



ADVANCING A WORLD IN MOTION



CORPORATE SUSTAINABILITY AND SOCIAL REPORT 2018

INTRODUCTION

At Advance Auto Parts, Inc. (Advance or the company), we recognize that being a leader requires commitment at every level of an organization. We strive to create a workplace that is welcoming and safe, make significant efforts to reduce waste and improve our environment, and give back to the communities where our dedicated Team Members work and live – all while maintaining the highest ethical standards. We are proud of the work we have done in these areas, but we recognize we have a responsibility to do more. As a result, we have committed to develop formal corporate sustainability and social responsibility goals and publish annual updates to report our progress.

This inaugural Corporate Sustainability and Social Report is a review of our 2017 and 2018 performance and plans for 2019 and beyond. This report was prepared by an internal Environmental, Social and Governance (ESG) Committee led by the General Counsel and Corporate Secretary. The Nominating and Corporate Governance Committee of the Advance Board of Directors (Board), which has oversight for ESG topics, also provided guidance. In developing this report, we considered feedback from key stakeholders, including Team Members, Shareholders, Customers and Business Partners.

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LETTER FROM OUR CHIEF EXECUTIVE OFFICER

In early 2017, we began a journey at Advance Auto Parts that we captured in our Vision Statement: *Advancing a World in Motion*. Since then, we've been making major changes throughout the company to drive substantial shareholder value. We could not be more excited about the business transformation we are leading to accelerate market share growth and margin expansion that integrates our stores and distribution centers with eCommerce to make the shopping experience for our products easier than ever before.

At the same time, as a Fortune 500 company with tens of thousands of Team Members, Customers and operations around the world, **how** we deliver these results is equally important. As we transform Advance, we're acutely aware of the importance of building trust with our Customers, our Team Members and the communities where we live and serve. In a time where technology virtually guarantees a higher level of transparency in everything we do, we believe that building trust with all of our stakeholders also translates to building long term shareholder value. Our transformation plan simply must include how we deliver results and build trust with our key constituents. As a result, we are extremely proud to introduce our inaugural Corporate Sustainability and Social Report with a concentrated focus in three broad areas:



PEOPLE

Advance the professional development and growth for our Team Members while embracing the diversity of people, skills, thoughts and styles to deliver results



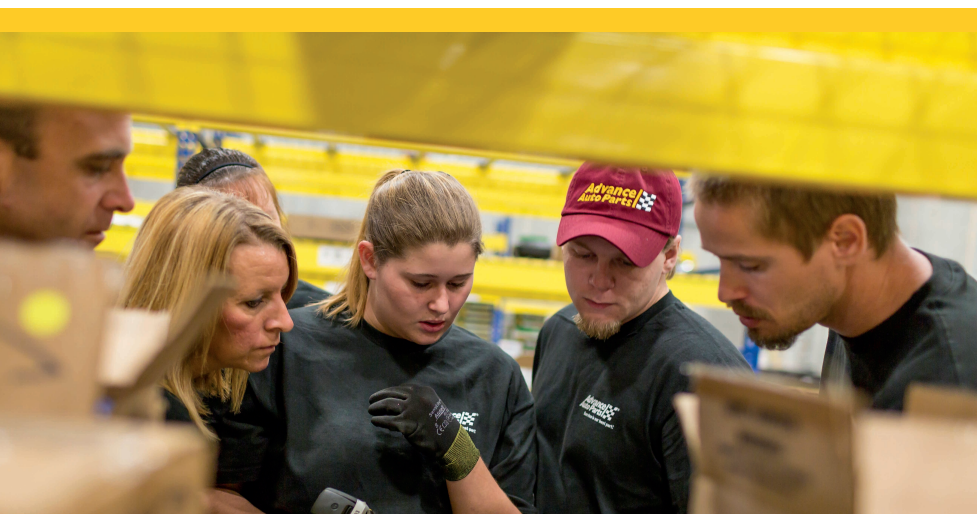
PLANET

Adopt ways of doing business that are environmentally responsible such that we play a role in ensuring the world is a better place for future generations



COMMUNITY

Leave a legacy we can all be proud of by dedicating our time, talent and resources to those individuals and organizations who need it



In consideration of these important deliverables, our Corporate Sustainability and Social Plan will ensure that our transformation agenda delivers top tier financial performance which is underlined by significant progress on the corporate sustainability goals we have set. Along with more than 70,000 Advance Team Members, I am excited to share our initial plans, progress to date and a view of our future in these critically important areas... **People, Planet and Community.**

While some of the practices described in this report have been in place for many years, we are moving to a more holistic approach on sustainability in conjunction with our long term strategic plan. This includes expanded management oversight and Board involvement. The Nominating and Corporate Governance Committee of our Board has been assigned specific responsibilities with respect to the

development and communication of our ESG initiatives. Our Board has also adopted a number of best practices in corporate governance by implementing enhancements to engage with our shareholders.

We have already made notable strides in investing in our people, environmental sustainability, workplace culture and giving back to the community. Among the highlights in this report:

Over the past two years, our focus on building a high performing and inclusive workforce has driven a 40% increase in representation of females and people of color in leadership roles in 2017.

We have incrementally invested in more than 15,000 stock grants in Frontline Team Members through our "Fuel the Frontline" incentive program which has helped drive significant reductions in turnover in core field positions since 2016.

Thanks to all our Team Members who have worked hard getting us to this point. While our sustainability and social responsibility journey is just beginning in some respects, we believe we have a solid foundation to build upon, *Advancing a World in Motion.*

Tom Greco
President and CEO

We have dedicated significant time and funding in expanded safety and awareness, resulting in a 24% reduction in recordable incidents in our retail locations.

Our commitment to responsible environmental practices has led to consecutive year over year improvements in recycling and in reducing energy usage.

We have elevated our impact on communities by playing leadership roles in fighting Type 1 diabetes, reducing stroke and heart disease and building homes for wounded warriors returning to the U.S.

In 2018, we expanded corporate policies related to Environmental, Health and Safety, Ethics and Business Conduct, Human Rights and named a senior sustainability leader.

Growing up in Northern Ontario, Canada the world looked very different to me back then versus what it does today. As you travel the world over a long career, you see firsthand the impact that companies can have on people, the environment and communities all over the globe. This impact can be decidedly positive with the right focus. Today, I have the privilege of leading what is becoming an extraordinary organization. As I watch the growth of the company and the people in it, it is becoming an incredibly rewarding experience. I have great confidence in our ability to drive top tier shareholder value. At the same time, I am equally confident we are making the investments and dedicating the focus necessary to have a decidedly measurable and positive impact on our Team Members, environmental sustainability and in our communities. In the words

of Carlos Santana, “there is no greater reward than making a difference in the world,” and this is precisely what we are setting out to do at Advance. In this report, we share details about our progress and our aspirations for addressing the issues most important to us. We look forward to your feedback and collaboration as we work together to pursue our Vision, *Advancing a World in Motion*.

Tom

Tom Greco

President and CEO



Advance is a proud recipient of the 2018 Leaders in Diversity award from the Triangle Business Journal in Raleigh, N.C.

ABOUT ADVANCE AUTO PARTS

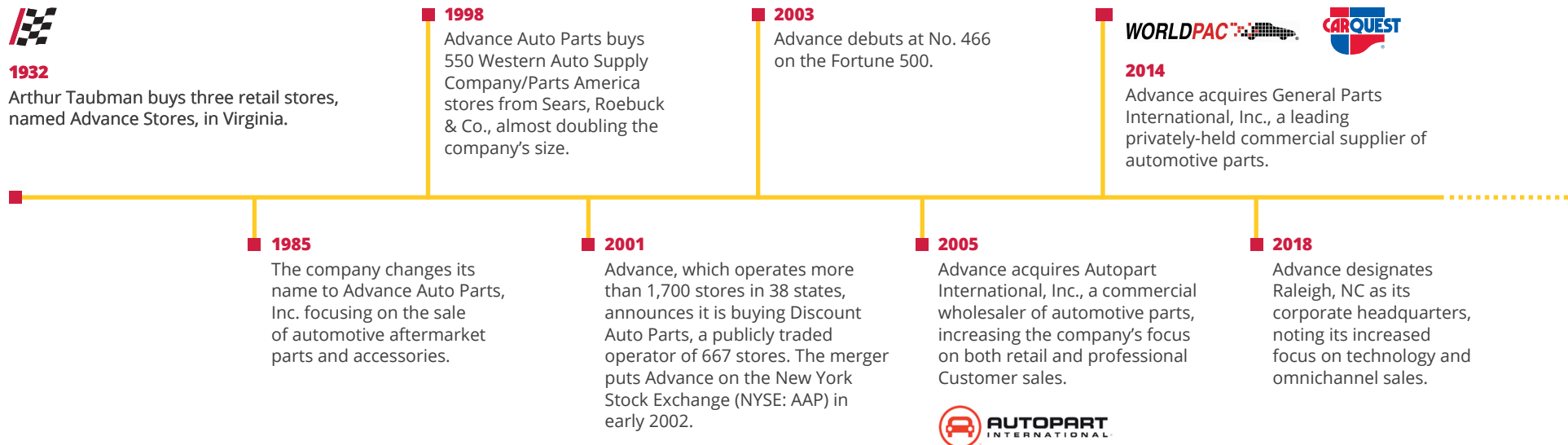
OUR HISTORY

Advance is a leading automotive aftermarket parts provider that serves both professional installer and do-it-yourself Customers.

The company was founded in April 1932, when Arthur Taubman purchased three stores in Virginia from Pep Boys. Growing organically over the next 50 years, Advance Auto Parts was operating more than 150 stores by 1989, eventually reaching 649 stores in 10 states by 1996. In 1998, Advance doubled in size when the company acquired Western Auto Supply Company.

Significant growth continued in the new millennium as Advance became a publicly traded company on the New York Stock Exchange (NYSE: AAP). 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.

ADVANCE AUTO PARTS OVER THE YEARS



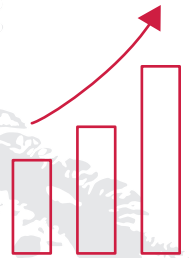
WHERE WE ARE TODAY

We employ more than 70,000 Team Members and generated net sales of nearly \$9.4 billion in 2017. As of October 6, 2018, we operated 4,981 stores and 139 branches in the United States, Canada, Puerto Rico and the U.S. Virgin Islands. We also serve 1,229 independently-owned Carquest branded stores.

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. Ultimately, we all share a common goal: leaving the world a better place for future generations.

70,000⁺
Team Members

\$9.4 B
generated net sales
in 2017





Angelo Richardson and Esme Ordonez excel at serving our Customers at the Advance store in Memphis, Tenn.

PEOPLE

EMPOWER OUR PEOPLE BECAUSE THEY ARE OUR BEST PART

We believe our Team Members are the best parts people in the business, in fact, we consider them our *best* part! Ultimately, it is our Team Members' knowledge, dedication and focus that sets Advance apart from its competitors. Amidst rapid technological change, we believe that people can be a true differentiator for Advance. During the past two years, we have implemented a number of initiatives designed to fully engage our Team Members in the transformation of our business. Their passion for their work and dedication to Advance has helped not only our business grow but our culture evolve.

Our culture is tied directly to Advance's strategic objectives and is critical to our success. Our Cultural Beliefs are reflected in our long-term strategy. Every Team Member is empowered to influence the direction of the company and collaboratively remove obstacles. We work together to build a strong and inclusive workplace, while saying "Yes" to our Customers.

Advance has taken a very active approach in identifying, shaping and cultivating our culture. The first step was to identify our Cultural Beliefs, which are "how" we bring our Roadmap for Growth – the foundation of our strategy to help us transform our business – to life, and embody how Team Members "think and act." These are the behaviors that make Advance a great place to work.



SPEAK UP

I seek, listen and provide candid, informed feedback to improve performance.



BE ACCOUNTABLE

I overcome obstacles to deliver winning results.



TAKE ACTION

I act with urgency because speed matters.



GROW TALENT

I own individual development and the success of those around me.



MOVE FORWARD

I build trust and collaborate as One Team with One Voice to the Customer.



CHAMPION INCLUSION

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



A group of recently promoted store General Managers attend a training session in Roanoke, Va.

One of the reasons our Cultural Beliefs have been so readily adopted by our Team Members is that they were created in a “crowd sourcing” fashion, using input from every level and function across the enterprise – in our distribution centers, stores and corporate offices. As such, they were created *by Team Members for Team Members*, and have become a critical part of our talent management, incentive and recognition programs.

When we couple these Cultural Beliefs with our Values of Inspire, Serve and Grow, we create a positive work environment that enables a great Customer experience. We have made an enormous impact in a very short time since these Cultural Beliefs were launched. In 2018, 82% of respondents to our organizational health survey stated they were familiar with these beliefs.

CODE OF ETHICS AND BUSINESS CONDUCT

Our shareholders, vendors, Team Members, and, most importantly, our Customers expect and demand that we conduct our business with the highest degree of honesty and integrity. We are committed to meeting these expectations. As a result, we established the **Advance Auto Parts Code of Ethics and Business Conduct** which is designed to assist our Team Members, officers and directors understand their ethical responsibilities and help them make decisions that reflect well on themselves, their teams and Advance Auto Parts. Any individuals or organizations who conduct business with Advance are also expected to know and follow our code.

HUMAN RIGHTS

We believe that dignity and respect are fundamental rights of every individual and are committed to upholding basic human rights in all areas of our business. In line with our Cultural Beliefs, we do not condone human trafficking, forced labor, child labor, harassment or abuse of any kind, and we expect our vendors and others with whom we do business to operate consistently within these same principles. Our commitment to supporting fundamental human rights is reflected in our **Human Rights Policy** and our Code of Ethics and Business Conduct, as well as our required Team Member training on these topics.

ANTI-DISCRIMINATION

We believe in providing a fair and respectful workplace for all. Discrimination on the basis of race, color, religion, sex, age, national origin, disability, sexual orientation, gender identity or any other legally protected status is strictly prohibited at Advance, both within our Code of Ethics and Business Conduct and other workplace policies. This applies to all areas of employment, including hiring, training, advancement, compensation, discipline and termination. Advance values the importance of ensuring our Team Members are familiar with these policies and includes them in our required Code of Ethics and Business Conduct and Fair and Respectful Workplace training. Advance offers several ways for Team Members to report any concerns about these policies, including a toll-free hotline and online reporting options. All complaints are fully investigated and resolved without fear of retaliation.



Members of our A.L.I.G.N. Team Member Network.

INCLUSION & DIVERSITY



I strongly believe that an important key to success is to surround yourself with people who are not only smarter than you are, but who think differently than you do. By embracing diversity of people, thoughts, skills and styles, we will make Advance a better place to work and, as a direct result, lead growth in our industry.



Tom Greco

President and CEO

At Advance, we embrace diversity across all dimensions and drive an inclusive culture that makes people feel welcomed, valued, respected and heard. Our commitment is to inspire, develop and empower our Team Members, Customers and communities to be innovative and to help them grow.

We have embedded Inclusion & Diversity as part of our company strategy and talent processes so that it is truly part of what we do. This includes:

- Executive performance management and talent calibration processes that are designed to provide equitable talent conversations and performance evaluations.
- Our organizational health survey which measures how well our leaders are demonstrating inclusive behaviors and embracing diversity on an everyday basis.
- Leadership development programs that support representation of all qualified candidates.

We also focus on recruiting and retaining a diverse workforce, so we can provide the best possible service to our Customers and the diverse communities we serve. Our efforts included “Managing Bias” training for our senior leadership team in 2018. Continued roll-out of support training to leaders at all levels is planned for the coming year.

During the first full year of our focus on Inclusion & Diversity, we made substantial progress. In 2017, representation of females and people of color in leadership roles increased by 40%. This includes an increase in our Executive Committee from 25% to nearly 55% and an increase among our field-based store operations leadership from 29% to nearly 42%. While we are extremely proud of this growth, we remain committed to further improvements as we continue to advance our Cultural Beliefs and inclusion efforts.

CORPORATE OFFICE DIVERSITY RECOGNITION

The Triangle Business Journal, a leading business publication serving the Raleigh-Durham-Chapel Hill “Triangle” of North Carolina, recognized Advance Auto Parts with a “Leaders in Diversity” award for 2018. This award is in recognition of the impact of Advance’s strategic focus on Inclusion & Diversity and the culture Advance embodies through its “Champion Inclusion” Cultural Belief: I embrace the diversity of people, thoughts, skills and styles to deliver results.

CEO SUPPORT

The CEO Action for Diversity & Inclusion™ is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. Tom Greco, our President and CEO, is a member of this organization that focuses on a commitment to diversity and inclusion in the business community. More than 500 CEOs, including Mr. Greco, have taken the CEO Action pledge, a public commitment to the following:

- We will continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion.
- We will implement and expand unconscious bias education.
- We will share best—and unsuccessful—practices.

TRAINING MAKES A DIFFERENCE

At Advance we invest in our Team Members so they can continue to develop and grow in their careers. Our learning and development team is devoted to creating a culture where Team Members continually expand their capacity to create positive results, have the tools necessary to be flexible, adaptable and productive, and achieve the personal and professional growth they desire. We provide ongoing learning opportunities to our core field-based roles: District Manager, General Manager, Commercial Parts Professional and Customer Account Manager. These courses focus on selling skills, operational excellence and leadership expertise. Since 2017, training focuses on automotive systems training; parts, products and brand knowledge; store operations and systems knowledge and leadership and management skills. Our newly hired and promoted field-based staff spend a significant amount of time each year learning how to provide our customers with outstanding service and automotive information.

Additional training programs include information technology certification, digital competency, as well as finance and business acumen. In addition to automotive and sales training, we also offer a leadership development curriculum for all Team Members, with courses designed specifically for the needs of individual contributors, managers and executives. Courses include topics like Change Management, Cultural Competency, Communication and Presentation Skills, and Navigating Difficult Conversations. Courses are available through a variety of mediums to help create an impactful and engaging experience for Team Members.

TEAM MEMBER NETWORKS

As part of our Inclusion & Diversity efforts, we established our first Team Member Networks (TMNs) in 2016. TMNs are open to anyone who has an interest and enable Team Members with similar backgrounds, experiences, and interests to come together with a common goal. There are currently nine official groups with chapters across all parts of the organization. TMNs inspire innovation, increase cultural fluency across the organization and develop new capabilities that we believe build competitive advantage.

Our active Team Member Networks include:



ADVANCE PRIDE & ALLIES

Fostering visibility, growth and inclusion for members and allies of the LGBTQ community.



#CONNECT

Celebrating the unique talents of our young professionals and using them to advance themselves, our company and their communities.



F.U.E.G.O. LATINO (FOSTERING UNITY, ENGAGEMENT, GROWTH AND OPPORTUNITIES)

Creating opportunities for Team Members, Customers and communities by celebrating Hispanic/Latino culture and a forum to empower talent.



KNOWLEDGE NETWORK

Promoting cognitive diversity among Team Members by sharing knowledge, ideas and different ways of thinking.



S.E.R.V.I.C.E. (SERVE, EDUCATE, RECRUIT, VALUE, INSPIRE, CELEBRATE AND EMPOWER)

Giving back in service of our veteran community by elevating, developing and retaining the unique skillsets that every veteran offers.



W.I.M.N. (WOMEN IN MOTION NETWORK)

Creating opportunities for women at Advance to grow professionally in an inclusive environment.



ADA (ADVANCE FOR DIFFERENT ABILITIES)

Providing Team Members with different abilities opportunities for independence and professional development.



I.C.O.N. (INTERNATIONAL CULTURAL OPPORTUNITIES NETWORK)

Embracing the diversity of cultures and ethnicities, serving as a liaison between Asian and non-Asian Team Members, Customers and communities.



A.L.I.G.N. (AFRICAN AMERICANS LEADING INCLUSION AND GROWTH NETWORK)

Focused on professional growth and building competencies by sharing experiences and improving engagement.

Team Member Networks have been responsible for unique and successful initiatives internal to Advance and in the communities we serve. Some examples include:



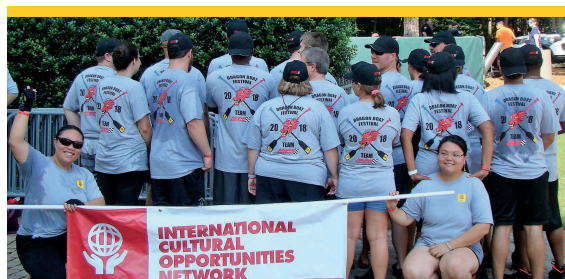
W.I.M.N. introduced “Mentoring Circles” which allow a small group of Team Members to be mentored by a leader on a topic they choose. These Team Members met at minimum of three times over a given quarter to discuss the topic at hand while learning and applying new skills such as networking, communications and presentation effectiveness. Beginning with 7 circles and 33 Team Members in 2017, there are now over 60 Team Members through 14 circles. Starting in 2019, the program will be offered twice yearly in 20 circles.



#Connex was the inspiration for “Community Garage,” a program designed to provide local community members with hands-on learning and expert advice on basic auto maintenance and safety. The inaugural event, held at the Carquest Technical Institute Research Center in Raleigh, NC was open to the community and included stations focused on how to perform an oil change, the correct way to jump-start a battery and tire safety basics. All maintenance and repair demonstrations were led by ASE-certified technicians from Advance Auto Parts and local professional repair shops.



With F.U.E.G.O., 18 Advance stores across the Southwest Region celebrated Mexico's Independence Day with Team Members and Customers. Activities included car shows, cultural décor and traditional music. Several stores were able to beat their sales targets as a result of increased engagement with the community.



I.C.O.N. supported our sponsorship of the local Dragon Boat Festival in North Carolina, where each year approximately 7,000 visitors attend to celebrate Asian culture. Advance hosted a booth at the event to share information about our company with attendees, and entered a boat in the Dragon Boat race.



Advance Pride & Allies network was responsible for our sponsorship of the 2018 Lambda Car Club Invitational in Nashville, TN which is a national organization of 38 chapters and 1,800 members. Lambda Car Club International is the largest collector car club in North America for LGBTQ people and their friends and allies.



The ADA network partnered with The Arc Organization to raise \$35,000, exceeding its goal by \$5,000. The Arc Organization advocates and provides opportunities and support for individuals with intellectual and developmental disabilities. The ADA network took part in the Step Up For the Arc Walk and Family Fun Day in Ocean County, New Jersey, an event with 600 attendees that engaged in games, music, refreshments and a 1 mile walk held at the Lakewood Blue Claws Stadium.



ORGANIZATIONAL HEALTH

A healthy organization is one where every Team Member feels welcomed, valued, respected and heard; where they have the tools and information necessary to do their jobs; and where there is room for growth and development. Building an organization with these qualities will enable us to deliver on our long-term strategy. To align priorities and goals across the organization, Advance administers a company-wide Organizational Health Survey that measures our performance against these key attributes.

Areas of positive feedback from Team Members has included:

- Support for diversity is strong at all levels.
- Supervisors inspire high performance through their leadership.
- Team Members have clearly defined objectives and know how to help the company meet its goals.
- Team Members say they have the proper training to do a quality job.

Our November 2017 survey revealed opportunities for continued improvement in 2018 in the areas of role clarity, inspiring/challenging leadership and financial acumen. Additional opportunities for improvement revealed in the 2017 survey include:

Simplified Processes – Minimize or eliminate unnecessary processes, bureaucracy and red tape to enable Team Members to more effectively do

their jobs and meet Customer needs. As a result, we will have new and enhanced onboarding programs and a simplified Team Member Handbook launching in early 2019.

Career Development – Offer growth and development opportunities for Team Members. Follow-up actions have included improved clarity in role definitions and career ladders, along with expanded training opportunities.

Communication and Transparency – Increase transparency in sharing company performance by providing information and awareness about business results, lessons learned and action plans. Enhanced quarterly briefings for Team Members now focus on these topics.

Functional leaders also worked with their teams to create actionable plans within their functions addressing these areas. In addition to the steps taken above, a number of the programs highlighted in this report, such as our Team Member Networks, were a direct result of this feedback. Our goal was to move the needle on these focus areas and improve our overall score. The focus on these actionable plans resulted in improvement as shown in our September 2018 survey with gains on every survey item and significant gains on important areas like confidence in the company's future.

Team Members have seen the changes we've been making and feel positively about where we're going. Our overall organizational



Division President, Maria Ayres, celebrates with Fuel the Frontline winners in Puerto Rico.

health score in September 2018 was 69% favorable, which is 3 points higher than the November 2017 survey.

OVERALL ORGANIZATIONAL HEALTH SCORE

3% ▲

Team Members responded positively to the actions we have taken in response to the feedback from the November 2016 survey, two years in a row.



RECOGNITION FOR GOOD WORK

Recognizing a job well-done is part of any winning culture. Advance has several simple and engaging ways to recognize Team Members for their service and impact on our business.



Our **Fuel the Frontline** program gives bonus-eligible Store and Field Team Members the chance to own stock in the company. It recognizes our frontline Team Members for serving our Customers and accelerating profitability by awarding shares of Advance stock on a quarterly basis to stock-eligible Team Members whose stores are one of the top five per region based on results versus target.

The **Be an Owner** program allows us to recognize top performers in our Customer Support Centers and Supply Chain teams with stock grants who achieve excellence on key company initiatives or in their role and contribute to the overall success of the company, and demonstrate the behaviors of one or more of our Cultural Beliefs.



Our **Spark** program is an online recognition program that provides every Team Member across our company the ability to give “Shout Outs” for great work and call attention to fellow Team Members who are living our Cultural Beliefs and delivering positive performance results aligned to our long-term strategy. The program has become quite popular – in 2018, we recorded a 70% increase in usage over 2017. What makes Spark special?



Team Members can earn Spark points that can be redeemed through an online catalog for a wide variety of merchandise or gift cards.



Team Members can earn and give badges for consistently living each of the Cultural Beliefs.



The site is available from any computer with internet access or via a mobile application for tablets and smartphones.



Advance hosts a series of Safety Schools at its distribution centers.

SAFETY

Advance Auto Parts is focused on the safety of our Team Members and business partners. Programs first introduced in 2016 delivered a 17% year-over-year reduction in safety incidents in 2017. We then created a consolidated Environmental, Health and Safety (EHS) organization that brought our safety and occupational health resources into one organization to lead and support these efforts.

Our safety process is promoted and summarized as: Lead, Investigate, Fix and Educate, or LIFE.

In 2018, we deployed our EDGE program (Explain, Demonstrate, Guide, Enable), a series of behavior-based tools designed to reinforce safety-related conversations in stores and distribution centers.



17% ▼
year-over-year reduction in safety incidents in 2017

7% ▼

recordable incidents have declined overall

24% ▼

recordable incidents in retail operations have declined

We continue to see improvements in our safety performance and increased accountability for a safe work environment among leadership and Team Members. Through the first nine months in 2018, recordable incidents have declined by 7% overall, and an impressive 24% in our retail operations. This year, we also updated and published our EHS Policy.



LEAD

All Team Members must lead with compassion and by example. Our belief is all injuries, illnesses and environmental incidents are preventable, and no activity is worth risking injury or accident



INVESTIGATE

Encourage and expect Team Members to report and investigate all incidents by identifying immediate/root causes and develop preventative actions.



FIX

All Team Members are expected to recognize and stop unsafe activity and adverse environmental impact. Team Members will act to correct the hazards and/or behaviors to promote a sustainable work environment.



EDUCATE

Awareness through team huddles, behavior recognition and training. Advocate safe behaviors, work practices, tools, and personal protective equipment and understand and learn from our incidents, behaviors and industry trends.



PLANET

REDUCING OUR ENVIRONMENTAL IMPACT



“

We're encouraged by the progress we've made in building a culture free of injury, occupational illness and adverse environmental exposure and are committed to doing more in the coming years.

”

Tom Greco

President and CEO

Advance Auto Parts is dedicated to environmental, health and safety excellence. Our **Environmental, Health and Safety Policy** is focused on developing and sustaining a work environment that promotes inclusion and focuses on the health, safety and environmental well-being of our Team Members and business partners.

To this end, we are pursuing a culture free of injury, occupational illness and adverse environmental exposure by operating with professional integrity and in a socially responsible manner.

While we are proud of our accomplishments to-date, we believe we have an obligation to do more. We take this responsibility extremely seriously and are looking at ways to further reduce and improve our environmental impact across our entire organization. We are committed to continuing our efforts in this area and look forward to sharing additional improvements in the future.

RECYCLING THAT WORKS

With approximately 5,000 Advance Auto Parts stores serving as collection sites, responsible recycling of used motor oil and lead acid batteries is a priority for us, and our programs for both are notably efficient. Approximately 90% of used motor oil is re-refined and then sold as engine and lubricant oils for industrial applications. That is roughly 19.8 million quarts of new oil products produced from the 5.8 million gallons we collected in 2017 alone!

Our lead acid battery recycling story is equally impressive. In fact, 99% of the materials in a typical automotive battery are reused in the production of new batteries. That is the highest recycling percentage of any consumer product in the United States. In 2017, we recycled 130,000 tons of lead acid batteries. That is enough battery charge to power more than 6 million medium-sized vehicles.



Advance Auto Parts is a member of the Responsible Battery Coalition®, which is committed to the responsible life-cycle management of batteries.



IN 2017, WE RECYCLED AS MUCH AS:

USED MOTOR OIL

(gal)



CARDBOARD

(tons)



STRETCH WRAP

(tons)



LEAD ACID BATTERIES

(tons)



Advance is a founding member of the Responsible Battery Coalition® a coalition of companies, academics and organizations committed to the responsible life-cycle management of batteries. This includes planning for future needs related to new battery technologies.

We also have programs to recycle packaging materials such as cardboard and stretch wrap. As a result, 15,000 tons of cardboard and 500 tons of stretch wrap are turned into new products every year. We also recycled more than 40,000 gallons of used antifreeze/coolant in 2017 and will be expanding this program to all new stores in 2019.

Our “re-manufactured” parts program goes back more than 80 years. When some auto parts are purchased, we charge a “core fee” that is refunded to the Customer when the part being replaced is returned. Once received, the old part is sent back to the manufacturer where it is refurbished and then sold as a “re-manufactured” part. This process typically uses greater than 85% of the original part and requires less energy, less oil and less metal than newly manufactured parts. Not only do the re-manufactured parts meet the same quality and guaranteed performance levels as the original parts, they also save our Customers money. Our current core return rate for automotive batteries is 93%. Our goal for 2019 is a 95% return rate.



Solar panels on the roof of our Enfield, CT Distribution Center.



LED lighting in the Advance store in Coral City, FL.

DOING MORE WITH LESS ENERGY

Under a number of initiatives that launched a few years ago, we have made great strides to improve energy efficiency. The implementation of LED lighting, centralized energy management and high-efficiency HVAC systems resulted in a 30% reduction in our annual energy usage within our stores in 2017.

One of our more visible efforts included the conversion of our store delivery fleet from V6 pickup trucks to more economical hybrid and four-cylinder automobiles, helping to reduce both emissions and fuel costs.

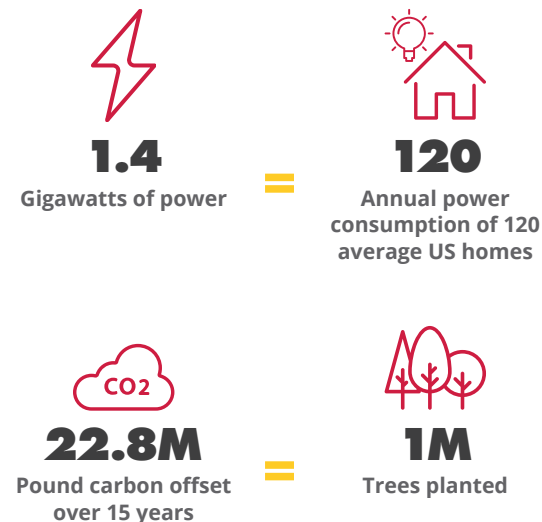
We even produce electricity for some of our energy needs. Through a partnership with SolarCity, a solar array on the roof of our Enfield, CT distribution center produces 1.4 gigawatts of power annually – enough to power 120 average U.S. homes. More importantly, this represents a 22.8 million-pound carbon offset over 15 years, which is the equivalent of planting 1 million trees!

Advance understands the salient risks of our business, which has the potential to impact climate change and overall greenhouse gas (GHG) emissions into the atmosphere. We continue to integrate sustainability goals and practices into our overall risk management, capital planning and business strategy to mitigate our impact and reduce our carbon footprint. We track Scope 2 GHG emissions related to the physical operation of our distribution centers, stores and offices. We use the Corporate Accounting and Reporting Standard provided by the GHG Protocol as established by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

In 2017, Advance emitted approximately 239,637 Scope 2 Metric Tons of GHG, in the form of CO₂ in our operations in the United States and Canada, excluding our Worldpac locations. This was a 17% reduction in Scope 2 GHG emissions in 2017. Through the first 9 months of 2018 we have further reduced Scope 2 GHG emissions by 5%.

22% 
reduction in Scope 2 Carbon emissions
since 2016

THE SOLAR ENERGY WE PRODUCE





LOOKING AHEAD

In 2019, we expect to implement a company-wide Environmental Management System (EMS) that will allow us to track, analyze and report our activities and projects more effectively. We then plan to identify metrics for sustainability improvement. Each metric will be assigned targets over a multi-year period, and we will provide updates in future reports. Our plans for 2019 also include a “Sustainability Survey” to elicit ideas from Customers and Team Members that may lead to additional opportunities for better performance.

As we collect final recycling data early next year for 2018, we plan to develop a consolidated system to report historical performance in recycling used motor oil, cardboard, stretch wrap, antifreeze and filters.

COMMUNITY

GIVING BACK TO THE COMMUNITIES WHERE WE LIVE AND WORK

The Advance Cares program is the umbrella under which our charitable and community engagement efforts operate. Whether we are supporting a cause, sponsoring an event or providing volunteers, we are demonstrating that Advance Cares about our communities.



Advance Team Members and Customers donated items to assist families affected by Hurricane Florence.



Tom Greco, Advance President and CEO, helps gift a new home to a veteran and his family in New Bern, N.C.

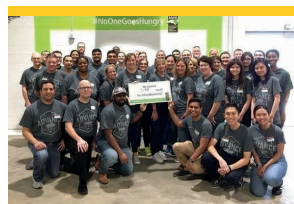
Advance Cares is guided by the Advance Values – **Inspire**, **Serve** and **Grow** – to act as a responsible corporate citizen. And while we understand that there are a variety of worthy causes in every community, to maximize our giving and make the greatest possible impact, Advance has chosen to focus our charitable efforts through support of the following impact areas:



Advance has helped raise over \$44 million for JDRF over the past 24 years.

HEALTH

Improving the health and wellbeing of others.



Advance's Finance team volunteering at a Raleigh, N.C. food bank.

DISASTER RELIEF

Providing timely support to those impacted by disasters such as earthquakes, hurricanes, floods and other natural disasters.



Advance has helped raise more than \$11 million since 2011 for Building Homes for Heroes.

MILITARY AND CIVILIANS IN NEED

Helping families to assure their critical needs are met through comprehensive, community-based programs, including those supporting our military.



Advance has supported JDRF by raising more than
\$44 MILLION
 for potentially life-saving research over the past 24 years



We began our national support of the American Heart Association and raised
\$500,000
 in 2018



Advance is proud to have helped raise
\$11 MILLION
 since 2011 including **\$2 million** in 2018



Our team helped raise over
\$500,000
 to support the recovery efforts of Team Members and their families who were directly affected by devastation of Hurricanes Harvey, Irma and Maria

Through our in-store campaigns and special partner events with suppliers and Customers, Advance Auto Parts has supported JDRF in their mission to find a cure for Type 1 Diabetes by raising more than \$44 million for potentially life-saving research over the past 24 years. We raised \$400,000 in the first nine months of 2018.

In 2018, we began our national support of the American Heart Association with a special company-wide, point-of-sale campaign and HeartWalk participation in North Carolina and Virginia. Tom Greco, President and CEO served as the Walk Chair for the 2018 Triangle Heart Walk. The Walk had a record year, raising almost \$2 million. Through engagement with our stores nationally and local walk team fundraising, Advance raised \$500,000 for the American Heart Association in 2018.

We are also a national supporter of Building Homes for Heroes, an organization committed to providing for brave men and women who were injured while serving their country. The organization builds or modifies homes, and gifts them, mortgage-free, to veterans and their families, with a goal of gifting a home every eleven days. As one of their largest donors, Advance is proud to have raised \$2 million in 2018 and more than \$11 million for this organization since 2011. With more than 6,000 military veterans as fellow Team Members and a commitment to hire 10,000 additional veterans over the next five years, supporting our veterans is very important to all of us at Advance. Our commitment to Building Homes for Heroes and military veterans was recognized in November 2018 as Advance's President and CEO,

Tom Greco, was honored at the organization's 8th Annual Honoree Dinner for his and Advance's outstanding contributions to the organization.



US Army Specialist Hugo Gonzalez and his family enter their new home in Port St. Lucie, FL.

In 2017, we all witnessed the unprecedented devastation of Hurricanes Harvey, Irma and Maria on the communities in Southern Florida, Puerto Rico, Virgin Islands, Southwest and the Gulf Coast Regions. The hurricanes were nothing short of catastrophic for a number of our Advance Team Members and Customers, as well as their communities. Advance helped raise over \$500,000 to support the recovery efforts of Team Members and their families who were directly affected by these events.

In 2018, our Team Members and Customers were again impacted by devastating hurricanes. Following Hurricane Florence, we partnered with the community to accept relief items at our stores for the Food Bank of North Carolina and our Raleigh Team Members continue to assist the Red Cross with cleanup efforts. We continue to support our Team Members with financial assistance in the wake of Hurricane Michael.



Advance Team Members participate in the American Heart Association's Heart Walk.

LOCAL GIVING CAMPAIGNS

Each Advance location serves within a community having unique needs and demographics. Our Local Community Impact Program empowers local Advance leaders to make local decisions on charitable gifts. One region may choose to support a local food bank and another to support a local cancer fundraiser. Allowing Team Members to take ownership and have connection to their local non-profit organizations. All across our company Team Members are supporting the communities where they live and work.

In 2017 and 2018, our Team Members pledged more than \$1 Million in donations to over 300 non-profits throughout the country. Our annual giving campaign allows Team Members to designate the charity of their choice and spread donations throughout the year via payroll deductions. Team Members are passionate about the organizations they support both through financial donations and volunteer hours.

Advance Auto Parts is *Advancing a World in Motion* to create healthy and safe communities for our Team Members and their families. Whether we are providing financial support, sponsoring an event or providing volunteers, we are demonstrating that Advance Cares about our communities. Our mission is to deliver great service with the best solutions in all areas of our business including our service to the communities where we live and work.

GOVERNANCE

PROVIDING A STRONG FOUNDATION

Advance believes that strong corporate governance practices reflect the company's Values and support our strategic and financial performance in an ethical and sustainable manner. The compass of our corporate governance practices can be found in our By-laws, our Guidelines on Significant Governance Issues and our Code of Ethics and Business Conduct, which were adopted by our Board to guide our company, our Board and our Team Members. Obtain more information about our corporate governance policies and practices, including the Board's oversight of sustainability and enterprise risk, on our website at www.AdvanceAutoParts.com under "Highlights" in the Investor Relations section and in our **2018 Proxy Statement**.

CORPORATE GOVERNANCE HIGHLIGHTS

- Annual election of all directors
- Directors elected by majority voting
- Independent Chair of the Board
- Over 80 percent of our directors are independent
- All NYSE-required Board committees consist solely of independent directors
- Proxy Access right
- Right to call special meeting by stockholders holding 10 percent of shares with no holding period
- Regular executive sessions of independent directors
- Annual evaluation of the Board, Committees and individual directors
- Strong Guidelines on Significant Governance Issues
- Board policy on CEO succession planning
- Policies prohibiting hedging and prohibiting pledging (unless certain stringent requirements are met)
- Robust stock ownership guidelines for directors and Executive Officers



THANK YOU!

All of us at Advance appreciate your interest in our sustainability and social responsibility efforts, and we hope you have found this inaugural report informative. We are proud of what we have accomplished thus far and look forward to further improvements in the years to come as we continue *Advancing a World in Motion*.

Should you have any questions or need further information you can visit our website at AdvanceAutoParts.com or send an email to Sustainability@Advance-Auto.com.

