



Advance
Auto Parts

2022

CORPORATE SUSTAINABILITY AND SOCIAL REPORT

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FORWARD LOOKING STATEMENTS

Certain statements herein are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are usually identifiable by words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "guidance," "intend," "likely," "may," "plan," "position," "possible," "potential," "probable," "project," "should," "strategy," "will," or similar language. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, statements about the company's strategic initiatives, operational plans and objectives, future goals or aspirations, expectations for economic conditions, future performance, as well as statements regarding underlying assumptions related thereto. Forward-looking statements reflect the company's views based on historical results, current information and assumptions related to future developments. Except as may be required by law, the company undertakes no obligation to update any forward-looking statements made herein. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements. They include, among others, factors related to the company's leadership transition, the timing and implementation of strategic initiatives, the completion of new store openings, the highly competitive nature of the company's industry, the ability to attract and retain talent, demand for the company's products and services, complexities in its inventory and supply chain, and challenges with transforming and growing the company's business. Please refer to "Item 1A. Risk Factors." of the company's most recent Annual Report on Form 10-K, and other filings made by the company with the Securities and Exchange Commission, for a description of these and other risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements.

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LETTER FROM OUR CEO

TOM GRECO

At Advance, our mission is **Passion for Customers...Passion for YES!**, meaning we help motorists solve challenges and get back on the road as quickly and safely as possible. In 2022, our mission did not change, even as the world around us continued to evolve, whether it be socially, economically or environmentally. Record high inflation, global supply chain constraints and labor market shifts marked a challenging year for many around the world, including us. Our longstanding commitment to corporate sustainability helped us to adapt to the rapid pace of change as we continued to care for our team members, planet and communities. Throughout the year, we stayed focused on the environmental, social and governance (ESG) priorities that emerged from our 2021 materiality assessment. We know that our shareholders, team members, customers and other stakeholders have valuable perspective on what is important for the success of our business over the long-term. We believe that listening to their input and prioritizing those areas of ESG that matter most to our business will help us improve shareholder value over the long-term. In this report, I'm pleased to share a brief snapshot of our progress against our ESG agenda.

In 2022, care for our team members took on new meaning as employee wants and needs rapidly changed. Strengthening our company culture was a priority throughout the year. This included contemporizing our Cultural Beliefs, which are the foundation of our culture and the hallmark of what it means to be a team member at Advance. Though awareness of our Cultural Beliefs was over 80% in 2020, we more clearly defined the behaviors we value and helped team members better understand how to bring them to life. We similarly refreshed our Code of Ethics with meaningful examples to help our team members apply the Code in their day-to-day work.

We continued to build on our Champion Inclusion Cultural Belief by expanding our diversity, equity and inclusion (DEI) agenda throughout the year. DEI has long been an area of focus in our ESG agenda, and it was identified as a top-five priority in our ESG Materiality Assessment in 2021. We know it is important that our workforce reflect the diversity of the customers and communities we serve, and this year, across the company, we proudly increased our representation of women and people of color in VP-plus roles by 670 basis points and 110 basis points, respectively. We also hosted numerous cultural experiences to build inclusivity and educate on DEI-related topics. Throughout the year, we leveraged data to hold ourselves accountable and measure our progress, but the feedback from team members was what I found most gratifying. Alton Walker, National Chair of our African Americans Leading Inclusion and Growth Network (ALIGN) recently shared the following: “Whether telling personal stories, teaching educational seminars or sharing cultural experiences, the programming ALIGN created this past year shaped a culture of inclusivity, brought people together and allowed team members to be their whole selves at work.”

At a time when the labor market remained incredibly tight, we also took important steps to grow talent this year. We streamlined work to enable team members to focus on the job at hand, took steps to increase collaboration among teams and put greater focus on career advancement and continued learning and development. This helped us not only in recruiting the best people in the business, but also increasing retention among those already working for us. In addition, we recognized team members who went above and beyond in their job performances through differentiated programs like Fuel the Frontline, which rewards outstanding frontline team members with an ownership stake in our company via stock grants. Since the inception of the program, we've granted over 26,000 stock awards to frontline team members, valued at nearly \$75 million at the date of grant.

Another priority area was the safety of our team members. Employee safety was also one of the top-five topics from our ESG Materiality Assessment in 2021, and we know that focusing on employee safety not only improves the lives of our team members but also makes us more productive and ultimately benefits our customers. Over the last several years our focus has been on creating tools to improve safety, driving adoption



WHETHER IT'S THE WAY WE CARE FOR OUR PEOPLE, PLANET OR COMMUNITY, WE KNOW WE MUST THINK DIFFERENTLY ABOUT HOW TO OPERATE IN SUCH A DYNAMIC AND UNCERTAIN ENVIRONMENT. THIS PAST YEAR, WE WORKED HARD TO SIMPLIFY PROCESSES, HOLD OURSELVES ACCOUNTABLE TO DELIVERING ON OUR ESG GOALS AND CLEARLY DEFINE OUR PATH FORWARD TO SUSTAIN OUR MOMENTUM AND SAFEGUARD OUR BUSINESS FOR YEARS TO COME.

TOM GRECO

PRESIDENT & CHIEF EXECUTIVE OFFICER

of those tools, and in the last year or so, creating a culture where those tools were not only used, but where there was a collective ownership by all field and distribution center (DC) team members of our program. Of utmost importance was our leader-led coaching, which we expanded in 2022. This approach drove behavioral change and engagement with team members and reduced recordable incidents, increased cost savings and contributed to greater team member satisfaction. In fact, 19 DCs and over 4,000 stores and branches finished 2022 injury free.

Beyond talent, in the past year, we built onto our already robust environmental sustainability program, continuing our efforts in energy conservation, recycling and the safe handling of hazardous materials. We delivered a new solar power agreement in New York. We also provided training to ensure safe handling of hazardous waste, and continued our longstanding partnership with the nonprofit, Good 360, to ensure unneeded products, including hazardous waste, stayed out of landfills and was instead put to good use to support educational training for aspiring automotive mechanics.

From a community standpoint, we continued to leverage the work of our philanthropic foundation to ensure we are focused and diligent in giving back to the places where we live and serve. In the U.S., we experienced a worsening shortfall in auto technicians. In 2021 and 2022, the Advance Auto Parts Foundation (Foundation) and Advance gifted a total of \$250,000 to Wake Technical Community College (NC) to fund diversity recruitment and scholarships for students in the school's auto repair and collision degree programs. This year, we extended our support in this critical area to Broward College's (FL) automotive technology program, gifting \$300,000 over two years to fund recruitment, scholarships, staff development and much-needed tools and capital improvements. Our foundation also expanded its Community Giving Program, which enables team members to recommend nonprofits with which they are affiliated to receive gifts to continue their work. A total of 40 gifts were awarded to nonprofits in 20 states with many more to come. We unveiled a new portfolio of veteran nonprofits that received Foundation funds. Thanks to the generous contributions of our supplier partners, we raised more than \$2 million to support our nation's heroes in the areas of housing, employment and mental health services.

Whether it's the way we care for our people, planet or community, we know we must think differently about how to best operate in such a dynamic and uncertain environment. This past year, we worked hard to simplify processes, hold ourselves accountable to delivering on our ESG goals and clearly define our path forward to sustain our momentum and safeguard our business for years to come. Simplification, accountability and future planning are three themes woven throughout this year's corporate sustainability and social report. They are areas of great opportunity in helping us to adapt to the current environment and continue to deliver our corporate sustainability agenda. As the late American businessman Steve Jobs once said, "Great things in business are never done by one person. They are done by a team of people." Our progress this year is the result of thousands of Advance team members who continue to make ESG a priority for our company. Together, we are building a better, more sustainable Advance, and I am proud of what we accomplished.





ABOUT ADVANCE

ABOUT ADVANCE

Advance is a leading automotive aftermarket parts provider that serves both professional installers and do-it-yourself customers. The company was founded in April 1932, when Arthur Taubman purchased three stores in Virginia. In 2014, Advance acquired General Parts International, Inc., a leading privately held distributor and supplier of original equipment and aftermarket replacement products for commercial markets operating under the Carquest and Worldpac brands. Since the acquisition, we have done the important work of integrating Advance, Carquest, Autopart International and Worldpac, which includes moving our headquarters to Raleigh, NC in 2018. In 2019, we acquired the DieHard® brand.

As of December 31, 2022, we employed approximately 67,000 team members, and we generated \$11.2 billion in net sales in 2022. At year-end 2022, we operated 4,770 stores and 316 Worldpac branches primarily within the United States, Canada, Puerto Rico and the U.S. Virgin Islands. We also served 1,311 independently owned Carquest branded stores across these locations in addition to Mexico and various Caribbean islands.

As a leader in the aftermarket automotive parts industry, all of us at Advance appreciate the important role we must play in finding solutions to the environmental and social challenges that our industry faces. We are committed to actively participating in leading trade organizations and working with our industry peers whenever possible to find innovative and responsible common solutions.

ADVANCE AUTO PARTS OVER THE YEARS

- 1932** Arthur Taubman buys three retail stores, named Advance Stores, in Virginia.
- 1985** The company changes its name to Advance Auto Parts, focusing on the sale of automotive aftermarket parts and accessories.
- 1998** Advance Auto Parts buys 550 Western Auto Supply Company/Parts America stores from Sears, Roebuck & Co., almost doubling the company's size.
- 2001** Advance, which operates more than 1,700 stores in 38 states, announces it is buying Discount Auto Parts, a publicly traded operator of 667 stores. The merger puts Advance on the New York Stock Exchange (NYSE: AAP) in early 2002.
- 2003** Advance debuts at No. 466 on the Fortune 500.
- 2005** Advance acquires Autopart International, Inc., a commercial wholesaler of automotive parts, increasing the company's focus on both retail and professional customer sales.
- 2014** Advance acquires General Parts International, Inc., a leading privately held commercial supplier of automotive parts.
- 2018** Advance designates Raleigh, NC as its corporate headquarters, noting its increased focus on technology and omnichannel sales.
- 2019** Advance acquires the iconic DieHard® brand.
- 2021** DieHard® becomes a billion-dollar brand.
- 2022** Advance's DieHard AGM battery is the world's first automotive battery to receive circular economy validation as validated by UL. Advance becomes the first auto parts retailer to sell 12-volt batteries designed specifically for hybrid and electric vehicles. Autopart International fully integrated into WorldPac.

AWARDS & RECOGNITION



WORLD 50 I&D IMPACT AWARDS



LINKAGE EXECUTIVE IMPACT AWARD



NATIONAL DISABILITY EMPLOYMENT AWARENESS MONTH AWARD

for our people with disabilities hiring program



DISABILITY:IN CONNECTICUT



COMMUNITY EMPLOYMENT AWARD COMMUNITY EMPLOYER AWARD COMMUNITY IMPACT AWARD

TEXAS WORKFORCE COMMISSION LEX FRIEDEN EMPLOYMENT AWARD

for people with disabilities hiring program

KNOW NO BOUNDS PARTNERSHIP AWARD



NEXT UP POWERING THE PEOPLE AWARD



2022 NASCAR MARKETING ACHIEVEMENT



AUTO CARE ASSOCIATION

Auto Care Association's Business-to-Business: Best Training Communications Award for the 2022 Supplier & Training Expo (STX) for Worldpac and Advance.

Auto Care Association's Business-to-Consumer: Best Repair Facility/Store Customer Promotion Award for its annual "TechNet Brakes for Breasts" fundraiser for TechNet and Advance.

Auto Care Association's Business-to-Consumer: Best Consumer/Community Event Award for its "Advancing Our Roads" gift card program for Advance.



HRO TODAY'S 2022 CRO TODAY LEADERSHIP AWARD



THE TRIANGLE BUSINESS JOURNAL 2022 CORPORATE PHILANTHROPY AWARD

ADVANCING A WORLD IN MOTION



PEOPLE

OUR PEOPLE

Many years ago, Advance Auto Parts began using the tagline: "The Best part is our People." Talent has long been a priority for our company and one of the top areas in our ESG Materiality Assessment. Focusing on team member engagement, training, learning and career enablement and talent acquisition, we are able to attract some of the best people in the business and can truly say that our people are our best part.

DEI

Embracing the diversity of people, thoughts, skills and experiences fuels our success. From hiring initiatives and training programs, to the support and celebration of our diverse workforce, we have worked hard to ensure that our team members feel supported, valued and equal.

SAFETY

Our safety culture is owned by all team members and helps prevent workplace injuries and illnesses. As a result, we have seen a significant reduction in our claims and have helped improve team member job satisfaction.



PLANET

DIEHARD UL VALIDATION

DieHard also contributes to Advance's environmental sustainability programs, as evidenced by DieHard's AGM batteries receiving circular economy validation by UL. During the validation process, UL determined that 94% of the materials in new batteries are from batteries collected at Advance and Carquest retail stores.

HAZARDOUS MATERIALS MANAGEMENT

Our accountability for how we store and handle our products that may be considered hazardous was one of the top areas of our ESG Materiality Assessment. Safety and regulatory training are essential to protect team members from exposure to hazardous materials and to minimize environmental and public health risks. Our team members are required to regularly train on the proper storage, handling, disposal and shipping of hazardous materials.



COMMUNITY

COMMUNITY GIVING

Through the work of the Advance Auto Parts Foundation and Advance Auto Parts corporate, we continued to channel funds to nonprofits in three critical areas: military veterans, education/job readiness and community health. Importantly, we sought to support meaningful programmatic work that not only fulfilled unmet needs but was measurable in its impact.

Foundation Giving

The Advance Auto Parts Foundation continued to build on its strategy by expanding its giving in key areas and adding new nonprofit partners. As a result, the Foundation more than tripled its giving this past year.

Corporate Giving

In addition to contributing to a variety of industry-related organizations and our continued fundraising campaign partnerships with several nonprofits, we also contributed to the communities where we live and work.



GOVERNANCE

ESG OVERSIGHT

We believe that strong ESG oversight enhances our ability to identify, develop and implement initiatives designed to make meaningful improvements to our long-term profitability and sustainability. Senior leaders from several functions meet regularly to discuss and address ESG topics. Representatives of that working group regularly provide updates to and engage in dialogue with both our executive committee and our Nominating and Corporate Governance Committee, which has oversight responsibility of our ESG programs.

CYBER SECURITY

We believe that the integrity of our technological infrastructure and our ability to mitigate threats to systems that power our operations and from vulnerabilities of third parties with whom we do business is a source of significant value to our business. We value the data and privacy of our team members, customers, our business and those with whom we do business.

IDENTIFYING & PRIORITIZING ESG TOPICS

Throughout our business, we believe it is important to prioritize with purpose. As we continue to mature our ESG work, we intend to focus our efforts and communications on the areas that are most important to our stakeholders and that we believe can add the most value to our business. In 2021, we conducted our first formal assessment to help us prioritize those ESG topics that are most relevant for our long-term success. We undertook a disciplined, thorough process to identify the ESG topics relevant to our business and industry and then solicit input from a broad range of both external and internal stakeholders with respect to their relative importance to Advance's long-term success. With that stakeholder input, we followed an objective process to internally assess the potential that we believed highly rated topics had to value creation for our organization. A more fulsome description of our process and results can be found in our 2021 Corporate Social and Sustainability Report under the caption "ESG Materiality Assessment."⁽¹⁾ Our work identified five key areas of focus for ESG at Advance, and during 2022, we examined each of the top-five topics from our assessment more closely. On the following page, you will find a brief description of each of these topics, why it is important to our business and a cross-reference to where you can find additional information.

1. In our Corporate Social and Sustainability Report, we report on topics that we believe may be of importance to our business and our stakeholders. For purposes of those disclosures in the Corporate Social and Sustainability Report and on our website, we use the standards published by the Sustainability Accounting Standards Board, now maintained by the International Sustainability Standards Board, to help identify material topics for disclosure. These standards differ from those used for filings with the Securities and Exchange Commission (SEC). Topics deemed material for purposes of our Corporate Social and Sustainability Report and our website and other ESG disclosures may not be considered material for SEC reporting purposes.



HIGHEST PRIORITY TOPICS FOR OUR BUSINESS



ENVIRONMENTAL

Hazardous Materials Management

We sell an incredibly broad range of products, and some of the products we sell contain oil, paint or other substances that call for special care. Our accountability for how we store and handle those products, including how we handle product components brought back to us at the end of the product's lifecycle, impacts the planet and our business.

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SOCIAL

Employee Safety

Our stakeholders validated our perception that the health, wellbeing and safety of our team members is of paramount importance. We believe that building and sustaining a safety culture not only provides protection for our team, but also directly increases our productivity and the efficiency of our operations. We have made tremendous progress in safety at Advance over the past several years.

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Talent

The success of our business depends on our relationships with our customers and ability to exceptionally serve their needs. Attracting, retaining and developing the people best positioned to help us say "yes" to our customers is a key component of our strategy.

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Diversity, Equity & Inclusion

"Champion Inclusion" is a core value at Advance, and our ESG Materiality Assessment indicated that it is also a top priority for our business among our stakeholders. An engaged, collaborative workforce in which all team members bring the entirety of their authentic selves to work every day can leverage variation in background, thought and experience into better solutions for our customers, can help us provide a differentiated value proposition for team members and facilitates achievement of our long-term business goals.

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GOVERNANCE

Cybersecurity

In addition to selling products in stores, we conduct a significant amount of business online and use many network-connected tools in our operations. The integrity of our technological infrastructure and our ability to mitigate threats to systems that power our operations is a source of significant value to our business.

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At Advance, our team members are motivated by a passion to serve our customers and address their needs. Ensuring we attract, retain and develop great talent is one way we can say “yes” to our customers more often. Talent has long been a priority for our company and it was a top-five topic in our ESG Materiality Assessment in 2021. Within the talent category, there are three areas we have identified that we believe are particularly most impactful to our business:

- team member engagement;
- training, learning and career enablement; and
- talent acquisition.

These areas of focus are supported through our well-defined company culture, which we continued to build on in 2022, and via our strong commitments to DEI, team member safety and meaningful recognition.



COMPANY CULTURE

A strong company culture helps attract talent, supports the growth and development of existing team members and helps drive business results. At Advance, we recognize that an organization can't thrive when culture is left undefined, which is why we have taken so many steps to clearly communicate our core beliefs and ways that all our team members can meaningfully exhibit those beliefs, regardless of level or title. 2022 was a year in which we evolved our company culture. With various labor trends dominating headlines, we needed to do more to address the needs and wants of our

existing team members and those who considered joining our ranks, and we aimed to set the cultural course for the company as we exited the pandemic. We started by refreshing our Cultural Beliefs, the six beliefs that represent the foundation of our culture and the hallmark of what it means to be a team member at Advance. Our Cultural Beliefs guide how we get things done and how we interact with one another, our customers and business partners.





REFRESHED CULTURAL BELIEFS

Cultural Beliefs proved incredibly important in adapting to the ways in which our business – and the world – have changed during the past several years. From a company perspective, we built new capabilities, optimized technology and integrated different parts of our business. From a global perspective, the emergence of COVID-19 taught us that we could work in dramatically different ways and adapt quickly to constantly changing circumstances to meet the evolving needs of our customers. It challenged us to think differently and to operate in a more dynamic and uncertain environment than ever before. In both cases, our Cultural Beliefs were our guiding light, helping us to stay the course in times of change and uncertainty.

With team member awareness of our Cultural Beliefs over 80%, we knew we had a strong foundation from which to build. With this in mind, we kept the names of our six Cultural Beliefs intact but redefined some of them to better capture the behaviors that are critical in the post-COVID world. We also introduced hashtags and new visuals to make it simple and easy to remember what each Cultural Belief stands for

and the leadership competencies needed to bring them to life. We then created a suite of materials to explain the updated Cultural Beliefs and activities to help team members dive deeper and continue to learn. This included an onboarding course, discussion guides and other materials, as well as a launch party at our headquarters and virtual celebrations that reached across our various work locations. Importantly, we now measure individual performances not only on WHAT team members accomplish, but HOW they accomplish their various objectives.

TEAM MEMBER ENGAGEMENT

A highly engaged workforce helps drive better business outcomes. We believe that receiving regular feedback from team members provides important insights into workplace satisfaction and creates opportunities to demonstrate responsiveness to team member needs and priorities. We also believe that strong engagement and responsiveness ultimately contributes to lower rates of employee turnover and help us realize the benefits of retaining talent across the organization.

BE ACCOUNTABLE

#OwnAndOvercome

We own results no matter the obstacles.

CHAMPION INCLUSION

#WeAllBelong

We embrace the diversity of people, thoughts, skills and styles to deliver results.

GROW TALENT

#InspireServeGrow

We are inspired to learn, serve and grow together.

WE LEAD THE ADVANCE CULTURE THROUGH A COMMUNITY
BUILT ON TRUST AND INTEGRITY, SINCE 1932

MOVE FORWARD

#LeadBoldChange

We lead and embrace bold change.

SPEAK UP

#CourageToSolve

We courageously communicate to solve problems.

TAKE ACTION

#TogetherWithSpeed

We work together to move with speed.

CAREERS SPOTLIGHT

Kristine Butler started working in retail at the age of 16. At the time, she had no idea her part-time job would lead her to become what she calls a “lifetime retailer,” someone who enthusiastically spends their days helping customers solve challenges. She worked her way up to district manager of a gaming retailer before joining Advance in a similar role. Kristine excelled immediately and spent time learning the business, networking and developing her team. While her obvious next step was operations management, Kristine had other plans. She decided it wasn’t necessarily just Advance customers she wanted to support, but the team members who were working with those customers in our stores every day. She approached her manager about transitioning to an HR role, and to her delight, her manager was supportive.

In her current role as HR manager of Advance’s Midwest region, Kristine helps district managers navigate everything from recruiting to training to performance management, all with a goal of helping team members thrive. When asked how she prepared for such a major career shift, Kristine says, “It helped that my new manager believed in me. She was patient and invested heavily in my training.” Kristine encourages others to consider all their options and be willing to learn about new and different jobs that might fall outside their traditional career path and comfort zones. “Talk to your manager and other leaders to understand the options out there,” she shares, “and never limit your potential.”



KRISTINE BUTLER

HR MANAGER

YEARS AT ADVANCE: 3 | LOCATION: MIDWEST REGION

CAREER D ENABLEMENT

TEAM MEMBER TRAINING, LEARNING, AND CAREER ENABLEMENT

We know that when our team members are exposed to consistent training, it improves their skills on the job and makes them more effective at taking care of our customers. In addition, providing opportunities for continuous learning is essential in helping team members to acquire knowledge and competencies to expand their skills sets and support their future career growth. And when there's a clear path to reaching career goals, our team members will find greater satisfaction in the company and their development. In 2022, we invested significantly in this area, knowing its importance to recruiting and retaining top talent.



IMPROVED NEW HIRE ORIENTATION FOR CORPORATE SUPPORT CENTER (CSC) TEAM MEMBERS

New hire orientation is important because it lays a foundation for a team member's career with the company. This year, we revamped new hire orientation for our CSC team members to ensure we provide clear, concise and accurate information about the company and culture, while providing a preview of what new team members can expect as they adapt to their new workplace. The now streamlined course takes team members through Advance's strategic initiatives, so they can quickly get grounded on what is important to the business. In addition, we provide background on our industry, our stores, the distribution centers, our various banners (i.e., Carquest, Worldpac and Autopart International), as well as individual functions. We also discuss in-depth our company culture, commitment to DEI, benefits, performance management, and more. Importantly, this training experience is now consistent across the globe.



CAREERS SPOTLIGHT

Darrien Patterson joined Advance in 2017 as part of the strategy and transformation team. With a background in market research and corporate development, he quickly excelled by learning the business and the industry, while building strong working relationships with his colleagues. Though he enjoyed his work, he yearned to continue to grow his knowledge base, particularly in marketing. He knew that going back to school was an important first step and was waiting for the right moment. In 2020, when the COVID-19 pandemic first hit, the right moment arrived for Darrien to pause his Advance career and pursue an MBA with a concentration in Marketing. He enrolled as a full-time student at Northwestern University's Kellogg School of Management and quickly began broadening his skills, making sure to keep in touch with his many Advance contacts, so the door stayed open to return when he completed his studies.

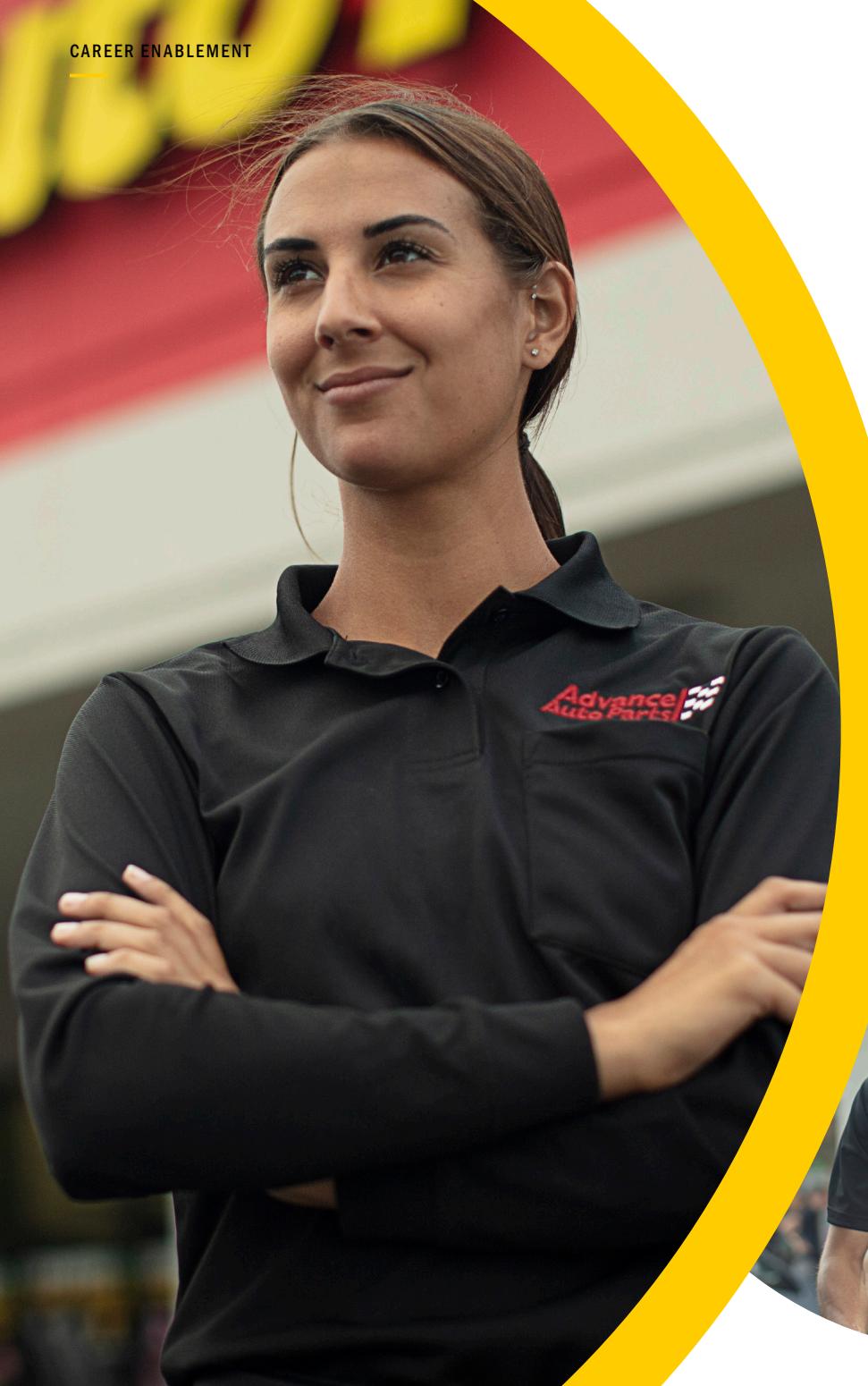
Prior to graduation, Darrien applied for the role that he had long coveted at Advance – senior brand manager for the DieHard business, and he was eagerly accepted. His new hire orientation – revamped since the first time he was hired – provided a great starting point for his re-entry into the company, as he met colleagues from across the business and was immersed in new information about Advance. Whether it was learning more about the company history, Advance's competitors or the company's culture, the experience prepared Darrien to hit the ground running. Darrien's next dream is to become a senior leader within the company, and if the past few years are any indication, he's already setting the wheels in motion.



DARRIEN PATTERSON

SENIOR MARKETING MANAGER

YEARS AT ADVANCE: 3 | LOCATION: RALEIGH, NC



ROLE CLARITY AND CAREER PATHING TO GROW TALENT

To ensure long-term success, it is important that our team members have role clarity and a line of sight to their career paths. In our stores, we worked throughout the year to clearly define roles to ensure we align the right talent with the right responsibilities and have the right talent working directly with customers. This was the starting point to creating career paths in stores so team members know how to grow their skills and move within the store ranks. Our next step, which we aim to complete in 2023, is role certifications, a three-level process to accelerate skills and learning curves and give a clear path of development for the next career level. For our CSC team members, we piloted a new approach to career pathing called “Grow Talent Accelerators,” which are a suite of online tools that allow team members to share their skills and unlock

suggestions for new skills and capabilities, internal opportunities that suit them the best and potential career paths based on actual team member growth at the company.

Following a pilot with our IT department, we plan to make this offering available to other CSC and field team members in 2023.

Finally, we redesigned our annual talent planning process and assigned a scorecard focused on seven variables to identify team member potential in ways that matter most to our unique business. This new approach removes subjectivity and any potential sources of bias from the process, ensuring a fair evaluation of each team member’s contributions and a greater dedication of time to true development planning. In addition to making this a now tech-enabled process, our redesigned talent planning process will unlock future investments in our top talent.



CAREERS SPOTLIGHT

Christina Pishko is an operator, having spent several years working as a store team member and group sales leader for two big box retailers. When she joined Advance 15 years ago, Christina transitioned to HR, eventually becoming an HR business partner for the company's Worldpac business. A passionate and invested leader, Christina credits her success in this role to the time she spent in the field, which helped cement her understanding of working in such an operations-focused role. The experience helps her better relate to the team members she supports and better understand the challenges they are facing. She describes her role as that of a problem solver, someone who can help team members get to the other side of a challenge, so they can put their best foot forward.

Christina attributes her success in HR to feeling empowered to speak up and recommend changes. Her style is direct and she is willing to challenge the status quo to help create efficiency and effectiveness for the team. Early in her career, a colleague told Christina to always "be open to other perspectives, regardless of the situation you are in" as it will help her find the best solution. In other words, put preconceived notions aside and be willing to see the unique perspective of others, then work together to find common ground. Most of all, Christina believes wholeheartedly in being humble. Confidence with a side of humility always wins the day.



CHRISTINA PISHKO

HR SENIOR MANAGER, WORLDPAC

YEARS AT ADVANCE: 15 | **LOCATION:** FRISCO, TEXAS

ONGOING LEARNING OPPORTUNITIES

One way we supported team member development is through the introduction of Udemy®, a leading destination for learning and teaching online. With the availability of thousands of short courses on a range of topics, from leadership skills to software skills and technical training, team members can build their own learning paths to focus on areas of greatest need and opportunity. In fact, learning paths were created to support each of our Cultural Beliefs and the skills and behaviors we are targeting in our culture. Udemy is currently available to all CSC, district manager-plus and customer account manager-plus-level team members. Since the program's introduction in February 2022, team members completed nearly 15,000 Udemy learning hours.

FIELD TRAINING TO IMPROVE THE WAY WE SERVE CUSTOMERS

We believe part of what distinguishes Advance from other auto parts suppliers is the way we care for our customers, and this year, we took steps to further refine how we deliver in this area. This included the launch of a new customer interaction model that teaches our team members to serve customers in a more natural, solutions-focused way that will drive sales. In addition, we launched a step-by-step software guidance tool specifically tied to the product catalog that provides team members information about products, complementary products to complete a job, when to ask for Speed Perks memberships and more. The program eliminates extra steps to help deliver a more efficient and consistent sales experience that ultimately benefits the customer. In addition, the technology included guidance and automation specifically tied to business processes for recruiting to help general managers and district managers simplify the hiring process.

DISTRIBUTION CENTER TRAINING

Our focus in our distribution centers was refining the new hire onboarding process, upskilling talent to improve operations and growing careers within our facilities. We established a role qualification process that aligns new distribution center team members with subject matter experts in their jobs who are responsible for training and ensuring the basic skills required to perform a particular function are attained. This model is designed to help improve retention and quality. We also held leadership classes, both for emerging distribution center leaders (those hourly workers who are working to become first-time supervisors) and existing leadership team all the way up through the general manager role.



CAREERS SPOTLIGHT

American author Mark Twain famously said, “Find a job you enjoy doing, and you will never have to work a day in your life.” For Advance’s District Manager Axel Guzman, these are words to live by. Axel joined Advance in 2010 as a part-time team member while in college studying business. As a frequent customer, he was invited to a career fair by the GM of his local Advance store and was hired on the spot. Though he continued his classroom studies while working in the store, he quickly found that time spent “on the job” was his greatest teacher and made working at Advance a full-time endeavor. He advanced to the role of general manager, and in 2021, was promoted to district manager with responsibilities over 16 stores.

Axel credits the diversity of his team for much of his success. For his part, he inspires his group to bring their unique backgrounds and experiences to their jobs every day and enables them to own projects to continue developing their skills. In fact, Axel regularly invites his GMs to own challenges and then share back with the others how they overcame those challenges to help the business move forward. Continuous learning, accountability and hard work are descriptions that quickly come to mind when describing Axel’s leadership style. But most important of all, he pushes his team members to have fun at work and find joy in doing what they do every day. “I want the level of fun to be contagious,” Axel shares. “We succeed when we bring joy to what we do every day – from the interactions we have with our customers to the way we work together as a team.”



AXEL GUZMAN

DISTRICT MANAGER

YEARS AT ADVANCE: 12 | LOCATION: FLORIDA

CAREERS SPOTLIGHT

Mithra Sagar was in search of an internship while completing his bachelor's degree in business analytics and information systems at the University of South Florida. A self-proclaimed car enthusiast, Mithra heard Advance Auto Parts was hiring summer interns and submitted his credentials, albeit for a role on a team he knew little about – supply chain. A 10-week internship quickly turned into a promising career when Mithra accepted a full-time supervisor role at the end of the summer. Fast forward a few years and Mithra is now the operations manager at Advance's largest distribution center located in Lakeland, Florida, and plans to continue his career in supply chain leadership.

Mithra credits his manager and mentor, as well as Advance's training program, with developing him into the leader he is today. "The training that Advance offers helped me solidify my understanding of topics I use every day," Mithra shares. Just this year, supply chain team members were offered enrichment/developmental courses to improve financial acumen and business productivity, and Mithra jumped at the opportunity to keep learning. He encourages his team to do the same. "Seeing my team members learn new skills and apply them in their daily work is what excites me most," according to Mithra. It excited them, too, as Mithra credits training as an important piece of recruitment and retention of top talent.



MITHRA SAGR

DC OPERATIONS MANAGER

YEARS AT ADVANCE: 4 | LOCATION: LAKELAND, FL

HIRING INITIATIVES

An integral part of any cohesive talent strategy is talent acquisition. At Advance, we continue to refine our hiring practices to broaden our access to the individuals with the characteristics, skills and experiences that will enable us to serve our customers better than anyone else and increase our overall success in hiring those individuals to join our team. That said, in a competitive labor market similar to the one experienced in 2022, it can be challenging to source well-qualified candidates and ensure those candidates translate to successful hires. This past year, Advance's talent acquisition team took steps to achieve greater accountability to hiring goals, including speed-to-hire and diversity recruiting. In addition, we added resources in certain markets, simplified the hiring process in areas where turnover was greatest and partnered cross-functionally to support diversity recruitment efforts.

ADDITIONAL TALENT ACQUISITION CAPABILITIES AT THE AIIC

Advance's Global Capability Center, located in Hyderabad, India, recently celebrated its third anniversary and rebranded to become Advance India Innovation Center (AIIC). The new name reflects Advance's vision of increasing innovation across the company and came at the recommendation of local team members in collaboration with students from one of its NGO partners, Ashraya Aakruti. The AIIC, a tremendous asset to our business, opened in 2019 and employs more than 400 team members in the areas of IT, finance and HR. By having team members based in another part of the world, we can better address business needs on a 24/7 basis. From processing invoices and helping ensure our IT systems run smoothly to contributing to our top tier strategic projects, the AIIC team is helping the company focus on serving our customers. As a relative newcomer in Hyderabad, Advance competes with several large international companies that are well established in the area. This makes competing for talent more challenging. In 2022, we hired additional talent acquisition team members in this important market to help grow talent locally. Among the many ways these team members are building a future workforce is through relationships

with local universities, which focus on teaching skills in technology, operations, data, analytics and more. These include Vardhman College of Engineering, the VNR Institute of Engineering & Technology and Institute of Management Technology, Hyderabad. These three prestigious engineering colleges will help our team to address future hiring needs and continue to build the Advance brand in this important market.



CAREERS SPOTLIGHT

Preeti Trivedi was working for a global company in Bengaluru, India, when she was recruited to join the AIIC. She quickly accepted and her family made the nearly 350-mile move to live closer to her new office. As the AIIC's first talent acquisition team member, Preeti had the awesome responsibility of recruiting talent for a growing office in a part of the world where Advance was a relative unknown and competed with much larger companies that had been in the region for years. A seasoned athlete, Preeti didn't let the competition phase her – she got right to work.

She immediately learned all she could about the company and focused on what differentiates Advance – a strong company culture and its unwavering commitment to ensuring all team members live our six Cultural Beliefs. She leveraged the voices of existing team members to share stories about the Cultural Beliefs in action, knowing word-of-mouth recruiting was highly effective in the region. She also leaned in on Advance's 90-year history, which she believed demonstrated stability to those less familiar with the company. Social media, especially LinkedIn, became a key driver for recruitment, as it allowed Preeti to not only post about the company, the culture and its people, but also interact one-on-one with potential candidates. Preeti steadily increased the page's follower count and engagement levels. Since Preeti's arrival at Advance, the AIIC has continued to steadily grow.



PREETI TRIVEDI

SENIOR RECRUITER, AIIC

YEARS AT ADVANCE: 1.5 | LOCATION: HYDERABAD, INDIA

STREAMLINED THE FIELD CANDIDATE EXPERIENCE

Many candidates, particularly those who work in customer-facing retail jobs, work non-traditional schedules that make interviewing on a set schedule a challenge. Just as we did for distribution center team members in 2021, we took steps this year to streamline the hiring process for prospective store team members. This included the use of technology to help candidates progress through different interview stages in an accelerated time frame – including initial online screenings, virtual job tryouts and realistic job previews to support the candidate's decision making. In addition, we provided regular communication via SMS text messages to ensure candidates were informed about their hiring status. The use of technology not only improved the process for the candidate, but it also gave much-needed time back to recruiters and hiring managers, which supported increased productivity across the team.



DIVERSITY HIRING INITIATIVES

Now more than ever, strengthening the diversity of our workplace is a focus. One of the ways we accomplish this goal is by engaging with a diverse set of candidates – those with differences in thoughts, skills, styles, backgrounds, genders and ethnicities, when filling positions. Our talent acquisition team in partnership with our DEI team continued to find opportunities to increase diversity hiring among a variety of cohorts this year. Following are some examples:

- As part of our Advancing Diverse Pathways initiative, we kept diversity in mind as we sourced participants for our summer internship program and worked with teams to design effective programming. For example, we launched a “rising junior program,” which included 17 diverse students who were invited to intern with us for two consecutive years. We trained our interns on resume writing, professional presence and interview skills. We also recruited interns from several Historically Black Colleges and Universities and Hispanic-Serving Institutions. Among them were Florida International University, Clark Atlanta University (GA), Spelman College (GA), Bennett College (NC), North Carolina A&T State University.
- We participated in a recruiting event in Minneapolis, MN, through Out for Undergrad, a nonprofit whose mission is to inspire high-achieving LGBTQ+ students to pursue ambitious careers in a variety of industries once they complete their studies. Through the event, we met with hundreds of LGBTQ+ undergrads interested in engineering positions and shared the many benefits of working at Advance, including the inclusive culture we strive to create.
- In 2022, we reached our 500th hire through the People with Different Abilities hiring program and celebrated this milestone by making a product donation to the automotive school the team member attended. Through the People with Different Abilities hiring program, which began in 2020, Advance identifies, hires and trains motivated and qualified job seekers with disabilities to fill open positions in our stores and distribution centers. The program is live in 23 distribution centers and 25 store markets across the country and helps to increase the talent pool for critical roles with qualified job seekers.

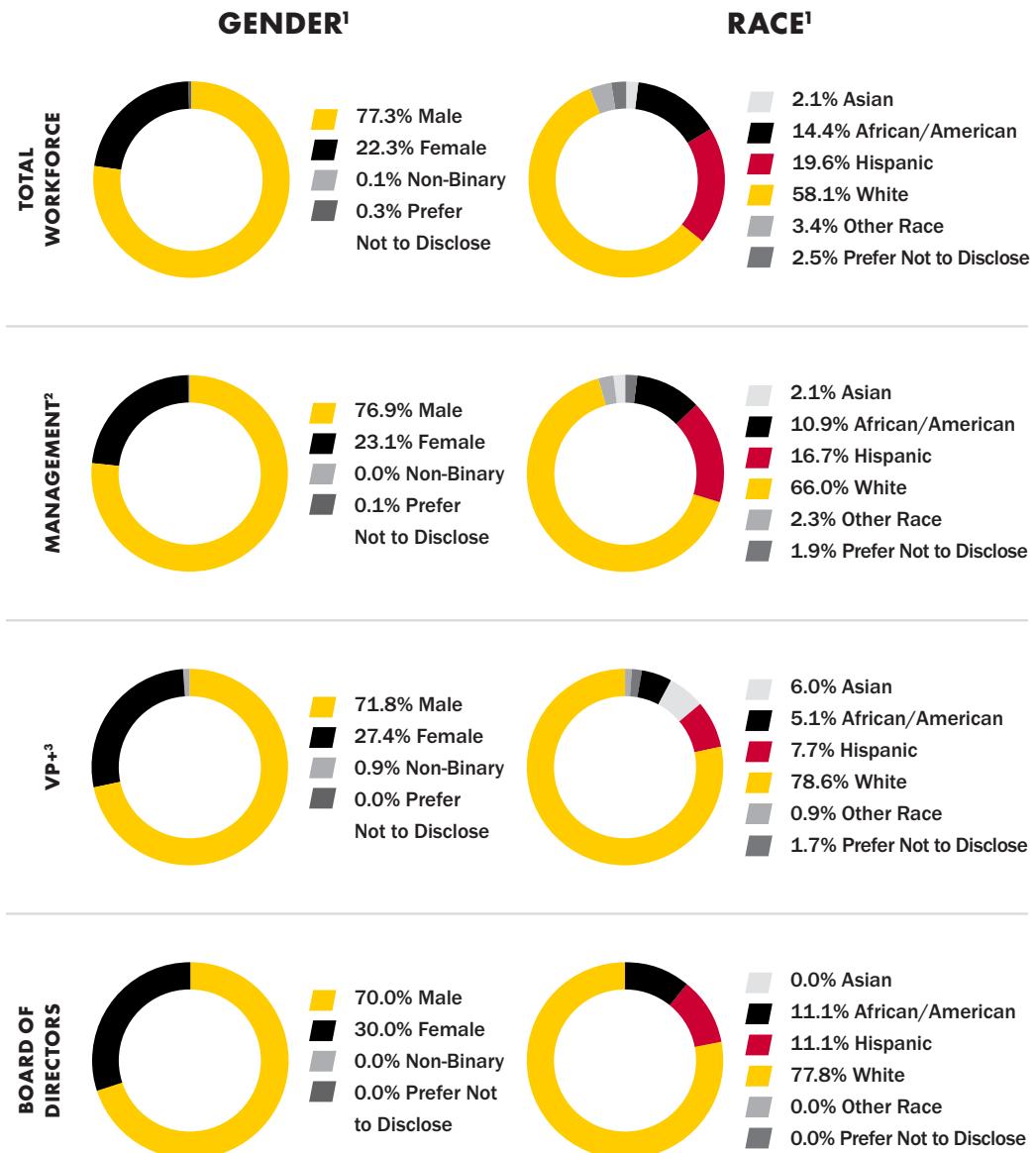
DIVERSITY, EQUITY AND INCLUSION

At Advance, we believe that embracing the diversity of people, thoughts, skills and experiences fuels our success. This year, we continued to execute against our DEI strategy by recruiting, retaining and advancing diverse talent and encouraging acceptance, support and celebration of the diversity of all team members. Our strategy was reinforced by positive feedback from our team members via our DEI-related survey and strengthened through our leadership commitment to DEI and partnerships with several external organizations that lent knowledge and expertise to our programs. As a result, we made progress in promoting true allyship and building inclusivity in our workplace. We also achieved three out of four diversity-related representation goals and experienced a significant increase in our fourth category (women across the enterprise). In addition, we made significant progress toward our commitment of increasing leadership representation of women and people of color separately by 25% by the end of 2025. In fact, in just 18 months, we were 60% of the way toward meeting that goal.



90 OUT OF 100 ON THE HUMAN RIGHTS CAMPAIGN'S CORPORATE EQUALITY INDEX

In 2022, Advance received a 90 out of 100 on the Human Rights Campaign's Corporate Equality Index, the national benchmarking tool on corporate policies and practices pertinent to LGBTQ+ employees. We are proud to lead our automotive aftermarket peers in support of our LGBTQ+ team members.



1. Based on team members (U.S. and Puerto Rico) as of December 31, 2022. For metrics in accordance with SASB Standards, please see Appendix A. Includes salaried and hourly team members. Other race includes multi race or other races not listed.

2. Management defined as managers and directors and excludes VP+ roles.

3. Includes executive officers.

"POWERED BY YOU"

At the heart of our DEI approach are our approximately 67,000 team members who come from a variety of backgrounds and who continue to be examples of DEI every day. In 2022, we launched a new call-to-action with team members in mind called, "Powered by You." Powered by You moves our DEI agenda forward by making every team member the driver of their performance and success. It inspires team members to join a Team Member Network, share their personal stories and listen to others and welcome and embrace diversity of background, beliefs, thoughts and ideas. It also encourages team members to attend and engage in events to understand the perspective of others, educate themselves on cultural issues such as racial equity and unconscious bias and become familiar with DEI definitions. Finally, it asks that we all speak up if we see colleagues not behaving according to our DEI values or acting with biases or a discriminatory way.



EVENTS AND EXPERIENCES

To enable the behaviors that make up Powered by You, the DEI team, often in partnership with Team Member Networks, created numerous events and experiences to help team members understand what DEI means and recognize DEI is for everyone while offering ways to advocate for others, especially for team members who historically may have faced inequities or unconscious biases. In 2022, there were nearly 100 DEI-related experiences, including mainstage events, lunch and learns and cultural fluency events. These experiences provided team members with tools and resources that will help to elevate their careers, improve daily interactions in the workplace and provide opportunities for solidarity through allyship.

**POWERED
BY *you***



CAREERS SPOTLIGHT

For Pablo Marrero, a career in the automotive industry was a bit of a family tradition. His father spent 20 years working for a major auto parts retailer. Pablo visited his dad's store often, falling in love with the business and the idea of helping motorists. Some 35 years into his own career, Pablo never looked back. In addition to his impressive industry knowledge, the keys to Pablo's success include a strong work ethic, empathy and humility. These traits enable Pablo to recruit and retain some of the best parts people in the business. "Pablo is not only a strong operator, he's an incredible leader – that combination isn't always easy to find," remarked Dan Luciano, Pablo's manager and the regional vice president for Advance in Florida, Puerto Rico and the U.S. Virgin Islands.

Pablo's team means everything to him. A self-described servant leader, he is fully committed to developing his people and to attending to their wellbeing. He knows that when you take care of your team members, they will in turn take care of their customers, helping the business to succeed. Case in point, when Hurricane Ian made landfall in Florida's Gulf Coast region last fall, Pablo mobilized a group of South Florida district managers to travel to the hard-hit region to ensure stores were fully staffed and serving customers in need of critical supplies, while local team members focused on their personal property and families. Months later, Pablo still travels back and forth to help and regularly checks in with impacted team members. It's no wonder Pablo is a beloved Advance leader and a consistent top-producer for the company.



PABLO MARRERO

VPO, FLORIDA

YEARS AT ADVANCE: 7 | LOCATION: SOUTH FLORIDA

TEAM MEMBER NETWORKS

Team Member Networks allow team members to connect with colleagues and share ideas, and they help increase cultural fluency across the company. We first launched our Team Member Networks in 2017 and rebranded them in 2021 to broaden their reach and enable greater participation in planned events, regardless of location. This included the launch of a software platform that features all Team Member Network events and engagement opportunities in a single location accessible by all team members. Using this platform, team members across geographies and roles can join any, or all, of our seven team member networks; register and attend Team Member Network events; read and comment on the latest diversity-related articles; and access tutorial videos and user manuals. Within the first year of launching the platform, membership in Team Member Networks increased by over 600% and over 10,000 team members have participated in events hosted by our Team Member Networks.



ADVANCE PRIDE //

ADVANCE PRIDE AND ALLIES NETWORK

Fosters visibility and growth for its members and allies of the LGBTQ+ community

ALIGN //

AFRICAN AMERICANS LEADING INCLUSION & GROWTH NETWORK

Is focused on the professional growth of its members and strives to build competencies through networking, exposure and opportunity

DIFFERENT ABILITIES //

THE ADVANCE FOR DIFFERENT ABILITIES NETWORK

Is a nationwide forum for team members and customers aspiring to further education and activation in support of our focus around different ability inclusion

FUEGO //

FOSTERING UNITY, ENGAGEMENT, GROWTH & OPPORTUNITIES LATINO NETWORK

Creates opportunities for our team members, customers and communities by celebrating the Hispanic/Latino culture

ICON //

INTERNATIONAL CULTURAL OPPORTUNITIES NETWORK

Serves as a liaison between Asian and non-Asian team members, customers and communities to promote a culture of inclusivity, compassion and mutual respect

SERVICE //

SERVE, EDUCATE, RECRUIT, VALUE, INSPIRE, CELEBRATE & EMPOWER NETWORK

Is a community of veteran team members, their families and people with a passion for their country's service members

WIMN //

WOMEN IN MOTION NETWORK

Is a community that creates opportunities for the Women of Advance to grow professionally in an inclusive environment

"ADVANCING DIVERSE PATHWAYS"

We created our "Advancing Diverse Pathways" initiative to place greater focus on engagement and career development for certain diversity cohorts. Throughout the year, we invested in programs to ensure that our team members have the skillsets and knowledge for their current roles, as well as opportunities to develop talent and leadership capabilities for their long-term growth. Approximately 700 team members attended various DEI-related training and professional development opportunities, including:

- Accelerator, a program designed for our Black, Latinx and Asian leaders to build their networks, develop their unique expertise and grow their professional careers. This year, 159 team members across the organization participated in this unique learning experience.
- Leadership development programming and events for women via NextUP, a nonprofit created to eliminate barriers for women in the workplace. Approximately 300 Advance women participated in NextUp opportunities, both live and on-demand.
- LIFT, an 18-month sponsorship program launched last summer that is designed to increase the leadership representation of women of color by building a more diverse pipeline to the executive level. The program currently includes 35 protégés from key operational roles within the business who are paired with 35 sponsors from key leadership roles, including our CEO, Tom Greco.

EXTERNAL PARTNERSHIPS

Throughout the year, the DEI team partnered with 13 diverse organizations that provided insight as well as training and development opportunities for our team members, including webinars, forums, conferences, symposiums, career fairs and networking events.



SAFETY

Safety is a top priority and central to our focus on putting our people first. We made steady progress over the last several years, investing in talent, creating playbooks and trainings, deploying processes and adapting to new protocols. Safety considerations continue to be at the center of crucial cross-functional leadership discussions and decisions, enabling teams to speed up decision making and implementation of important programs. Importantly, our emphasis on safety has created not only behavior changes among our team members, but the adoption of a safety culture across the business. That safety culture is owned by all team members and is helping to prevent workplace injuries and illnesses, reduce costs, including reductions in workers' compensation claims, and improve team member job satisfaction.

TOTAL RECORDABLE INCIDENT RATE⁽¹⁾



47% 5-YR REDUCTION
44% 3-YR REDUCTION
13% 1-YR REDUCTION

LOST TIME INJURY RATE⁽¹⁾



56% 5-YR REDUCTION
52% 3-YR REDUCTION
12% 1-YR REDUCTION

DAYS AWAY/RESTRICTED CASES RATE⁽¹⁾



38% 5-YR REDUCTION
33% 3-YR REDUCTION
7% 1-YR REDUCTION

COLLISION FREQUENCY RATE⁽¹⁾



N/A 5-YR REDUCTION
18% 3-YR REDUCTION
6% 1-YR REDUCTION

ANNUAL AREAS OF FOCUS

2018

- Leadership training & resource reviewed
- Investigate to understand
- Baseline targets & 5-year roadmap
- Data consolidation & organization



2019

- Launched behavior-based safety
- Launched scorecard process
- Tiered target setting process
- Online claims / online reporting



2020

- Improved "Stay at Work" program
- Safety committees rolled out
- Strategic project setting & compliance
- Fleet safety reinvigorated



2021

- Focused site action planning
- Safety compliance programs continued
- Emergency planning improved
- Launched near miss program



2022

- Safety as a function of leadership
- Focused on leading indicators
- Safety engagement programs implemented
- Site action planning continue

1. Comparisons as of year end 2022

DISTRIBUTION CENTER SAFETY

Over the last several years our focus was on creating tools to improve safety, driving adoption of those tools, and in the last year or so, creating a culture where those tools are not only used, but where there is also a collective ownership by all distribution center team members of our safety program. A critical component of our program is leader-led coaching, which drives behavioral change and engagement with team members, resulting in a meaningful reduction in recordable incidents. In 2022, we built onto our strong safety record by reinvigorating our distribution center safety committees and rewriting policies, implementing action trackers and holding once-per-period meetings. Importantly, we tied near-miss reporting and behavior-based safety reporting to safety committee meetings to ensure there were clear takeaways. We also instituted monthly supply chain safety calls featuring a different general manager each month who created a theme focused on training and celebration. Finally, we ensured team members received frequent safety messages in shorter formats and on a weekly basis, to reinforce behaviors without taking time away from other responsibilities.

STORE SAFETY

In our stores, we continued to leverage the success of our existing safety captain model to build our safety culture. That model utilizes high-performing district managers to influence their peers on topics related to safety, including training, inspections, coaching team members, and more. This year, we added a district-level safety captain program in roughly 50 districts where we were further prioritizing safety. High-performing general managers were selected to drive the district-level safety captain program and our goal is to expand to more districts in 2023. In addition, safety topics were consistently reinforced through a variety of communication channels, including leadership calls, store-level meetings and posting to store communication boards. Stores also were assigned weekly safety topics that every team member must implement. The result: 4,195 stores and branches had no recordable incidents, a 2% increase versus the prior year.



CAREERS SPOTLIGHT

At Advance, safety has its own mascot, a character named Stick Stickler. Stick's charge – ensure every team member understands the importance of workplace safety and make learning about safety fun and engaging. Stick Stickler first appeared in a store-focused safety training video in 2012 and was an instant hit. The character was subsequently featured in a series of short training videos that used humor to promote best practices and expose unsafe behaviors that could put team members and customers at risk. Over the years, Stick Stickler was incorporated into other safety materials, including tool kits, presentations and posters that target stores, distribution centers and Advance delivery drivers.

The character became so popular, it was recognized by Risk & Insurance Magazine with a 2013 Risk Innovator Award and a separate Responsible Leader Award. Later, the Self-Insurance Institute of America (SIIA) invited Advance Auto Parts to present the concept of Stick Stickler at its Worker's Compensation Executive Forum.



STICK STICKLER

ADVANCE'S SAFETY MASCOT

YEARS AT ADVANCE: 10 | LOCATION: SAFETY MATERIALS ACROSS THE COMPANY

DRIVER SAFETY

With vehicles in our fleet, safety is paramount to keeping our drivers and other motorists safe. Over the years, we instituted a four-pillar approach to driver safety to build defensive driving skills and behaviors. An important part of our approach is leader-led coaching, which helps leaders to not only train on behavior-based safety, but also actively engage in two-way dialogue with our team members, helping to build positive working relationships. Among our milestones in our driver safety program are the following:

2019

Level-set all general managers on safety procedures, provided training to ensure leaders can participate in driver ridealongs and effectively coach others

2020-2021

Launched the SmartDrive™ Advance Driver Safety video-based telematic coaching and feedback system that is now deployed in all Advance and Carquest stores in the U.S. In 2023, SmartDrive™ will be deployed in all Worldpac and Autopart International locations in the U.S. and Worldpac and Carquest stores in Canada. SmartDrive records any distraction occurring inside or outside of a vehicle. Any event that registers as a safety risk is screened and sent to an intelligence portal that allows general managers to review the incident and provide coaching to the team member.

2022

Implemented regular monthly monitoring of motor vehicle background checks, enabling us to gather real-time data and licensing-related issues to ensure a failed Motor Vehicle Record will immediately revoke a driver's status in our internal last mile delivery system as they are no longer certified to operate a company vehicle. This action allowed us to expand the pool of eligible drivers to 20 years of age and over at a time when hiring drivers was increasingly difficult.

Implemented CEI DriverCare™, an online resource where team members can track driving performance. An aggregator of all available data, CEI DriverCare assigns a risk profile for each driver in the system and schedules training when risky driving habits need to be adjusted. It's yet another step forward in our goal of becoming a leader in driver safety.

SIMPLIFIED SCORE CARDS

Score cards allow us to measure different elements of safety – looking beyond injury and vehicle accident rates. In 2022, score cards became more visual making it easier for leaders to proactively act on the different safety elements. Our environmental, health and safety team reviews scorecard performances with field leadership each four-week period and provides a targeted list of actions that can be implemented at each level to drive safety improvements.



CAREERS SPOTLIGHT

After working for over 29 years as a professional semi-truck driver, Bob Holman felt it was time to literally take his foot off the gas and retire. Little did he know, a trip to his local Advance Auto Parts store would result in him taking a part-time position as a delivery driver. His charge was simple – ensure auto parts reached professional mechanics so they can quickly repair vehicles and get customers back on the road. While Advance vehicles were much smaller than the large 18-wheelers he previously drove, the rules of the road were the same. Among the many defensive driving tips Bob learned over his career were 1) always stay focused on the road and 2) try to predict possible risks before they cause accidents. Not surprisingly, these are also tips Advance emphasizes through its training courses and they are an important part of SmartDrive, the safety technology Advance installs in each of its delivery vehicles to help protect drivers. Bob credits this combination of knowledge and technology for saving him from a major collision. On a recent delivery, a large truck pulled out right in front of him. The SmartDrive safety technology installed in Bob's vehicle alerted him and he quickly maneuvered to the other lane. Bob then used his many years of defensive driving training to help him find a way to safely guide his vehicle to avoid an accident. Thankfully, Bob's story had a positive ending and it's now an example that is teaching others about driver safety.



BOB HOLMAN

PART-TIME DRIVER

YEARS AT ADVANCE: 1 | LOCATION: HOLLAND, MICHIGAN

RECOGNITION

At Advance, team member recognition is an important part of our company culture. We know that when team members are recognized for their contributions, they are more engaged, productive and even likelier to stay with the company. Several of our recognition programs provide awards in the form of stock grants, providing a literal ownership stake in our company to those who deliver the strongest performances.

FUEL THE FRONTLINE

Fuel the Frontline awards top-performing frontline team members Advance stock grants. Since the inception of the program in 2016, we granted over 26,000 stock awards to frontline team members, valued at nearly \$75 million at the time of the grant. We are the only company in our industry making such a significant investment in stock ownership for frontline team members. In 2022, we expanded Fuel the Frontline to include our distribution center team members and awarded our first DC-focused grants under this expanded approach.

BE AN OWNER

Be An Owner is a complementary program to Fuel the Frontline geared toward top-performing supply chain and corporate team members who work cross-functionally and achieve excellence on key company initiatives, contribute to the overall success of the company and demonstrate the behaviors of one or more of Advance's Cultural Beliefs. Each quarter, below-vice president-level team members are nominated by Executive Committee members and receive Advance stock awards for their exceptional performances. In 2022, we granted over 70 Be An Owner stock awards, valued at over \$900,000 at the time of the grant.

MILLION DOLLAR CLUB

The Million Dollar Club includes frontline team members who achieve individual sales totaling \$1 million or more in a single calendar year. In 2022, more than 300 team members were inducted into this prestigious club, each receiving an Advance stock award and special uniform.

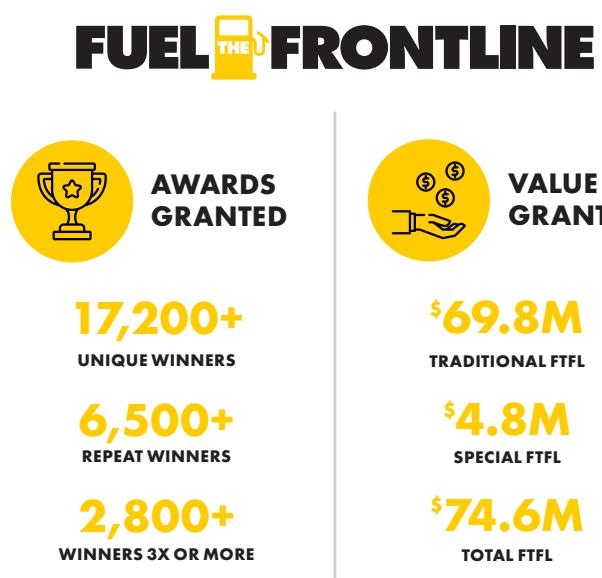


PASSION FOR CUSTOMERS... PASSION FOR YEAR! CEO AWARD

The Passion for Customers...Passion for Yes! CEO Award recipients are personally selected by Advance CEO, Tom Greco, for their contributions toward:

- Living our Cultural Beliefs
- Helping Advance execute our Roadmap for Growth
- Bringing Our Mission: Passion for Customers...Passion for Yes! to life

In 2022, eight stores or team members were recognized with this prestigious award.



Our 2021 ESG Materiality Assessment identified Hazardous Materials Management as the environmental topic that was most relevant to the success of our business over the long-term. Handling, storing and selling parts that contain hazardous substances is an integral part of safely and successfully serving our customers. We also have a longstanding history of environmental sustainability actions that make sense for the long-term success of our business, including programs aimed at reduction of waste, including emissions, and conservation of resources. These efforts help us achieve operational efficiency and reduce costs while also supporting the health of our planet. Our success with our efforts is evidenced by an A-score in the global nonprofit CDP's annual climate change report, where Advance is leading the automotive aftermarket with a score in the "leadership" band.



HAZARDOUS MATERIALS MANAGEMENT

Hazardous materials management was one of the top-five topics from our ESG Materiality Assessment in 2021. At Advance, we sell an incredibly broad range of products and certain products we sell such as paints and solvents, batteries and vehicle lights may be considered hazardous, based on state-specific regulations. In addition, Advance provides motor oil and battery recycling as a service to our customers in most areas. Our accountability for how we store and handle those products, including how we handle product components returned to us at the end of the product's lifecycle, impacts the planet and our business.

Safety and regulatory training are essential to protect team members from exposure to hazardous materials and to minimize environmental and public health risks. At Advance, team members are required to train annually on proper storage, handling and disposal of hazardous waste and every three years on proper shipping of hazardous materials. Best practices are regularly shared in team meetings and programs, plans and trainings are updated annually to incorporate best practice discussions. In addition to educating our team members on proper material handling guidelines, we also provide them with necessary personal protective equipment (PPE) such as gloves and goggles.



The work we are doing in this area is not just about training, it's about creating a behavior-based safety culture around environmental compliance that will promote consistent execution among our team members with respect to the storage and handling of hazardous materials. We value compliance and know from our work to develop and mature our safety culture among team members that communicating our values and demonstrating the importance of compliance contributes to real business results. When team members understand the "why" behind their actions and believe in the value those actions deliver, training more easily translates to execution of risk-mitigating behaviors.



**THE DRIVING HOPE PROGRAM
HELPS US FACILITATE AN
ENVIRONMENTALLY SUSTAINABLE
WAY TO GET RID OF UNUSED
OR RETURNED PRODUCTS TO
REDISTRIBUTE THEM TO AUTO
PROGRAMS AND LOCAL
NONPROFITS WHO USE THEM FOR
EDUCATIONAL PURPOSES."**

MATT ZAKOWSKI
MANAGER, ENVIRONMENTAL
HEALTH & SAFETY
NEW CASTLE, INDIANA

GOOD360 PARTNERSHIP

We continued our longstanding partnership with Good360, a nonprofit that takes our excess products – many of which are chemicals and other potentially hazardous materials – and donates them to automotive technician training programs and other local nonprofits instead of discarding them. In 2022, Advance's donations increased by 40% compared with the year prior, equaling 1.2 million pounds of product. Since the program began, total donations have reached 4,400 tons—the equivalent of more than 400 semi-trucks filled with parts and supplies.



EMISSIONS

SCIENCE-BASED TARGETS

Last spring, we submitted our proposed science-based emissions reduction targets to the Science Based Target Initiative (SBTi). After a rigorous review process, the SBTi officially approved Advance's targets to be in line with a well-below 2°C trajectory. We are committed to reducing both absolute Scope 1 and 2 GHG emissions 30% and absolute Scope 3 GHG emissions from purchased goods and services, capital goods and use of sold products 30% by 2030 from a 2019 base year. We plan to track our emissions against our targets annually to measure progress. Meanwhile, in 2022, we continued to move specific emissions reduction strategies forward. This included everything from the procurement of energy to how we use our energy to ways we optimize routing and logistics across our supply chain and vehicle fleet. In 2022 we reported a reduction in our 2021 intensity factor of approximately 5% as compared to the year prior. In addition, we completed our scope 3 emissions assessment and began working with our suppliers to reduce scope 3 emissions across our value chain. Ensuring our suppliers are measuring, tracking and reporting their emissions allows us to continue our efforts to reduce our overall carbon footprint.

RENEWABLE ENERGY

Throughout the year, we increased our use of renewable energy to offset our current electricity usage and maintain efficiencies as we continue to grow. Building off our previous renewable energy agreement in Texas, we entered into a new community solar agreement in New York that included a target of 75-80% solar-powered energy. We also continued to realize benefits from our existing agreements in wind and solar-powered energy in other states. These efforts help increase our total consumed energy from renewable sources, which we believe will make us less reliant on the traditional power grid in the future and help us realize cost savings in energy



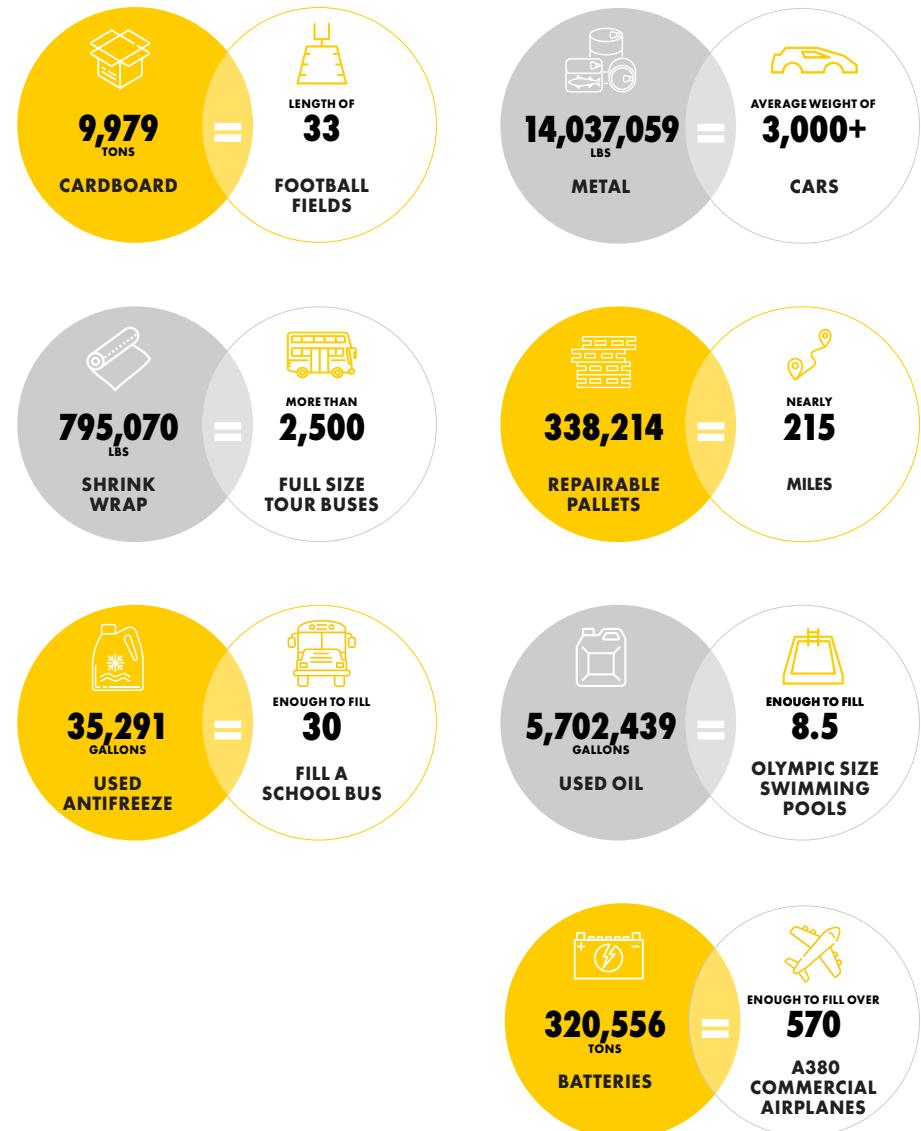
CDP CLIMATE CHANGE REPORT

In 2022, Advance received an A- rating in the global nonprofit CDP's annual climate change report.



RECYCLING

In 2022, we continued our recycling programs in the major categories of oil and batteries, with many customers taking advantage of no-cost oil and battery recycling in our stores. We also worked to continue important partnerships with organizations that support our recycling goals, including the Responsible Battery Coalition and nonprofit, Good360.



UL VALIDATION OF DIEHARD BATTERIES EXPANDS

For more than 50 years, DieHard has been one of the automotive industry's most recognizable brands.¹ Known for reliability and durability, DieHard also contributes to Advance's environmental sustainability programs, as evidenced by DieHard's AGM batteries receiving circular economy validation by UL. During the validation process, UL determined that 94% of the materials in new batteries are from batteries collected at Advance and Carquest retail stores, significantly reducing the environmental impact and resources needed to manufacture new plastics or mine for virgin lead. We believe this level of understanding about the full lifecycle of one of our largest owned brands is a competitive advantage for Advance.

RESPONSIBLE BATTERY COALITION

Advance continued its participation as a founding member of the Responsible Battery Coalition (RBC), an organization committed to advancing best practices for managing all batteries from production to recycling. Throughout the year, we collaborated with the RBC to support its efforts to drive awareness of the recyclability of lead-acid batteries and incentivize consumers to return used batteries to participating Advance and Carquest stores. In addition, as part of our membership, we supported the following RBC programs:

- Battery recovery in some of Alaska's most remote communities, where the RBC and its partners in the Backhaul Alaska program provided shipping and recycling services at no cost to the program. In 2021, the program recovered over 100,000 pounds of batteries that resulted in \$20,558 worth of materials that RBC invested back into the Backhaul program.

- Solid waste cleanup efforts through the RBC's sponsorship of Living Lands & Waters (LL&W), an organization committed to the protection, preservation and restoration of the natural environment of the nation's major rivers and watersheds. Since its inception in 1998, LL&W conducted 1,291 river cleanups in 21 states, collecting nearly 13 million pounds of trash, which included vehicles, engines and batteries that were improperly dumped in the nation's rivers.
- A study with the University of Michigan that researched best practices to reduce emissions and optimize battery service life of fleet vehicles found that electric and hybrid fleets are lower in emissions and over time are less expensive to operate than diesel-powered fleets. Additionally, battery charging times and duration had a direct impact on the emissions associated with fleet operations.



¹Advance Auto Parts, DieHard® Announce Industry-First Auto Battery UL Validation | Business Wire

CAREERS SPOTLIGHT

Data is an integral part of any business – it is the literal building block necessary to model, plan and visualize what is happening. Data is also important to Jessica Hodges personally, as it played an important role in helping her build her career. Jessica joined Advance as a temporary data entry specialist and quickly realized how much she enjoyed telling stories and solving business challenges through data. She earned a full-time role in merchandising operations and after a couple of promotions, applied for an open position on the environmental sustainability team. Though she knew little about Advance's environmental sustainability efforts, she figured her love of numbers and spreadsheets was a tremendous asset to the team.

Jessica landed the new position and grew to become an expert in Advance's recycling efforts. Today, she calculates, summarizes and shares the company's progress in many categories of recycling. She also oversees Advance's partnership with Good360, a nonprofit that takes Advance's excess automotive parts and supplies from its distribution centers and donates them to local nonprofits so they don't end up in landfills. Jessica works closely with Advance's participating distribution centers to ensure the entire process is centrally managed and tracked and the company can account for every donated part. Her time at Advance has taught Jessica that every role can be an exciting steppingstone in her career journey. "With each new role, you take what you learned before and continue to build new skills," she shares. Based on her current trajectory, one thing is clear: Jessica's love of data will continue to enable her to accomplish great things.



JESSICA HODGES

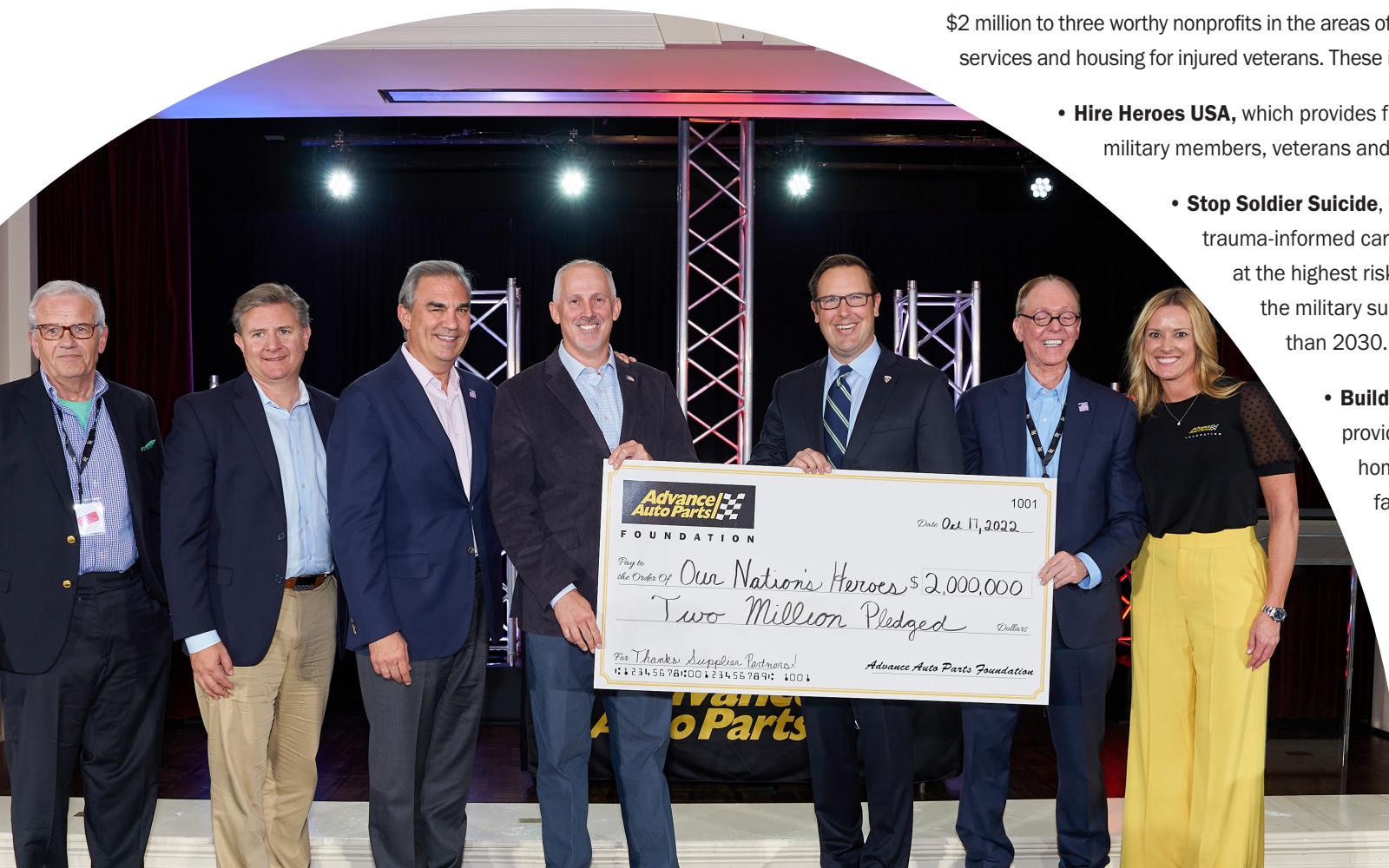
ENVIRONMENTAL SUSTAINABILITY ANALYST
YEARS AT ADVANCE: 10 | **LOCATION:** ROANOKE, VIRGINIA

The year 2022 was a difficult year for many as inflation-related economic pressures continued to grow. In addition, the U.S. healthcare system faced ongoing challenges from the COVID epidemic, staffing shortages and limited access for underserved populations, both civilian and military. As a company, we were reminded that it's not just the public sector that can help to make lives better for individuals and families; the private sector must also step-up and do its share. Through the work of the Advance Auto Parts Foundation and Advance Auto Parts corporate, we continued to channel funds to nonprofits in three critical areas: military veterans, education/job readiness and community health. Importantly, we sought to support meaningful programmatic work that not only fulfilled unmet needs but was measurable in its impact. The ways in which we supported our community also continued to be a point of pride for our team members, as demonstrated by their engagement in our team member-led Community Donation Program and fundraising on behalf of key partners like the American Heart Association and Hire Heroes USA.



FOUNDATION GIVING

In 2022, the Advance Auto Parts Foundation continued to build onto its long-term strategy, expanding its giving in key areas and adding new nonprofit partners in important geographic markets. As a result, the Foundation more than tripled its giving this past year, becoming a more substantial philanthropic partner for Advance.



MILITARY VETERANS

The U.S. is home to approximately 16.5 million veterans, making up about 6.4% of the nation's adult population, according to 2021 Census data. Support of veteran nonprofits is one of the Advance Auto Parts Foundation's key focus areas, and this past year the Foundation expanded that focus and structured it into a gifting portfolio focused on a broad range of veteran needs. Together with Advance's suppliers, we donated more than \$2 million to three worthy nonprofits in the areas of job search assistance, mental health services and housing for injured veterans. These included:

- **Hire Heroes USA**, which provides free job search assistance to U.S. military members, veterans and their spouses.
- **Stop Soldier Suicide**, which provides free, confidential, trauma-informed care to veterans and service members at the highest risk for suicide, with a goal of reducing the military suicide rate to civilian parity no later than 2030.
- **Building Homes for Heroes**, which provides new or renovated mortgage-free homes for wounded veterans and their families.

COMMUNITY SUPPORT



\$150,000

FOR EQUIPMENT AND SCHOLARSHIPS
FOR BROWARD'S AUTO TECH
PROGRAM



\$100,000

TO FUND DIVERSITY RECRUITING AND
FUTURE TECHNICIAN SCHOLARSHIPS
AND TOOLS FOR STUDENTS



\$50,000

TO SUPPORT PURCHASING AND
OUTFITTING AN OUTREACH VAN TO BRING
HEALTH SERVICES TO UNDERSERVED PARTS
OF BROWARD COUNTY

COMMUNITY DONATION PROGRAM

TEAM MEMBERS RECOMMEND NONPROFITS
WITH WHICH THEY ARE AFFILIATED FOR GIFTS
RANGING FROM \$1,500 TO \$7,500. ONCE
THE REQUESTS ARE SUBMITTED, A PANEL OF
TEAM MEMBERS EVALUATES EACH REQUEST,
SCORING IT USING SPECIFIC CRITERIA.



\$89,000

AWARDED



40

NONPROFITS



20

STATES

VETERANS PORTFOLIO SUPPORTED BY ADVANCE SUPPLIERS



\$1M

FOR BUILDING AND RENOVATING
HOMES FOR DISABLED VETERANS –
EQUIVALENT TO FOUR HOMES GIFTED



\$500,000

TO LAUNCH A JOB COUNSELING AND
PLACEMENT PROGRAM FOR WOMEN
VETERANS WITH THE GOAL OF 400
WOMEN HIRED EACH YEAR



\$500,000

FOR CAPACITY EXPANSION THAT WILL
SERVE UP TO 300 VETERANS IN NEED

O. TEMPLE SLOAN JR. FOUNDER'S SCHOLARSHIP

2022



\$147,500

IN SCHOLARSHIPS FOR
35 STUDENTS

ALL-TIME



\$1.1M+

IN SCHOLARSHIPS FOR
312 STUDENTS

CAREERS SPOTLIGHT

Growing up on a hog farm didn't just teach Matt Schmitt powerful work ethics. It also taught him the power in giving back. Despite the long hours, Matt's parents always found time to volunteer with local nonprofits. This sense of caring for community was instilled in Matt from a young age and has carried through to his time at Advance Auto Parts where he serves as a district manager in an area that covers Iowa City and parts of western Wisconsin.

Several years ago, Matt, a longtime United Way supporter, worked with one of his district's general managers to organize a charity car show at an Advance store to raise money for local nonprofits. The event has since become an annual tradition and continues to grow year after year, raising critical funds for the community and driving traffic to the store. The experience inspired Matt to find other ways to give back through his employment with the company. About a year ago, he landed a role as one of six team members on the Advance Auto Parts Foundation's Community Donation Program team member review panel. In this capacity, Matt reviews gift recommendations submitted by team members from across the company and helps make critical decisions about where to direct foundation funds. "In my time on the panel, I've seen the program grow exponentially with a higher volume of quality submissions arriving each quarter. It's so gratifying to know we are making a difference in local communities, all through the recommendations of our team members."



MATT SCHMITT

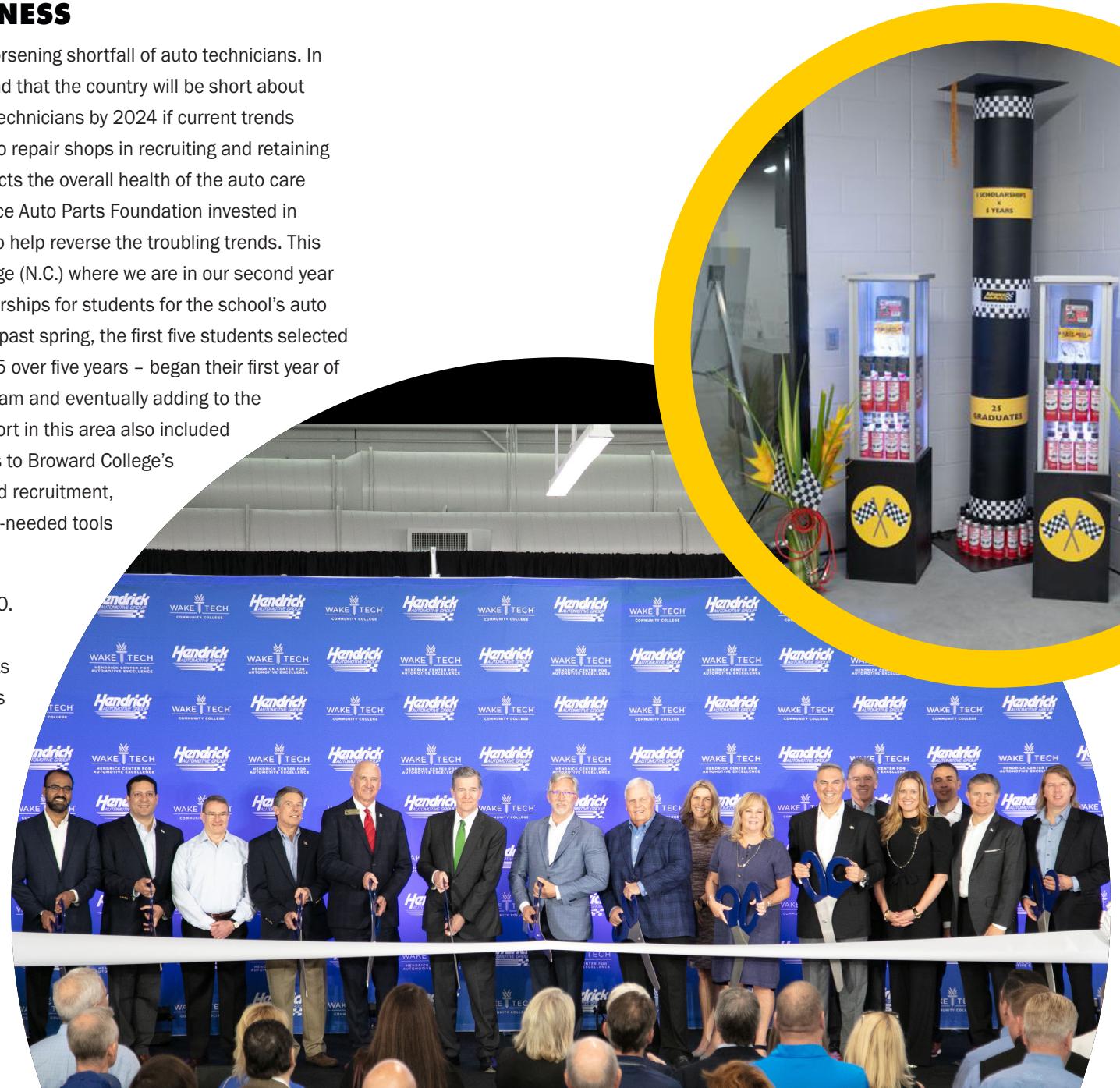
DISTRICT MANAGER

YEARS AT ADVANCE: 6 | LOCATION: IOWA CITY, IA

EDUCATION/JOB READINESS

In the U.S., we continue to experience a worsening shortfall of auto technicians. In fact, a study by TechForce Foundation found that the country will be short about 642,000 automotive, diesel and collision technicians by 2024 if current trends continue. The shortage poses challenges to repair shops in recruiting and retaining qualified auto care technicians and it impacts the overall health of the auto care industry. To aid in this obstacle, the Advance Auto Parts Foundation invested in auto technician programs in key markets to help reverse the troubling trends. This included Wake Technical Community College (N.C.) where we are in our second year of funding diversity recruitment and scholarships for students for the school's auto repair and collision degree programs. This past spring, the first five students selected for scholarships – there will be a total of 25 over five years – began their first year of classes adding to the diversity of our program and eventually adding to the diversity of the area's labor pool. Our support in this area also included a recent \$300,000 gift paid over two years to Broward College's (FL) automotive technology program to fund recruitment, scholarships, staff development and much-needed tools and capital improvements.

The Foundation also continued our legacy O. Temple Sloan, Jr. Founder's Scholarship Program, which began in 2002 and benefits the dependents of Advance team members who wish to continue their education beyond high school. For the school year 2022-2023, nearly \$150,000 in scholarships was awarded to new and continuing students enrolled in full-time or part-time study at a two-year or four-year college or university or in an accredited program that trains students for employment in an occupation.





COMMUNITY HEALTH

Community health centers play an important role in the U.S. health care system by bringing comprehensive primary care to rural and urban medically underserved communities. In 2022, the Advance Auto Parts Foundation expanded its support of community health centers by gifting \$50,000 to Care Resource, a Miami, Florida-based nonprofit, which provides health services and care to underserved and hard-to-reach populations of South Florida. The gift will enable the purchase of a Health Promotion Mobile Unit that will serve clients in the Broward County region by offering free wellness screenings, such as glucose and cholesterol testing, and blood pressure readings, as well as free rapid HIV testing.

COMMUNITY DONATION PROGRAM

In 2022, the Foundation continued our Community Donation Program that invites team members to recommend nonprofits with which they are affiliated for gifts ranging from \$1,500 to \$7,500 each. Once the requests are submitted, a panel of team members evaluates each request, scoring it using specific criteria. Recipients then are chosen and assigned a donation amount.

In 2022, 40 organizations received gifts, totaling \$89,000. Of note is the recipient nonprofits spanned 20 states and originated from team members representative of different levels and job functions. Our colleagues in Canada run a similar program where team members are invited to recommend nonprofits that receive gifts to support various projects. A total of \$51,000 was gifted through this program in 2022.

NONPROFIT
FUNDRAISING**\$1.4M**

RAISED IN OUR 5TH ANNUAL
AMERICAN HEART ASSOCIATION IN-
STORE FUNDRAISING CAMPAIGN

**\$100,000**

RAISED BY CARQUEST INDEPENDENTS
IN THE 1ST ANNUAL HIRE HEROES USA
FUNDRAISING CAMPAIGN

DISASTER
RELIEF**\$100,000**

TO UNITED WAY OF LEE COUNTY, FL TO
REBUILD AFTER HURRICANE IAN

**\$25,000**

TO THE BREATHITT COUNTY AREA TECHNOLOGY
CENTER IN JACKSON, KY, FOR ITS AUTOMOTIVE
TECH PROGRAM AFTER SEVERE FLOODING
DESTROYED THE SCHOOL

SPONSORSHIPS
& GIFTS**\$78,000**

FOR GIFTS AND SPONSORSHIPS
RECOMMENDED BY EXECUTIVE LEADERSHIP
TO BENEFIT ORGANIZATIONS THAT ARE
MEANINGFUL TO THEIR COMMUNITIES

**\$21,750**

TO SUPPORT ORGANIZATIONS OUR
CUSTOMERS HAVE AN AFFILIATION WITH
(E.G., SUPPORT, BOARD SEATS) UNDER
THIS NEW PROGRAM



CORPORATE GIVING

Throughout the year, Advance contributed to a variety of industry-related organizations, including the TechForce Foundation, which supports educational opportunities for aspiring automotive technicians, and the Automotive Aftermarket Charitable Foundation, which supports the needs of members who have experienced catastrophic illnesses or accidents. In addition, we conducted fundraising campaigns on behalf of the American Heart Association, Hire Heroes USA and Brakes for Breasts. Thanks to the generosity of our customers and team members, these campaigns raised over \$1.5 million to continue the work of these worthy nonprofits. Finally, in keeping with our longstanding tradition of giving back to the most vulnerable among us, we provided gifts to several nonprofits in communities where we live and work, including those that were made in response to unexpected events. This included support of communities hard hit by natural disasters, including central Kentucky, where our \$25,000 gift helped rebuild an auto tech program at a community college devastated by the spring tornadoes, and central Florida, where a gift of \$100,000 supported immediate recovery efforts following Hurricane Ian.



FUNDRAISING CAMPAIGNS

2022 marked the fifth year of Advance's American Heart Association "Life is Why" campaign, raising nearly \$1.4 million to help in the fight heart disease and stroke. In addition to store fundraising across Advance and Carquest stores in the U.S. and Puerto Rico, this year's campaign also provided customers the option of donating online. Our distribution center-based team members found creative ways to support the campaign such as salad bars, bake sales and dunk tanks, raising an impressive \$45,000. Funds contributed by Advance will support potentially lifesaving health screenings, research, tools for healthier living, CPR training and more.

Carquest Independents held their own store fundraising campaign in support of Hire Heroes USA, raising \$100,000 to support free job search assistance for U.S. military members, veterans and their spouses. Employment assistance is the No. 1 requested service from transitioning military members and Hire Heroes USA provides that service to thousands each year.

Finally, through our TechNet-affiliated professional shops, Advance continued its support of Brakes for Breasts, raising \$27,000 for the nonprofit in support of Cleveland Clinic's breast cancer vaccine research. Advance contributes to Brakes for Breasts by offering \$40 rebates on Carquest-branded brakes at TechNet-affiliated professional shops. Shop customers can choose to redeem the rebates for cash or donate the money to Brakes for Breasts.

ADVANCING OUR ROADS PROGRAM

Through Advancing our Roads, we provided gift cards to local police departments to provide to motorists when they were pulled over for violations such as non-functioning headlights or taillights. Rather than receiving costly citations, these motorists instead received Advance gift cards to help cover the cost of the needed repairs. In 2022, we donated approximately \$65,000 of gift cards to 27 local law enforcement departments, often in markets where new Advance stores were opening.

CUSTOMER AND COMMUNITIES GIFTS PROGRAM

Advance introduced a new gifting program this past year focused on nonprofit events and projects that are meaningful to our professional customers. The Customers and Communities Gifts Program accepts recommendations from team members in all divisions of the company and supports the activities of community-based nonprofits with which professional customers have an affiliation. Recipients of 2022 Communities Gifts Program gifts included Lumpkin County High School in Dahlonega, Georgia, which used the funds to purchase needed hand tools for students in its automotive technology class, and the American Legion Post 25 in Selinsgrove, Pennsylvania, which used the funds to help purchase a bus-style vehicle to transport its Honor Guard, a group that performs military services at veteran funerals in the surrounding community, among other services.



A photograph of a man with a beard and long hair, wearing a pink long-sleeved shirt, working on a car engine in a workshop. He is focused on his task, using a tool to work on the engine block. The workshop is filled with various tools and equipment in the background.

At Advance, we believe that strong corporate governance practices enhance our ability to create long-term value, support our performance and growth in an ethical and sustainable manner.

GOVERNANCE

BOARD OF DIRECTORS COMPOSITION

With the exception of our CEO, all our directors are independent from management. Each of our directors bring to our Board skills, experiences and characteristics relevant to the effective oversight for the execution of our transformation agenda and creation of long-term value. We continually assess the composition of the Board, including its size and the diversity, skills and experiences of our directors, to ensure continued alignment with the strategic direction of the company.

BOARD REFRESHMENT AND RECRUITMENT

Four of our directors have joined our Board within the past three years. We believe the Board benefits from a balance of newer directors, who bring fresh perspectives, and longer serving directors, who have contributed to our strategy over time and have deep understanding of our operations. As we consider candidates for new directors, our Nominating and Corporate Governance Committee has primary responsibility for overseeing any searches and evaluating qualified individuals to become director nominees, including individuals identified and presented by our shareholders in accordance with the rights afforded them in our Bylaws. In 2022, we added one new director, who brought to the Board significant finance experience primarily in the retail industry.

COMMUNICATION AND ENGAGEMENT

As a foundational principle, our Board maintains open communication channels with management, third-party advisors and our shareholders. These open channels and a high degree of engagement by our directors enable close oversight of our business and facilitate discussions with shareholders and interested parties on important sustainability topics.

RISK OVERSIGHT

Our management regularly identifies and reviews near-term risks to the execution of our business activities and long-term strategic risks to our plans for enterprise development and growth. On an annual basis, our management executes a comprehensive risk identification and analysis process, considering our strategic priorities, and reports and discusses its findings with the Board. Our Board is responsible for overseeing enterprise-wide risk management activities. Management provides regular updates to the Audit Committee, or as appropriate, the full Board, on risk exposure and mitigation efforts, as well as discusses any recommendations with respect to risk management.

ESG OVERSIGHT

We believe that strong ESG oversight enhances our ability to identify, develop and implement initiatives designed to make meaningful improvements to our long-term profitability and sustainability. Senior leaders from several functions, including human resources, risk and environmental health and safety, investor relations, communications and legal meet regularly to discuss and address ESG topics. Representatives of that working group regularly provide updates to and engage in dialogue with both our executive committee and our Nominating and Corporate Governance Committee, which has oversight responsibility of our ESG programs.



CYBER SECURITY & DATA PRIVACY

We believe that the integrity of our technological infrastructure and our ability to mitigate threats to systems that power our operations and from vulnerabilities of third parties with whom we do business is a source of significant value to our business. As part of our strategic transformation, we continue to enhance enterprise-wide cyber security and data management practices. We evaluate the maturity and ongoing enhancements of our work using the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity, Version 1.1. Our security operations function provides 24/7 monitoring across all information assets, which include our privately hosted data centers, cloud-hosted services, all internet-facing resources, distribution centers and all corporate-hosted desktops and laptops. We take a cross-banner approach to identify vulnerabilities in information systems that pose a data security risk that leverages both technological tools and operational procedures. We also comprehensively train our team members at least annually using a variety of methods to increase security awareness enterprise wide.

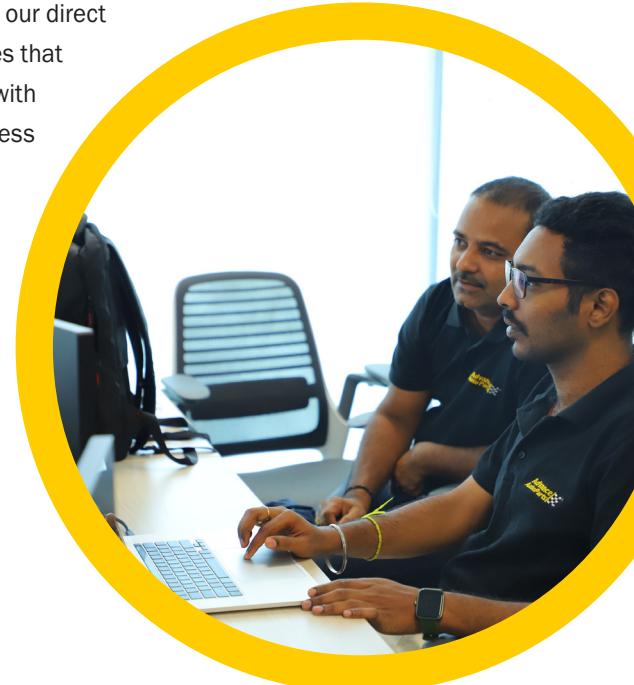
In addition, we highly value the data and privacy of our team members, customers, our business and those with whom we do business. We adhere to fair information principles and address data privacy risks through the leadership of a cross-functional data privacy team, comprising leaders in information security, information technology and legal/compliance. We conducted a cross-functional and multi-pronged risk assessment to understand where we have improvement opportunities so we can embed privacy into the design of our systems and business processes. We developed strategic and tactical playbooks to outline our response in the event of a cyber security incident that involved the compromise of personal information. We also

have implemented processes to comply with emerging state privacy laws such as the California Privacy Rights Act (CPRA), the Virginia Consumer Data Protection Act (VCDPA) and others that become effective in 2023.

The Audit Committee of our Board oversees, and regularly receives updates regarding, cybersecurity and data privacy matters.

THIRD PARTIES

We expect those with whom we do business to adhere to our standards for responsible and ethical business practices. Our [Supplier Code of Conduct](#), which was released in May 2022, sets out the expectations we have for our suppliers in many areas, including human rights, bribery and corruption, conflicts of interest, information security, trade compliance and reporting concerns. This Code was highlighted at our 2022 Partner Summit. We created a third-party risk framework that we piloted with third parties that pose privacy or cyber risks. We maintain programs designed to identify, evaluate and address potential human rights and environmental issues with our direct import suppliers. We maintain policies that govern our selection of third parties with whom we do business to help us assess the alignment of those parties to our standards for ethical and compliant behavior and help us mitigate the risks of working with third parties. In addition to screening processes to new international and private label suppliers, we conduct regular audits of existing suppliers to identify and evaluate environmental practices, labor practices, working conditions and records on human rights matters.



ETHICAL STANDARDS & COMPLIANCE

We expect our team members and the third parties with whom we do business to conduct themselves with high ethical standards and in compliance with applicable laws wherever we do business in the world. We continually strive to build and enhance a culture of responsible and ethical behavior and our corporate ethics and compliance program helps to advance that business environment.

PROGRAM DESIGN AND OVERSIGHT

We design our risk-based Ethics and Compliance (E&C) program in alignment with the U.S. Department of Justice's Evaluation of Corporate Compliance Programs framework. Our EVP, general counsel and corporate secretary has ultimate ownership of the E&C program, which is led by our SVP, Deputy General Counsel and Chief Compliance Officer (CCO). Our CCO regularly reports to executive leadership and to the Audit Committee of the company's Board of Directors on E&C program design and implementation, compliance risk areas and other compliance matters.

POLICIES AND PROCEDURES

In 2022, we established a Policy Governance Council comprising certain executive leaders that is charged by the CEO with overseeing and approving corporate policies that apply to team members globally across the enterprise. We released several new or updated standards last year and we continue to work with subject matter experts across the organization to identify opportunities to update or create additional standards.

In 2022, we released or refreshed several keystone E&C-focused corporate standards. First, we revamped our [Code of Ethics and Business Conduct](#). We used simple language, automotive references and relevant examples to help empower our team members with a framework for ethical decision making on topics such as how we conduct business fairly and with integrity, how we demonstrate care for others and our community and how we protect our assets. We also released an updated and enhanced [Supplier Code of Conduct](#) that sets out the company's expectations of our suppliers in areas such as human rights, bribery and corruption, conflicts of interest, information security, trade compliance and reporting concerns. Finally, we refreshed our [Code of Ethics and Business Conduct for Finance Professionals](#), which sets out our commitment to and expectations for honest and ethical conduct by Advance's finance professionals, as well as for full, fair and accurate financial management and reporting.

TRAINING AND TEAM MEMBER COMMUNICATIONS

To help drive ethical decision making across the enterprise, we require annual training on topics such as our Code of Ethics and Business Conduct, fair and respectful workplace requirements and other selected compliance topics. In 2022, all of our team members were required to complete a customized Code course written and developed in-house with relevant, targeted content for our team members. To help empower our team members to make the right decisions and to embed E&C in the fabric of our organization, we have a comprehensive communications plan that includes events such as our 2022 in-person and virtual "Ethics & Compliance Culture Connect" that featured our CEO and certain members of his executive committee discussing our refreshed Code and certain ethical issues, as well as other periodic targeted communications from our leaders to their teams help to underscore our company's focus on building and sustaining an ethical culture. We also use tools such as "Do It the Right Way" guides that use simple and clear language to share our expectations on selected topics with team members in the field.

TEAM MEMBER HOTLINE AND INVESTIGATIONS

We promote our Speak Up Cultural Belief through our Open Door Policy and we encourage team members to report any concerns to managers, our human resources team and our anonymous Team Member Hotline. To help foster an ethical workplace and drive a strong sense of organizational fairness for our employees, we have a strict non-retaliation policy and we investigate all good faith concerns fairly, objectively and expeditiously.

CONTINUOUS IMPROVEMENT AND RISK ASSESSMENTS

We constantly seek to evolve and improve the effectiveness of our E&C program. Through close partnership with functions such as human resources, internal audit, enterprise risk and asset protection, we collectively seek to assess and address emerging compliance risks and the root causes of noncompliance and to help ensure consistent remediation, discipline and going-forward mitigation.



CAREERS SPOTLIGHT

When Ethan Steiger began his career, cybersecurity was nowhere on his radar. One of his earliest jobs was being a data entry clerk in the membership department of the Film Society at Lincoln Center in New York City. Frustrated that the computer program he used occasionally quit working, he enrolled himself in courses to learn how to make the needed repairs. A short time later, Ethan became the Film Society's first IT person and cemented his future in this emerging field.

Ethan later took a role in network and corporate security with a large investment bank. The World Wide Web was still in its infancy and many organizations were leery about building web-based programming. Over time, it became commonplace and the need to safeguard data became a necessity. Ethan soon became an expert in the field, learning all he could about protecting devices, networks and data from unauthorized access and criminal use. By putting the right safety measures in place from the start, Ethan knew he could help his employer take advantage of all the Internet had to offer. He likes to say, "a car doesn't have brakes to slow it down, it has brakes to enable it to go fast." And go fast he did.

Ethan applied his skills to a variety of industries, from financial services to automotive to quick-serve restaurants. When asked to join Advance, he enthusiastically accepted. His priority – expand the team with proven experts who could help ensure sensitive company information was kept safe so Advance team members could do what they do best – serve customers. At the same time, Ethan shares his passion for his work every chance he gets, knowing it's important to excite up-and-coming talent to embrace cybersecurity as a career path and help the field continue to grow.



ETHAN STEIGER

SVP, CHIEF INFORMATION SECURITY OFFICER

YEARS AT ADVANCE: 3 | LOCATION: RALEIGH, NC

CORPORATE GOVERNANCE PRACTICES

The compass of our corporate governance practices can be found in our By-laws, our Guidelines on Significant Governance Issues, our Code of Ethics and Business Conduct and our Code of Ethics and Business Conduct for Finance Professionals, which were adopted by our Board to guide our company, our Board and our team members. We also maintain several other policies designed to promote our values, including among others, a Political Contributions Policy and Human Rights Policy. We invite you to obtain more information about our corporate governance policies and practices on our website at ir.advanceautoparts.com.

Annual election of all directors	Directors elected by majority voting	Independent Chair of the Board
Nearly 90% of our directors are independent	All Board committees consist solely of independent directors	Regular executive sessions of independent directors
Proxy access right for up to 20-person groups of stockholders owning 3% of our stock for 3 years to nominate up to 20% of our Board	Right to call special meeting by stockholders holding 10% of shares, with no holding period	Strong guidelines on significant governance issues
Annual evaluation of the Board, its committees and individual directors	New director searches focused on key skills for the company's long-term strategic plan and diversity characteristics	Board policy on CEO succession planning
Policies prohibiting hedging (unless certain stringent requirements are met) and pledging for all employees and directors	Robust stock ownership guidelines for directors and executive officers	Direct oversight by the Nominating and Corporate Governance Committee of ESG matters





APPENDIX

APPENDIX A - SASB REFERENCE TABLE

TOPIC	METRIC	SASB CODE	DATA	ADDITIONAL INFO
Labor Practices	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2	For 2022: Voluntary: 71.0% Involuntary: 12.2%	
Driver Working Conditions	(1) Total recordable incident rate (TRIR) and (2) fatality rate for direct employees	TR-RO-320a.1	For 2022: TRIR: 1.8 Fatality Rate: 0	
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	CG-MR-330a.1	As of December 31, 2022: Gender representation management: 23.5% Racial/ethnic group representation management: 32.4% Gender representation all other team members: 22.2% Racial/ethnic group representation all other team members: 39.4%	"Management" consists of all team members at the level of Manager or above
Energy Management in Retail & Distribution	(1) Total energy consumed and (2) percentage grid electricity	CG-MR-130a.1	For 2022: 2,886,384 gigajoules 51.7% grid electricity	
Greenhouse Gas Emissions	Gross global Scope 1 emissions	TR-RO-110a.1	For 2022: 92,822	
Data Security	Description of approach to identifying and addressing data security risks (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.1	Page 59	
Activity Metrics	Number of: (1) retail locations and (2) distribution centers Total area of: (1) retail space and (2) distribution centers	CG-MR-000.A-B	As of December 31, 2022: Retail locations: 5,086 3,956,822 in square meters Distribution Centers: 50 1,170,489 square meters	