work and at home. It's all a part of the Lithia value of *Having fun* while making our planet and people healthier.

*By using water bottle-filling stations in our workplaces, employees prevent more than 1,000-plus plastic bottles per week from ending up in our landfills.*

## BIG SHINE ENERGY SAAZ AWARD

Lithia Motors received the Big Shine Energy SAAZ Award 2020 for its efforts in LED lighting upgrades.

At the SAAZ 2020 Global Leaders Conference in New Jersey, a Lithia Motors project manager was a keynote speaker on sustainability in the automotive industry.

We are proud to report that all current and future dealership renovations will include LED lighting upgrades. We plan to continue to invest an estimated \$1 million each year in energy-efficient lighting projects.



*Lithia Motors has invested over \$9.9 million in LED lighting and solar projects since 2011.*



# LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN

Lithia Motors strives to lead by example by supporting sustainable-friendly facilities and applying energy-efficiency standards, processes, and equipment whenever possible.



## OUR NEW DRIVEWAY BUILDING

As Lithia Motors continues to grow and expand as a company, we are proud to introduce our newest office space to house our Driveway and Driveway Finance employees.

This urban office space—which is located across the street from the Lithia Home Office—was built with innovative green principles in mind. The Facilities and Construction Team focused on incorporating energy-efficient lighting, with ample natural light and sensors to shut off lights in unoccupied spaces.

Another sustainable feature is the energy-efficient heating and cooling systems to circulate fresh outdoor air into the building for both efficiency and employee comfort.

## OUR HOME OFFICE BUILDING

Located in downtown Medford, Oregon, the Lithia Home Office building received LEED Silver certification from the U.S. Green Building Council. The building features an impressive list of sustainable materials and features, including:

- Roof-mounted solar panels providing about 60% of our energy
- Recycling receptacles in every breakroom and copy room
- Water bottle filling station to promote sustainable bottle use
- Dyson Airblade™ hand dryers in all restrooms to reduce paper towel waste

*Our Home Office solar panels generate an average of 70,000 kWh of electricity each year.*

## OUR TEAMS

We are the Lithia Family. As one of the fastest-growing companies on the Fortune 500, Lithia's success depends on our talented teams nationwide. From the service technicians and customer service reps to our sales managers and group vice presidents, without their skills, energy, and inspiration, we would not be where we are today. Despite our growing employee population (15,000+), we strive to maintain a friendly, professional environment where employees feel comfortable and valued.

## WORKPLACE EXCELLENCE: "BEST DEALERSHIPS TO WORK FOR" HONORS

Ten Lithia dealerships ranked as one of the 100 Best Dealerships to Work for in 2020 by Automotive News. To make the list, an employer must excel in quality workplaces and receive strong employee satisfaction scores from confidential surveys. Seven of our ten honorees are repeat winners, and three stores made the list for the first time.



## NUMBER ONE! DCH MILLBURN AUDI IN MAPLETOWN, NEW JERSEY

Of the 100 dealerships recognized, DCH Millburn Audi in Maplewood, NJ topped the list at #1! A first for the dealership and its 9th consecutive nomination.

"Our business is built on relationships," said Al Khouri, General Manager of DCH Millburn Audi.

"We've been successful at building an internal culture of open communication and mutual respect. I'm confident this culture has been significant in retaining talent and loyal clients. Our high performing teams work together to make our customers feel welcome and build memorable experiences."







**#4 DCH Kay Honda - NJ**



**#40 Medford BMW - OR**



**#6 DCH Academy Honda - NJ**



**#56 DCH Audi Oxnard - CA**



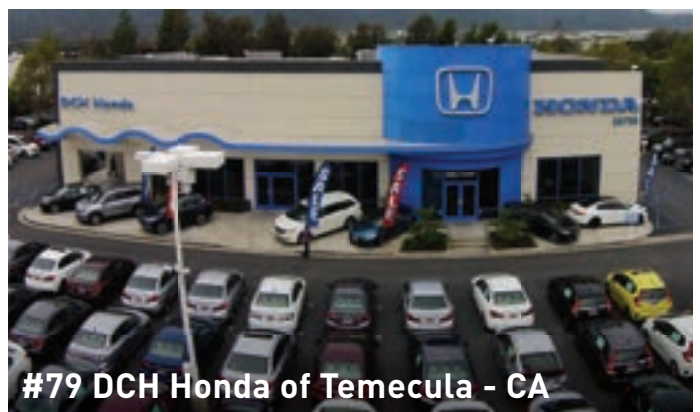
**#11 Lithia CJD Ram of Great Falls - MT**



**#75 Honolulu Ford - HI**



**#13 DCH Montclair Acura - NJ**



**#79 DCH Honda of Temecula - CA**



**#18 Lithia CJD Ram of Corpus Christi - TX**

*"The Automotive News recognition for workplace satisfaction embodies our mission of Growth powered by people. We believe happy team members lead to loyal customers."*

*Bryan DeBoer, President & CEO, Lithia Motors*



# TRAINING & PROFESSIONAL DEVELOPMENT

Promoting and hiring the best talent available, defining clear expectations, providing excellent training, offering a robust benefits package, and rewarding high performance helps us build dynamic teams to serve our customers. We cultivate an entrepreneurial, high-performance culture and develop leaders from within.

## LITHIA LEARNING CENTER

We encourage employees to *Improve constantly* in their careers by offering them free online access to our Learning Center. The center offers a wide variety of tools and resources in personal and career development, including:

- New manager resources
- Professional development tools
- HR resources to hire and grow talent
- New employee resources
- Goal-setting materials
- Practical business skills and articles
- Career advancement tools

## JUMP START TRAINING PLANS

Jump Start is a training series based on a broad variety of dealership store positions. Learning materials are delivered via customized email communications upon achieving major tenure milestones within the first nine months of the role.

These training plans have been selected and curated by Lithia's leadership teams to provide timely and updated learning activities that deliver relevant resources to participants' Learning Center accounts. Each Jump Start learning series begins with job-specific trainings, moves to professional development materials, and concludes with career growth and advancement tools.

## PROFESSIONAL DEVELOPMENT

Defining clear expectations, providing excellent training, and rewarding performance helps us build dynamic teams that help us *Earn customers for life*. To meet this core value, we cultivate an entrepreneurial, high-performance culture and develop leaders from within. To accelerate the depth of our talent, we continue to develop tools, trainings, and growth opportunities.

## TRAINING & CERTIFICATION

Lithia offers the following training and certification to advance our team members' professional development:

- Certified Public Accountant Certification
- Technician Training
- Self-Reported Training Incentives

## ACCELERATE MY POTENTIAL (AMP)

Established in 2017, this in-house, career development program positions participants for a future as a General Manager (GM) in one of our stores. The AMP/GM Readiness Program selects Lithia participants based on their potential to compete for GM opportunities within 24 months, their embodiment of our Core Values and Mission of *Growth powered by people*, and managerial support.

*Forty percent of our AMP participants have been promoted since attending their annual program meetings—to date, 27 are now GMs and 9 have landed AGM promotions.*



## DIVERSITY & INCLUSION

We strive for our workforce to mirror the communities in which we live and do business. As such, our ongoing goal is to become more diverse and inclusive to empower all in our communities. We recognize that diversity and inclusion can provide a competitive edge, but we also want to ensure that we prioritize Diversity & Inclusion practices throughout the entire employee life cycle, making sure every team member—regardless of demographics—can achieve their highest potential.

2020 WORKFORCE DIVERSITY	Management Diversity	Non-Management Employee Diversity
<b>Total # of Employees</b>	<b>1,991</b>	<b>13,029</b>
Asian	110 :: 5.5%	699 :: 5.4%
Black or African American	58 :: 2.9%	496 :: 3.8%
Hispanic or Latino	246 :: 12.4%	3,448 :: 26.5%
White	1,410 :: 70.8%	7,092 :: 54.4%
Other	167 :: 8.4%	1,294 :: 9.9%

## BOARD DIVERSITY

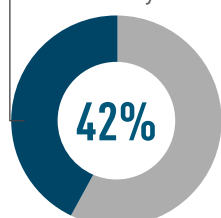
We also recognize the tone on Diversity & Inclusion needs to come from the top. The composition of our Board of Directors reflects the value we place in a diversity of perspectives.

Our objective is to strike a balance between the institutional knowledge that comes with long-term service and the fresh perspective provided by new members. In addition, we aim to be transparent about our board's diversity statistics.

Our independent directors bring a variety of diversity and tenure, effectively balancing the inputs and viewpoints represented on our board.

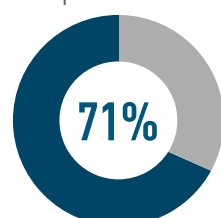
### DIRECTOR NOMINEE DIVERSITY

42% of Board members are women or ethnically diverse



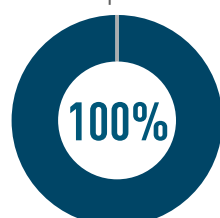
### DIRECTOR NOMINEE INDEPENDENCE

71% of Board members are independent



### COMMITTEE INDEPENDENCE

100% of Board committee members are independent



### INDEPENDENT DIRECTOR NOMINEE AVERAGE TENURE

6.2 YEARS



### INDEPENDENT DIRECTOR NOMINEE AVERAGE AGE

63.6 YEARS



## LITHIA WOMEN LEAD

Lithia Women LEAD (Learn, Explore, Achieve, Develop) was started in 2015 with several goals in mind:

- Provide an avenue for women in the organization to learn and develop.
- Introduce female leaders to act as role models and inspire one another's growth.
- Organize events where women could network with one another.
- Enhance skills beneficial to women in their personal and professional lives.

In time, an additional goal was added to provide broader knowledge of the company and the automotive retail business.

Lithia Women LEAD began with a week of daily events for Lithia women leading up to the Southern Oregon Women's Conference, which Lithia sponsors annually.

Due to popular demand LEAD events expanded their reach by livestreaming to our stores across the nation. After a few years, men were also invited to participate while keeping true to the original mission of being a networking and development forum for women.

Since Lithia Women LEAD's inception, the number of women in leadership and senior leadership roles at Lithia has grown tremendously.

In addition, events have led to increased camaraderie between departments, allowing collaboration to flow more smoothly.

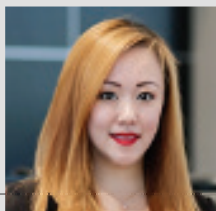
In the end, these events are a win/win – for the women participating and for Lithia. We continue to focus on developing a community of inclusion and support that allows and enables women to thrive.

## LITHIA'S FEMALE LEADERSHIP

One of the outcomes of any women's leadership initiative is to advance women and women's influence throughout the business; however, it starts with developing a community of inclusion and support that allows women to thrive.

*"My dedication has lead me to my current leadership position. I never give up on what I want to do and always have an open mind, willing to learn. Nothing grows in the comfort zone. Create a goal, and work towards the goal every day, and accomplish it."*

*I always tell myself 'I can, and I will.'"*



**Alice Cao**  
General Manager  
John Eagle Acura  
*Lithia Leader Since 2019*

*"Lithia's focus on personal ownership is what gives me my drive every day. When I walk into the dealership, I am walking into my dealership. My passion is to help people achieve their dreams and goals of success by growing them into future Lithia leaders."*



**LaDonna Wilson**  
General Manager  
All American CJDR  
of Midland  
*Lithia Leader Since 2006*



## PAVING THE WAY FOR WOMEN

In 2020, Automotive News recognized our very own CFO, Tina Miller, as one of its 100 Leading Women in the North American Auto Industry. In her interview with Automotive News, Tina describes how she first started with Lithia in 2005 as an internal audit manager and worked her way up to Chief Financial Officer of Lithia Motors.



This honor highlights Tina's instrumental role in driving Lithia's growth and celebrates her inspirational rise within the automotive industry. She credits good timing, Lithia mentors, and her ability to be "comfortable being uncomfortable" as factors for her success during her nearly 17 years at Lithia.

Tina highlights some of the local initiatives to encourage women to enter the auto industry such as the Southern Oregon Women's Leadership Conference. Additionally, she mentions the importance of the company's corporate responsibility report as an important tool to measure Lithia's diverse work environment. Tina states that "part of the fundamental start is just to gauge where you're at because if you don't know where you're at, you don't know where you're going to go."

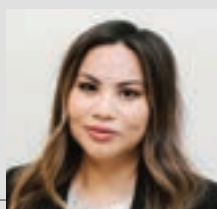
*"Don't be intimidated by the business, hours, or the overabundance of men. Instead, let that drive you to set yourself apart. Use your female insights and talent to navigate your career in this customer-centric industry."*

*Lithia is very supportive of its female employees and leaders. We promote from within, so work hard to prove yourself."*



**Lisa De Vivo**  
General Manager  
DCH Brunswick Toyota  
*Lithia Leader Since 2014*

*"I love creating an environment of family and fun. We strive to bring out the best qualities of each individual based on their strengths and talents."*



**Angela Deocampo Wong**  
General Manager  
Honolulu Volkswagen &  
Honolulu Ford  
*Lithia Leader Since 2010*

*"There are many great reasons to hire more women, especially in car sales. You want a woman in sales perhaps because people associate with women some of the qualities that put us at ease: more understanding, more trustworthy, more able or willing to listen, and more tenacity."*

*That's not saying women are actually better at doing the work, or even that they demonstrate these qualities more often than men; however, car shoppers most definitely feel more comfortable about a dealership when females are in these roles."*



**Maureen Bailey**  
General Manager  
Subaru of Moon Township  
*Lithia Leader Since 2018*

# EMPLOYEE BENEFITS & WELL-BEING

We are passionate about the health and wellness of our employees. Our mission is to provide a competitive, diverse benefits package that supports the physical, financial, and work-life wellness of our employees and their families.

## HEALTHIEST EMPLOYERS OF OREGON



Lithia Motors ranked as one of Oregon's Healthiest Employers in 2020. This award recognizes organizations committed to creating a healthy workplace. This is Lithia's fifth year making the list.

## PREVENTATIVE FOCUS AWARD

Preventative and wellness incentives are one of our top priorities. Our Preventative Focus Award encourages employees and their spouses to stay up to date on their preventative care by offering each a \$250 award for completing a wellness exam.

## 2020 EMPLOYEE LEAVE POLICIES

In 2020, we established two new company leaves of absence for eligible employees: (1) the Lithia Motors Family & Medical Leave and (2) the Lithia Motors Personal Leave of Absence policy. They are designed to help employees when they are not eligible for federal or state leaves.

## EMPLOYEE ASSISTANCE PROGRAM

We provide a company-paid Employee Assistance Program to help employees through the pressures of day-to-day living. All employees and their families have access to unlimited consultations and up to three face-to-face counseling sessions per year.

## FREE HEALTHCARE CLINICS

We currently offer five on-site Free Employee Clinics in Oregon, Pennsylvania, New York, and New Jersey. These clinics provide free medical visits for employees and their spouses. Top services provided include lab work, chronic disease management, preventative exams, referrals for specialist appointments, free health coaching, and more.

## CATAPULT ON-SITE CLINICS

We also partner with Catapult to bring on-site clinics to our dealerships across the country. Catapult has performed over 1,000 on-site exams for Lithia dealerships nationwide, including Texas, Iowa, Montana, Nevada, Washington, and North Dakota. We are also very excited to expand this benefit to Alaska in 2021.





## Lithia Benefits Package

### health

A focus on the overall health and wellness of our employees and their families

- Medical & Rx Insurance
- Dental Insurance
- Vision Insurance
- Free Preventative Care
- Free Health Coaching
- Free Tobacco Cessation Assistance and Products
- Free Flu Shots
- Free Maternity Support
- \$250 Preventative Focus Award
- Onsite Medical Clinics\*
- Mobile Onsite Preventative Care\*
- Virtual Healthcare (MD Live)\*

### financial

A focus on the investment in employees' current and future financial health

- Traditional & ROTH 401[k] with Employer Match
- Employee Stock Purchase Plan
- Health and Dependent Care Flexible Spending Accounts (FSA)
- Life Insurance
- Short & Long Term Disability Insurance
- Long Term Care Discounts
- Commuter Benefit Program
- Tuition Reimbursement Program
- Tuition Discounts
- Dealership Discounts
- Travel Discounts
- Cell Phone Discounts
- UPS Discounts

### work/life

A focus on a work environment that supports employees' personal lives as well as their professional lives

- Paid Holidays
- Paid Time Off (PTO)
- Employee Assistance Program
- Volunteer Opportunities\*
- Bike Program\*
- Onsite Gym\*
- Private Locker rooms\*
- Mercy Flights\*
- Local Tickets & Business Discounts\*

*95% of Lithia employees are able to obtain full benefits packages.*

*\*Offered in select locations.*

## HAVE FUN

Our enthusiasm for our customers, communities, cars, one another, and our success are the catalysts for us to *Have fun*. When we live our values with positivity, passion and purpose, our enthusiasm shows in our results. We encourage our team members to enjoy creative opportunities while at work, find time to engage in their communities, and to pursue their passions.

Each Lithia location decides how and what they want to celebrate, but some common fun activities that many locations participate in include: Halloween dress-up contests, Holiday parties, Superbowl and March Madness festivities, summer BBQs, food drives, toy drives, fun runs, giving trees and more!

*"Employees mention fun co-workers as a top reason to work at Lithia Toyota of Springfield."*

Lyle Hubbard

Business Development Lead

Lithia Toyota of Springfield





Throughout our seventy-five years in business, Lithia has been dedicated to making communities we serve better places to live, work, and play. We are committed to creating value in the communities around the country where we operate by supporting initiatives that strengthen them through local giving, sponsored events, and volunteerism.

## GIVING LOCAL

We strongly believe our people best understand the needs of their own communities and that is why we empower individual dealerships to manage their community involvement at the local level. Many of our stores have long-term, ongoing partnerships with nonprofit organizations that matter most to them.

Their commitment runs deep and goes beyond just writing a check. They are often advocating for their causes throughout the year, holding donation drives and volunteer events.

## LITHIA 4KIDS

At our Home Office, we focus our community giving through our Lithia 4Kids initiative. We concentrate our efforts on organizations who dedicate their efforts to help educate, advocate, support and strengthen our local communities. We believe the children within the communities are the key to the future, so it only makes sense to focus on organizations who:

1. Create Safe Spaces to Learn and Play
2. Help Build Resilient Communities
3. Provide Enriching Experiences



Lithia donates vehicles to various nonprofits nationwide, including Hearts with a Mission, a shelter for at-risk youth.

Lithia donated basic supplies for children who lost all their possessions in devastating wildfires in Oregon.

## PARTNERING WITH NONPROFITS NATIONWIDE

From coast-to-coast, Lithia folks are a giving group. We partner with hundreds of local nonprofits to serve the needs of public health, youth, education, family, seniors, veterans, athletics, and public safety. Below is a sampling of the national nonprofits we support.





## GROWTH POWERED BY PEOPLE

As a company driven by Our Mission, *Growth powered by people*, we place a high degree of value in each of our Lithia team members and their individual professional success. Volunteering is some of the most meaningful and rewarding work we do. We know that actively engaged employees, loyal customers, and empowered communities are a collaborative formula for success.

We are proud to see our dealerships making a positive impact in their communities across the country. Next, we spotlight a sampling of dealerships who engaged with their communities, demonstrating the positive power behind social sustainability efforts.

### LITHIA KIA OF ANCHORAGE ANCHORAGE, ALASKA

In 2020, we created the Weekly Financial Assistance Payment Program Contest to help hospitality workers who were hit hard during the worst tourism summer in decades for Alaska. We also donated \$10,000 to the American Cancer Society, sponsoring free military admission at the local ski mountain, and sponsoring the Alaska All-Star Girls Hockey team.



### DCH BRUNSWICK TOYOTA BRUNSWICK, NEW JERSEY

In the midst of the Covid-19 pandemic, our employees donated food and coffee to JFK Hospital nurses, provided no-charge tire rotations to the local police department, and supported the Chinatown Heath Clinic Foundation. They also conducted more than 900 mobile services and over 100 pickup/delivery to local customers who didn't feel comfortable coming into the dealership.



## MERCEDES-BENZ OF PARAMUS

PARAMUS, NEW JERSEY

Mercedes-Benz of Paramus is the local corporate sponsor for the Paramus Relay for Life, a community-based fundraising event for the American Cancer Society. With the help of their employees and customers, the dealership raised over \$10,000 in 2020.



## DCH KAY HONDA DCH FORD OF EATONTOWN

EATONTOWN, NEW JERSEY

In 2020, DCH Kay Honda & DCH Ford of Eatontown partnered with several local nonprofits, including the U.S. Marine Corps and Toys for Tots, the local Monmouth County Food Bank, and the Chinatown Health Clinic Foundation. The dealership also boasts three electric-charging stations that are open to the public and promote several in-house recycling programs, including using waste oil as a heat provider for their body shop.



## BAIERL ACURA WEXFORD, PENNSYLVANIA

In 2020, Baierl Acura developed “Baierl Acura Cares” to drive awareness for their local community. They raised more than \$10,000 as a donation to North Hills Community Outreach, a local organization dedicated to addressing the needs of people in crisis, hardship, and poverty.





## WESLEY CHAPEL HONDA

WESLEY CHAPEL, FLORIDA

At Wesley Chapel Honda, our employees are a pillar for our work FAMILY and make a difference in everything they do! It's for all our loved ones that we work so hard to support Moffitt, a local nonprofit, in their mission to contribute to the prevention and cure of cancer. Over 10 years, Wesley Chapel Honda has donated \$550,000.





## REPORTING & TRANSPARENCY

We strive to provide transparency on the issues our stakeholders care about. That has resulted in the gathering and publication of the data in the following pages, based on the frameworks of the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI).

Both these frameworks and the metrics disclosed within will help communicate our path to long-term value creation, and, in some cases, areas where we'd like to see improvement. They provide information sought by sustainability-focused investors and express our intent to continuously improve our environmental, social and governance (ESG) practices. More complete reporting on both SASB and GRI can be found at [LithiaCorporateResponsibility.com](https://lithia.com/corporate-responsibility).



## SASB DISCLOSURES

TOPIC	ACCOUNTING METRIC	CATEGORY
Energy Management in Retail & Distribution	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative
Data Security	Description of approach to identifying and addressing data security risks	Discussion & Analysis
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) Number of customers affected	Quantitative
Labor Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Quantitative
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Quantitative
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Quantitative



The Sustainability Accounting Standards Board (SASB) Foundation is an independent standards-setting organization founded in 2011. This not-for-profit organization seeks to establish and maintain industry-specific standards that assist companies in disclosing financially material, decision-useful sustainability information to investors. The table below references the Standard set out for businesses in the Multiline and Specialty Retailers & Distributors category, some answers of which are truncated for the purposes of inclusion within this report. Full disclosures can be viewed on [LithiaCorporateResponsibility.com](https://lithia.com/corporate-responsibility).

UNIT OF MEASURE	CODE	DATA
Gigajoules (GJ), Percentage (%)	CG-MR-130a.1	2020 - (1) Total energy consumed: 810,032.40 GJ (2) Percent grid electricity: 100% (3) Percent Renewable Energy: 0%
n/a	CG-MR-230a.1	<p>In order to meet the constantly evolving threat to cybersecurity and ensure the integrity, availability and security of our sensitive electronic data, Lithia Motors employs a mature framework of security policies, procedures and control processes. Our Information Security Team, in partnership with a third-party Managed Security Services Provider, work proactively around the clock to evaluate, investigate and mitigate threats and to ensure that multi-layered, redundant preventative technologies are applied to detect and prevent them.</p> <p>For more information on this topic please visit <a href="https://lithia.com/investor-relations">LithiaInvestorRelations.com</a></p>
Number, Percentage (%)	CG-MR-230a.2	(1) 0 (zero) (2) 0 (zero) (3) 0 (zero)
Reporting, Currency, Percentage (%)	CG-MR-310a.1	<p>(1) Total average hourly wage amongst all in-store employees in 2020 including bonuses, commissions, and paid time off was \$30.40</p> <p>(2) Total percentage of employees earning minimum wage with no bonus or commission opportunities is 1.9%.</p> <p>To see these amounts broken down by state please visit <a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a></p>
Rate	CG-MR-310a.2	<p>(1) 7.8%</p> <p>(2) 3.6%</p>
Percentage (%)	CG-MR-330a.1	<p>(1) 29.2% of Lithia management is comprised of racial/ethnic minorities and 19.2% are female. By percentage, each racial/ethnic group is represented as follows: Asian: 5.5% African American: 2.9% Hispanic or Latino: 12.4% White: 70.8% Other: 8.4%</p> <p>(2) 45.6% of Lithia non-management is comprised of racial/ethnic minorities and 20% are female. By percentage, each racial/ethnic group is represented as follows: Asian: 5.4% African American: 3.8% Hispanic or Latino: 26.5% White: 54.4% Other: 9.9%</p>

## GRI INDEX

DISCLOSURE #	TITLE	LOCATION OF DISCLOSURE
102-7	Scale of organization	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
302-1	Energy consumption within the organization	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
302-3	Energy intensity ratio	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
303-5	Water consumption	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
305-1	Direct scope 1 GHG emission	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
305-2	Indirect scope 2 GHG emissions	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
305-4	GHG emissions intensity ratio	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
405-1	Diversity of governing bodies and employees	Pages 15-17
102-14	Statement from senior decision-maker	Page 1
102-1	Name of organization	Page 2
102-2	Activities, brands, products and services	Page 3
102-3	Location of headquarters	150 N. Bartlett St., Medford, OR 97501
102-4	Location of operations	Pages 2-3
102-5	Ownership and legal form	Lithia was founded in 1946 and went public in December 1996 with an IPO of \$11 per share. Today, Lithia continues as an Oregon based corporation and trades on the NYSE (ticker symbol: LAD). As of stock market closing on 12/31/20 LAD stock was trading at \$292.67 per share.
102-6	Markets served	Lithia Motors serves the public and private sectors and owns dealerships in 22 states throughout the U.S., making it one of the largest providers of personal transportation solutions in the country.
102-10	Significant changes to the organization and supply chain	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>

The Global Reporting Initiative (GRI) is a set of standards issued by the Global Sustainability Standards Board (GSSB) in order to create a common language for organizations and stakeholders, with which the economic, environmental and social impacts of organizations can be communicated and understood.

DISCLOSURE #	TITLE	LOCATION OF DISCLOSURE
102-13	Membership of associations	1. NADA: National Automobile Dealers Association 2. NACD: National Association of Corporate Directors 3. SHRM: The Society for Human Resource Management 4. Various state dealer associations
102-16	Values, principles, standards, and norms of behavior	Pages 1-2
102-18	Governance structure	<a href="https://lithiainvestorrelations.com">LithiaInvestorRelations.com</a> <a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
102-22	Composition of highest governance body and its committees	<a href="https://lithiainvestorrelations.com">LithiaInvestorRelations.com</a> <a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
102-23	Chair of highest governing body	Sidney DeBoer is the current Chairman of the Board. He is not a Lithia executive.
102-24	Nominating and selecting the highest governing body	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
202-2	Proportion of senior management hired from the local community	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
401-3	Parental leave	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
403-1	Occupational health and safety management system	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
403-2	Hazard identification, risk assessment and incident investigation	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
403-3	Occupational health services	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
403-5	Worker training on occupational health and safety	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>
403-6	Promotion of worker health	<a href="https://lithiacorporateresponsibility.com">LithiaCorporateResponsibility.com</a>

## GRI INDEX

DISCLOSURE #	TITLE	LOCATION OF DISCLOSURE
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
403-9	Work-related injuries	<a href="https://lithia.com/corporate-responsibility">LithiaCorporateResponsibility.com</a>
403-10	Work-related ill health	<ul style="list-style-type: none"> <li>a. i. 1 Fatality due to work-related ill health</li> <li>ii. 19 instances in 2020</li> <li>iii. Stress/psych/anxiety, cumulative trauma</li> <li>b. N/A - Non employee information is not tracked</li> <li>c. Any type of repetitive motions with hands or lifting is experienced by desk workers and Service Technicians.               <ul style="list-style-type: none"> <li>i. These hazards are confirmed through analysis of our loss runs and identification of the most prevalent MOIs</li> <li>ii. Repetitive lifting or motions have contributed to both Tendinitis and carpal tunnel syndrome cases within the noted reporting period.</li> <li>iii. Lithia plans to address cumulative trauma disorders by implementing a more robust ergonomic training approach that can either reduce the number of repetitions, reduce force required to perform certain duties (ie. tire changes), and eliminating awkward postures as much as possible.</li> </ul> </li> <li>d. We do not employ a significant number of nonemployees whose work/or workplace is controlled by our organization, to report a meaningful and actionable statistic for safety purposes.</li> <li>e. N/A</li> </ul>



DISCLOSURE #	TITLE	LOCATION OF DISCLOSURE
404-1	Average hours of training per employee	On average, each employee received 1.39 hours of training in 2020. This figure represents a very limited accounting of employee training that occurs across our various locations. For gender, employment category, and ethnic breakdowns of this data, please view the complete training matrix on the "Our Team" section of Lithia's Corporate Responsibility website.
404-2	Programs for upgrading employee skills and transition assistance programs	Pages 14







