



CORPORATE SUSTAINABILITY AND SOCIAL REPORT

2020



TABLE OF CONTENTS

03 LETTER FROM OUR CEO

06 ABOUT ADVANCE

08 PEOPLE

31 PLANET

38 COMMUNITY

45 GOVERNANCE

LETTER FROM OUR CEO

In the year 2020, the global COVID-19 pandemic fundamentally changed the way we live and work. Many would say these changes are more lasting than temporary. A seemingly unanticipated outcome of the pandemic was the heightened importance of environmental sustainability and social responsibility on companies and governments. At Advance, we remain fully committed to evolving our business in response to global challenges. This will ensure that we are not only driving industry-leading financial returns in the short term, but also that we are repositioning our business to drive sustainable value for our shareholders over the long term.

Our Vision: “Advancing a World in Motion,” is an articulation of this commitment. Advancing a World in Motion is about driving the performance of our company while we *simultaneously* protect the health, safety and wellbeing of our people, increase diverse representation, reduce our environmental impact and give back to the communities in which we live and serve. Stated simply, it's about how we support and care for one

another while ensuring we leave our company and the world in a better place for future generations.

Caring for our people, planet and community was especially important in 2020, given the historic challenges we faced. These included the COVID-19 pandemic, a societal focus on racial injustice, extreme weather and an economic downturn. As a company, we had to respond to abrupt shifts in consumer behavior as well as material changes in the safety requirements for our stores and distribution centers. This necessitated that we rapidly find new ways to care for customers and support team members. At the same time, we also redoubled our efforts to advance our sustainability agenda, highlighted by the appointment of our first Chief Diversity, Equity and Inclusion Officer. Our Chief Diversity, Equity and Inclusion Officer reports directly to me and her mandate is to create long-term, meaningful change and build on our commitment to **Champion Inclusion** 🤝. In addition, we once again completed the year as one of the largest



**ADVANCING A
WORLD IN MOTION IS
ABOUT DRIVING THE
PERFORMANCE OF OUR
COMPANY, ENSURING
THE HEALTH, SAFETY
AND WELLBEING OF OUR
PEOPLE, REDUCING OUR
ENVIRONMENTAL IMPACT
AND GIVING BACK TO THE
COMMUNITIES IN WHICH
WE LIVE AND SERVE.**

corporate contributors to the American Heart Association and Building Homes for Heroes.

Stepping back from what was both a turbulent year *and* an enduring time for the world, three primary themes emerged for us following the onset of the pandemic. While these themes have always been important to our success, they took on an even greater significance in 2020:

Innovation. This year, we made it abundantly clear that in spite of many other challenges, our first priority was the health, safety and wellbeing of our team members and customers. We put every decision we made through this lens. The challenging environment we faced required us to innovate in the ways that we served customers and supported our team members. While we have many examples of this, the launch of our Advance Same Day Suite of Services™ was a highlight. We launched Advance Same Day in literally a matter of days to ensure we could provide contact-free services to our customers. With many working from home due to the pandemic, we also had to be resourceful in finding ways to train our team members on entirely new and different standard operating procedures. Finally, as other companies cancelled summer internship programs, we developed a virtual internship program in very

short order. We knew canceling the program was simply not an option. In the words of one of our summer interns, this program “has had a lasting impact on all of us who participated. It was a program that helped us continue our development at a time of great uncertainty in our country. We had opportunities to connect virtually with executives, work on exciting and challenging projects, and most importantly, receive mentorship and coaching that will help us succeed in the future.” Over the long term, actions like this will help us **Grow Talent** 🌱 across the organization.

Communication. With travel coming to a standstill early in 2020 and most of our corporate team members working from home, we dramatically increased the frequency and quality of our communication to team members. We also found new ways to connect and “see” one another on a regular basis. This included market tours, distribution center visits and Town Hall meetings which were held virtually to allow us to safely engage with team members and develop our revised plans with input from our frontline workers. It also enabled us to gauge how team members were feeling and get real time feedback on how we could better support them in this uncertain environment.

Addressing current events with expediency and using one voice as a leadership team ensured all our team members felt heard and engaged. We also worked to increase transparency in our environmental, social and governance reporting and joined the SASB Alliance. We are proud that this report includes metrics calculated in accordance with SASB standards to help increase the comparability of our disclosures.

Perseverance. The extraordinary leader and former South African President Nelson Mandela once said, “It always seems impossible until it is done.” These words could not have been truer this past year. There were numerous times when certain obstacles seemed insurmountable, but somehow, somehow, our team members persevered and found a way to overcome them. At every level of our organization, we narrowed our focus to the highest of priorities to ensure we addressed unplanned, immediate needs while still enabling the delivery of our long-term commitments.

In the pages that follow, we invite you to read more about the progress we made on our sustainability and social agenda in 2020. Throughout the report, we share ways in which we made the health, safety and wellbeing of our

team members and customers our first priority; the work we did to build a more diverse, equitable and inclusive culture; and, the many programs we enacted that acknowledge the importance of career advancement, training and recognition. Our efforts to reduce our carbon footprint are also outlined along with the many ways we supported local communities in a time of such great need. In addition, there are moving stories about team members across the company and how they demonstrated care in supporting each other, our company and the communities we serve.

History will remember 2020 as a year filled with life-changing events. At Advance, we'll remember it as a year of progress and a year in which we built trust with both customers and team members. Without question, it will be difficult for any of us to forget how we were treated by the company we work for or the companies we shopped with during this unprecedented time. Based on the significant improvements we saw in our organizational health and net promoter scores in 2020, at least in the eyes of Advance's team members and customers, we treated them better than ever. At the same time, our achievements were only made possible because of the tireless efforts of our team members, independent partners and suppliers, all of whom overcame

incredible obstacles and adversity so they could rise to the occasion, working as one team.

As I conclude this letter, it is worth noting the word sustainability is derived from the Latin *sustinere*, which means to “support,” “uphold,” or “endure.” I’m extremely proud of our entire organization in the way they we stepped up to support and uphold our team members and customers, so AAP could endure throughout the year and be even stronger on the other side of this crisis.



Tom

TOM GRECO

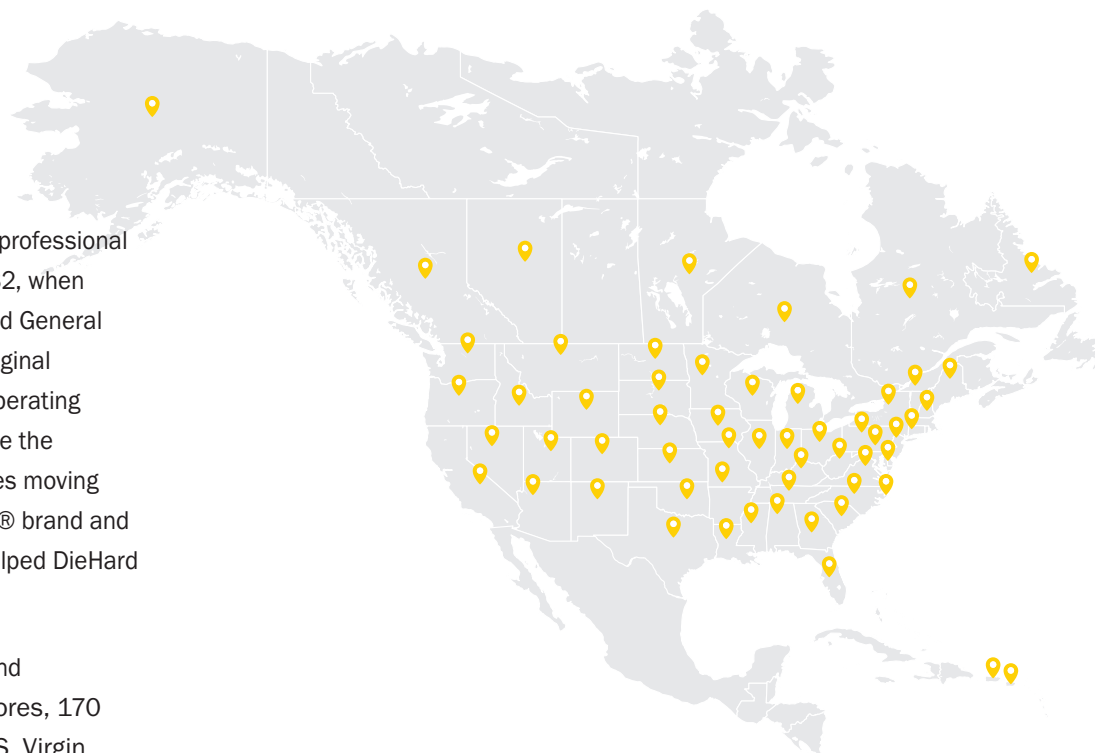
President and Chief Executive Officer

ABOUT ADVANCE AUTO PARTS

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. 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 and Worldpac, which includes moving our headquarters to Raleigh, N.C. in 2018. In 2019, we acquired the DieHard® brand and in mid-2020 we launched our #DieHardisBack marketing campaign, which helped DieHard become a billion-dollar brand for Advance Auto Parts.

As of January 2, 2021, we employed approximately 68,000 team members and generated \$10.1B in net sales. At year-end, 2020 we operated 4,806 stores, 170 Worldpac branches in the United States, Canada Puerto Rico and the U.S. Virgin Islands. We also served 1,277 independently owned Carquest branded stores across these locations in addition to Mexico, Grand Cayman, the Bahamas, Turks and Caicos and the British Virgin 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. Ultimately, we all share a common goal: leaving the world a better place for future generations.



4,976
STORES & BRANCHES*



\$ 10.1 BILLION
TOTAL NET SALES IN 2020

As of January 2, 2021 the Company also served 1,277 Independent Carquest Branches

CULTURAL BELIEFS



SPEAK UP

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



BE ACCOUNTABLE

I own challenges and overcome obstacles to achieve team and personal goals.



TAKE ACTION

I act with urgency because speed matters.



GROW TALENT

I own my development and the success of those around me.
I hire and develop the best talent and commit to my teams' continuous development.



MOVE FORWARD

I build trust and collaborate as one team with one voice to the customer.



CHAMPION INCLUSION

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

INSPIRE **SERVE** GROW

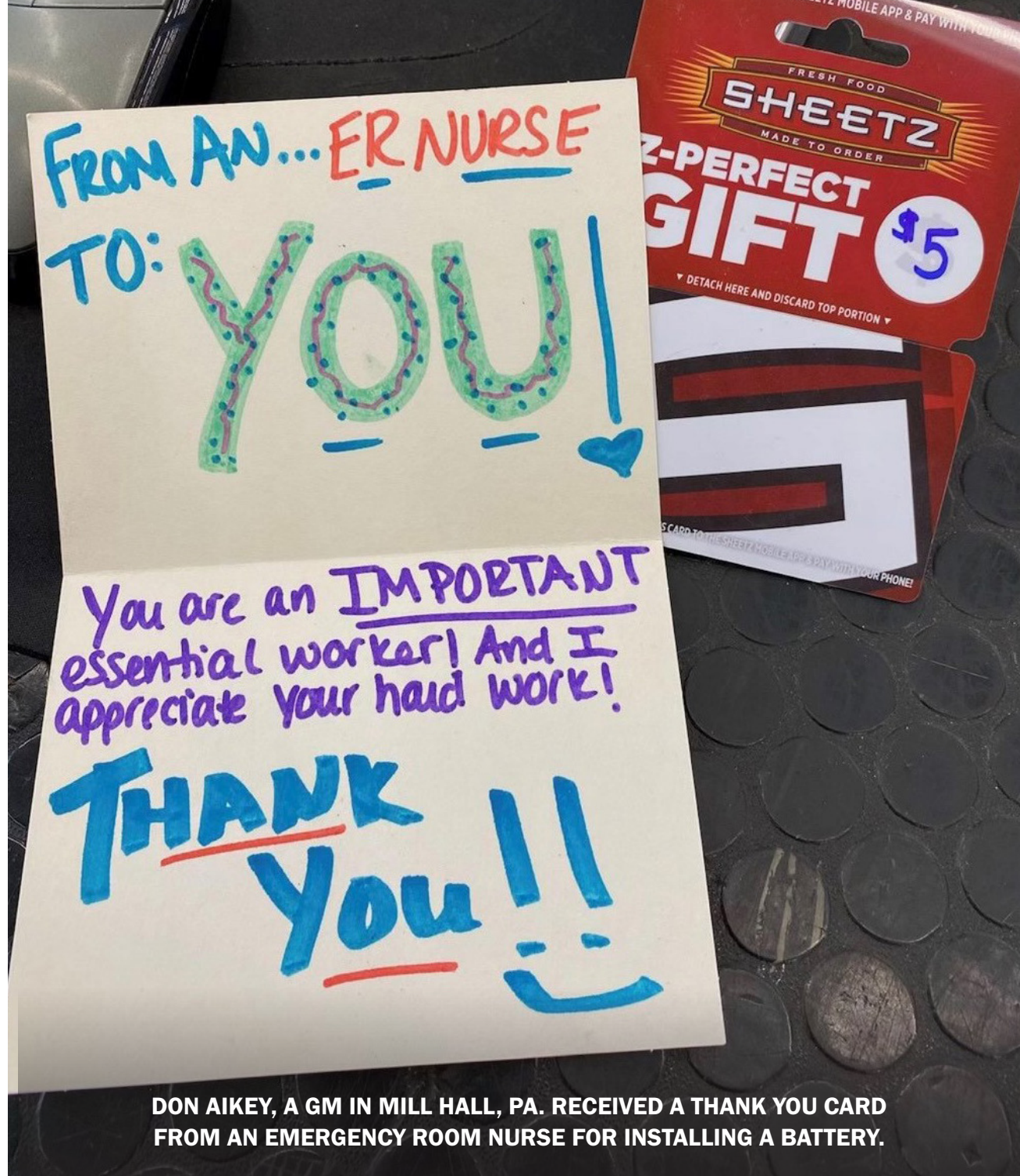
PEOPLE

Many years ago, Advance began using the tagline: “The Best Part is our People.” While the wording has evolved over the years, the sentiment behind the statement has never meant more than it does today. At Advance, our team members mean more to us than the positions they hold. We think of each other as family. When people join our team, we CARE for them, we DEVELOP them, and we help them THRIVE at work and beyond. We know that when we take care of our people, they will in turn take care of our customers. This is how we Advance Stronger Together.



CARE

While the health, safety and wellbeing of our team members and customers has always been a top priority, in 2020, care for both groups took on new meaning. The COVID-19 pandemic was remarkably different from anything any of us had ever experienced and we had no playbook to follow. We also could not control when or how this crisis would end. For this reason, throughout the year, we dramatically increased the frequency of our communication and improved the quality of our messaging. Through virtual town halls, regular video updates from our CEO, virtual learning opportunities and more frequent functional meetings, we strengthened the connection between our leaders and team members. This enabled our leadership team to support and engage with our team members at a time of great need. To ensure continuous improvement and effectiveness, we routinely benchmarked and worked collaboratively within our industry and professional organizations to strengthen our response to this rapidly changing environment.



DON AIKEY, A GM IN MILL HALL, PA. RECEIVED A THANK YOU CARD FROM AN EMERGENCY ROOM NURSE FOR INSTALLING A BATTERY.


SAFETY

We were fortunate that throughout the COVID-19 pandemic our stores were considered “essential” and remained open to serve customers. Our customers, and other essential personnel such as medical professionals and emergency responders, needed their personal vehicles to be in good working condition, so they would have access to food, supplies and medical care. Most of our team members work in our stores and distribution centers (DCs), and they made tremendous personal sacrifices to support our customers. In turn, we worked hard to support them and keep them safe so they could “keep America on the road.”

Early Preparation

In the earliest days of the pandemic, we activated our business continuity and emergency response team to help ensure that we were appropriately prepared to handle this rapidly evolving situation. This team was charged with monitoring the guidance of the Centers for Disease Control (CDC) and other relevant regulatory authorities, communicating regularly with our team members and confirming that we had the resources in place to respond quickly in the event there was a potential exposure or confirmed case impacting any locations, including stores, branches, DCs or customer support centers.

We also established a dedicated COVID-19 leadership team, project management office and several steering teams all focused on supporting our team members and customers and solving any challenges that may arise related to our supply chain, technology, legal and business processes.

Our COVID-19 leadership team regularly cascaded safety protocols and introduced our pandemic playbooks to ensure all our team members could **Be Accountable**  and overcome obstacles to maintain a safe working environment. This team, made up of senior leaders representing our environmental health and safety (EHS), legal, human resources (HR), communications and investor relations teams, reported directly into our Advance CEO and provided frequent updates to our Executive Committee. They also coordinated a critical work remote exercise for team members working from corporate locations, ahead of possible stay-at-home orders. The drill helped us to identify potential gaps or business operations risks to providing the best possible service to our frontline teams and our customers, in the event we had to transition to remote working conditions quickly.



Steering teams were responsible for key pieces of our business, including our supply chain, inventory management, store operations and marketing. Each steering team developed a charter focused on planning, response, action and care.

Finally, we had dedicated teams focused on escalation processes and CDC guidance changes, incident tracing and case management, training and keeping our playbooks updated. We also instituted a data analytics team that provided our project management office and COVID-19 leadership team with the information needed to make informed decisions.

Emergency Pay Guidelines

With more than 60,000 “essential workers” among our team members, one of the first steps we took as part of our pandemic response was the implementation of emergency pay guidelines that provided additional paid sick time of 80 hours for full-time and 44 hours for part-time team members affected by COVID-19. This significant investment enabled impacted team members to stay home and reduced the potential for community spread.

Comprehensive Testing and Tracing

We enabled an in-house management system for COVID-19 tracking, tracing and case management using our own proprietary platform. We updated and made significant changes to this system throughout the year based on case volume and business needs.

As testing became more readily available, we were among the first to secure agreements with testing companies, so we could offer free COVID-19 testing, if needed. In addition, if any of our team members needed medical attention, we made telemedicine options available and encouraged anyone who suspected possible exposure or who experienced symptoms to utilize this readily accessible service.

Safety Measures in Stores and DCs

We regularly updated our safety measures based on the latest public health guidance. In our stores, we implemented health check screenings and social distancing, initiated enhanced sanitation practices and installed plexiglass barriers at checkout points. For our professional customers, we delivered parts in a way that reduced human interaction and adhered to unique protocols individual repair shops put in place. In our DCs, we made critical changes, including implementing social distancing, increasing cleaning and sanitation and implementing health check screenings. For all our frontline team members, we sourced much-needed supplies, including millions of face coverings through the delivery of CARE kits.

Comprehensive Training Curriculum

We supported each safety action with a robust training curriculum ensuring that team members understood new protocols and implemented them in a way that provided a safe working environment. This included training courses covering in-person

protocols. Most recently, this included a series called, “Know your Risk,” which trains team members on how to properly wear masks and assess social activities that might increase their potential risk to COVID-19 outside of the workplace. The program invites team members to learn about precautions that can be taken to mitigate the risk of contracting COVID-19.



We believe our unrelenting focus on health and safety directly contributed to our Advance team members staying well below the national average infection rate for COVID-19. Though two COVID-19 vaccines received emergency use approval from the U.S. FDA in December, the pandemic is still ongoing. Therefore, we remain focused on taking the necessary steps to ensure our team members feel safe coming to work and our customers feel safe shopping in our stores.

Other Critical Safety Programs

At Advance, we know a proactive safety culture helps reduce the risk of workplace accidents and injuries, as well as costs associated with injury-related claims. Beyond our important COVID-19 actions, we continued to focus on a variety of safety measures across our stores, branches, DCs and vehicle fleet.

CARE FOR TEAM MEMBERS TAKES ON NEW MEANING

To care for our store team members during the COVID-19 pandemic, the DC team in New Castle, Indiana prepared “CARE kits.” Each kit contained much-needed cleaning supplies and paper products, including hand sanitizer, soap, bleach, spray bottles and face masks. To boost morale, the team also included letters of support and encouragement. By the end of 2020, the 28-person team assembling the kits prepared more than 71,000 care kits that were sent to Advance Auto Parts and Carquest independent locations across North America.



Store Programs

We regularly track each store's safety performance against a detailed scorecard and categorize our stores based on the previous year's findings. From there, detailed action plans are created to help ensure meaningful improvements are made. Weekly safety topics are also shared to reinforce safe behaviors and help team members recognize potential workplace hazards. In addition, we identified regional “Safety Champions” in select markets whose responsibilities include reinforcing compliance, leading training programs and tracking safety data. Safety Champions are existing sales or operations leaders who have expressed an interest in developing new skills. The program is slated for rollout to all Advance regions in 2021.

Our company-wide facilities and operations teams launched “Repair in Advance,” a proactive maintenance and repair program for our stores. Through this program, service providers perform minor repairs while on site and report larger issues to the facilities team for follow-up. This program, which was originally conceptualized by members of the Advance Officer Development leadership training program, reduces store team distractions while providing condition assessments of our stores to include loss prevention and safety.

DC programs

In our DCs, we continue to reinforce our safety culture through our behavior-based safety program. This program invites team members to hold each other accountable by correcting unsafe behaviors in real-time. More than 70,000 behavior-based observations were recorded across our DCs in 2020.

We led “Back to Basics Bootcamps” where environmental, health and safety leaders reinforced core safety elements across our supply chain to educate DC team members on safely performing activities like lifting, operating forklifts and other heavy equipment, and more. We also piloted forklift

telematics at two DCs to reinforce our commitment to the safe operation of powered industrial vehicles. Telematics software helps to mitigate risks and manage safety protocols when an impact occurs and allows us to address repairs before they become bigger issues. This helps us improve our overall safety compliance, reduces overhead costs and streamlines our operations. We plan to expand the program to other DCs in 2021.

Fleet safety

For our delivery fleet, we continued investing in SmartDrive™, a video based telematic coaching and feedback system, to reduce auto claims and

improve vehicle safety. SmartDrive, piloted in 2019, records any distraction occurring inside or outside of a vehicle. Any event that registers as a safety risk is screened and then sent to an intelligence portal that allows general managers to review the incident and provide coaching to the team member. We are on track to complete the installation of SmartDrive in all Advance vehicles in early 2022.

In addition we have deployed our Advance Driver Program across the fleet as we deploy the SmartDrive program. This inhouse developed training utilizes the concept of safety gears to train our drivers.

CONTINUED IMPROVEMENT IN OUR SAFETY METRICS FROM 2019 TO 2020



23 %
IMPROVED

TOTAL REPORTABLE INCIDENT RATE



33 %
REDUCTION

LOST TIME INJURY RATE



8 %
REDUCTION

COLLISION FREQUENCY RATE



9 %
REDUCTION

DAYS AWAY/RESTRICTED CASES RATE

For metrics in accordance to SASB Standards, please see appendix A.

HEALTH & WELLBEING

Because of COVID-19, millions of people around the world have been required to stay at home and work remotely for many months, while millions more have adjusted to new ways of working as “essential employees.” For many, the need to socially distance has meant fewer interpersonal connections and feelings of isolation and burnout. We took meaningful steps to engage with our team members and support their health and wellbeing during this very difficult year. We launched a special campaign prior to the end of year holiday season called “Know Your Risk.” This training used multimedia and different methods to engage our workforce on ways of keeping safe and reminding everyone the reasons they need to protect themselves and their families from COVID-19.

Advance WITH CARE

LEARNING SERIES

Our Advance with Care learning series included a variety of materials, tools, resources, webinars and learning sessions focused on core themes designed to support and develop team members during this time. The series was available to all team members and included modules on wellbeing, career development, collaboration and more, all of which were aimed at helping us **Move Forward** » as an organization with care for our team members.

Expanded our Employee Assistance Program

All team members and their families have access to our Employee Assistance Program (EAP). The service provides support 24 hours a day, 7 days a week by phone or on the web so team members can get help with a wide variety of concerns from finding child care services to managing depression. In 2020, we expanded our EAP services to address additional mental health and wellness issues.

Greater Flexibility

In response to COVID-19, we introduced new options for our ongoing “MyFlexAbility” program, shifting from viewing flexibility as a policy to viewing it as a new way of working. For team members working in our corporate offices, this included the opportunity to block time off in up to two-hour increments for scheduling personal appointments, the option to shift schedules to begin and end work later in the day and the ability to compress the workweek into four, 10-hour days. We also provided an additional paid day off for all hourly team members in our stores in appreciation for their hard work.

Financial Wellness

Financial benefits have long been an important component to team member wellbeing. In 2020, we accelerated benefit improvements, including new planning tools from our 401(k) plan provider, expansion of our team member Assistance Fund to provide grants of up to \$300 to help team members with basic living expenses, including child care costs; and enhancing our DC team member pay structure to make positions in our warehouses more attractive in a competitive hiring environment.



DEVELOP

Developing our team members means ensuring they have the tools they need to do their best work and advance in their careers. This includes training courses, career-pathing guides and diversity-focused Team Member Networks. This year, we placed greater emphasis on meaningful development discussions, career-mapping and simplifying processes so team members could focus on the most critical tasks at hand. These activities ensured we continued to **Grow Talent** 🌱 across the organization.





Leading with Care

The COVID-19 crisis required leaders to implement new skills as the needs of our business and our team members evolved. To support them, we launched a learning series called “Leading with Care,” which covered topics like caring for yourself and others, crisis leadership, virtual leadership and inspirational leadership. We offered virtual panel discussions for leaders to see how concepts come to life across the business, as well as tools and resources to aid in one-to-one and team discussions. Importantly, our training videos and leadership modules went from concept to reality in a matter of days, a greatly accelerated timeline to meet current challenges. We saw a tremendous amount of participation from our frontline leaders in our stores, distributions centers and in our customer support centers, and we plan to build on the platform in the year ahead.

Expanding Capabilities

Through our Women in Motion Team Member Network (W.I.M.N.), we invited team members to join Mentoring Circles, which provided opportunities to be matched with a mentor and a small group of team members (their “circle”) to focus on the development of a specific skill. This year, the program was completely virtual and featured two timely themes: 1) work/life integration and emotional health and 2) inspirational leadership. More than 115 team members participated.

We also provided opportunities for team members to expand capabilities through cross-functional exposure. This allowed employees to move into different departments, thus learning different parts of the business, while growing and expanding their skills sets. The program also prepared high-potential team members for leadership positions, which supported retention and job satisfaction.

In 2020, we launched a learning series called “Leading with Care,” which covered topics like caring for yourself and others, crisis leadership, virtual leadership and inspirational leadership. These virtual sessions included participation by leaders from all areas, including frontline, distribution centers and customer support centers leaders.



3 INFO SESSIONS
520 PARTICIPANTS



4 FIRESIDE CHATS
1,192 PARTICIPANTS



10 PANEL DISCUSSIONS
3,129 PARTICIPANTS



6 ROUNDTABLES
292 PARTICIPANTS

OUR PEOPLE ARE OUR BEST PART



LESLIE WHITE

Commercial Sales Manager

Years at Advance: 19

Location: Cornelius, North Carolina

Caring for others has always been a passion for Leslie White. In fact, she was so driven to help others she decided to pursue a nursing degree. Little did she know, her definition of care would take on an entirely different meaning when she took a part-time job with Advance while attending nursing school. At Advance, Leslie relished in the opportunity to help her customers solve even the most complicated automotive challenges. Satisfaction always came from finding a way to get motorists back on the road. For Leslie, the chance to work closely with her fellow team members was an added incentive to leave her nursing degree behind and pursue a full-time position with Advance. Nineteen years later, her career might have taken a different path than she expected, but she continues to find fulfillment in doing something she loves. Her rapid advancement to commercial sales manager is further proof Leslie is doing exactly what she was meant to do – caring for others and helping motorists advance.



LOUIS HOGAN

Independent Director Designate

Years at Advance: 8

Location: Indianapolis, Indiana

Louis Hogan came to Advance with many years of sales and operations experience working on behalf of large retailers. He had heard a lot about Advance, and in 2012, decided to pursue an open position in the HR department. Though it was a departure from his past experiences, Louis jumped in with both feet, working hard to develop new skills and earning a promotion in just a few short years. Despite his success, Louis longed for a return to his sales and operations roots and decided to pursue his dream job. Because of the connections he made working in HR, it didn't take long for Louis to be named director designate with Advance working with our Carquest Independents, a position that oversees a network of account executives supporting our Independent store owners in growing the Carquest brand and national account sales. Though Louis is back doing what he loves most, he credits his time working in HR with giving him the skills he needs to effectively train, mentor and motivate his team.




JOE GARCIA

Vice President, Operations

Years at Advance: 13

Location: Austin, Texas

Joe Garcia joined Advance as an assistant store manager in 2008, following a successful career in the U.S. Marine Corps. Many of Joe's skills developed through his years of military service translated immediately to his new civilian role – skills like teamwork, leadership, flexibility, problem solving and discipline, to name a few. He also developed many new skills, including the value of asking questions to support your continued growth. Joe quickly realized that when you **Speak Up**  and ask questions, it not only helps you gather information you need to improve your job performance, it reinforces collaboration and builds teamwork. It's a skill that has propelled Joe's career, helping him achieve his latest role as vice president of operations in Advance's southwest region. It's also a skill Joe reinforces with his fellow team members to enable their continued growth, including the many military veterans Joe has mentored and recruited during his years with the company.



CYNTHIA GRAHAM

Senior Manager, Inclusion & Diversity

Years at Advance: 12

Location: Shaker Heights, Ohio

In her 12 years with Advance, Cynthia Graham has taken on many exciting roles including recruiting leaders for the organization in talent acquisition, HR leadership positions in field operations, supply chain and organizational development as well as her current position as a senior manager of diversity & inclusion. In every position she has held, Cynthia radiates positivity in how she leads. Her optimism comes, in part, from a belief that no matter the situation, colleagues can always find common ground in ways to work together. It starts by ensuring everyone is aligned after every conversation. If a meeting ends and the conversation feels unresolved, Cynthia makes it a point to quickly reconnect with her colleagues and discuss how both parties can be more comfortable with a decision. It's not easy, but to Cynthia, it's a critical part of what it means to create a culture of inclusion by embracing the diversity of people and thoughts – one where every team member feels their contributions are valued. It's also a way of working that has helped Cynthia be successful in every position she has held.

OUR PEOPLE ARE OUR BEST PART



BRIAN LEAVENS

Vice President, Operations

Years at Advance: 25

Location: Lincoln, Nebraska

When Brian Leavens was a teenager, he bought his dream car—a 1977 Trans Am. Several times a week, he found himself visiting his local Advance Auto Parts store, buying parts and getting advice on how to restore his new ride. He was in the store so often, the general manager eventually offered Brian a part-time position, which helped turn Brian’s passion project into a full-time job. It didn’t take long for Brian to make his mark with the company. Following several promotions, he eventually earned his dream role: vice president of operations, a senior leadership position that is responsible for the strategic direction and profitability of hundreds of stores in the western U.S. Despite his success, Brian is always grateful to the general manager who took a chance on him by offering him that first entry-level position. Brian works every day to pay it forward by mentoring and coaching his team members, helping them succeed in their own careers.



JOE GLOSTER

DC Associate

Years at Advance: 47

Location: Lakeland, Florida

Joe Gloster is a self-proclaimed “numbers guy.” One number that continues to stand out in his career is the number one. Joe was the first to do many things in his decades-long career with Advance. He was the first to operate a forklift in his early days, the first to use the new computer system at the DC where he currently works and the first Lakeland DC team member to reach 47 years of service. One first he’s especially proud of is being the first to recruit a family member (his son) to work for Advance as part of our People with Different Abilities hiring program. The advice Joe gave his son is the same advice he gives to all new team members – work to the best of your abilities and take each day as it comes. Working in a DC is guaranteed to be fast-paced with many opportunities to learn something new. There will always be opportunities to be the “first” to accomplish something.



OFFICIAL OPENING OF ADVANCE'S GLOBAL CAPABILITIES CENTER

Last fall, Advance celebrated the grand opening of its Global Capabilities Center (GCC) in Hyderabad, India. The vision for the GCC is simple: create efficiency by enabling a 24x7 work cycle, while leveraging a global talent approach to enhance our focus and speed. Now employing more than 300 team members, the GCC currently offers roles in digital marketing, human resources, finance and information technology. Though most GCC team members currently work remotely because of the COVID-19 pandemic, this talented team still stays connected to one another through virtual town halls and open hours with leadership, along with the occasional virtual group yoga session and virtual DJ night.



TEAM MEMBERS OF OUR GCC CELEBRATING THE OPENING OF OUR GCC



Creating a Culture that Supports Career Mobility

Despite external challenges, we could not lose sight of the importance of supporting team member career advancement in 2020. We placed great emphasis on helping team members know and understand career opportunities through the increased posting of jobs and opportunities, the creation of individual development plans and the celebration of promotions across the organization.

In November, we hosted Advance's third annual "Career Week," which provided opportunities for team members to participate virtually and learn from their peers both stateside and in the GCC in IT, HR, supply chain, field and more. With sessions titled Networking with Leaders, Why the World Needs Women at the Technology Table, Hiring and Working with People of Different Abilities, and so much more, this year's Career Week enabled team members across the enterprise to take an active role in networking with company leaders and learning more about some of the many areas in which they can grow their careers.

This year, we also revamped Advance Officer Development (AOD), a program which prepares high-performing director-level team members for advancement to the vice president level within 12-24 months. The program now also focuses on what leaders need to do to be inclusive and how to lead virtual teams and build trust to accelerate growth potential. On an annual basis, we have two cohorts participating in this program with approximately 25 team members participating in each AOD cohort.

2020 RETENTION



**TOTAL TURNOVER
IMPROVED
BY APPROXIMATELY
39%
COMPARED TO THE PRIOR YEAR**



**APPROXIMATELY
6,000
PROMOTIONS**



**APPROXIMATELY
800
HOURLY TO SALARY
PROMOTIONS**

For metrics in accordance to SASB Standards, please see appendix A.
Due to COVID-19, total store turnover was positively impacted in 2020.



INTERNS ADVANCE OUR BUSINESS

Our internship program provides meaningful opportunities for our future workforce and helps us **Grow Talent** 🌱 by identifying students who can potentially join us as full-time team members once they complete their studies. In 2020, many students found their internships had been postponed or cancelled due to COVID-19, but at Advance we moved forward by hosting students virtually. A total of 56 undergraduates from 37 different universities participated in the program, representing fields including finance, IT, communications, customer service and more.



MADISON SOLER, A STUDENT AT UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL, PARTICIPATED IN ADVANCE'S INTERNSHIP PROGRAM THIS SUMMER. MADISON IS DOUBLE MAJORING IN MANAGEMENT AND SOCIETY AND PSYCHOLOGY.

THRIVE

To thrive means to flourish and progress toward a goal. At Advance, we know that when our people thrive, our business thrives. Throughout 2020, we took important steps to help our team members succeed by building on our diversity, equity and inclusion (DEI) agenda, enabling every team member to live up to their full potential, and by recognizing and rewarding those who went above and beyond. Not only did these efforts help us attract and retain the best team members in the business, they ensured all our team members continue to perform at the highest levels possible.



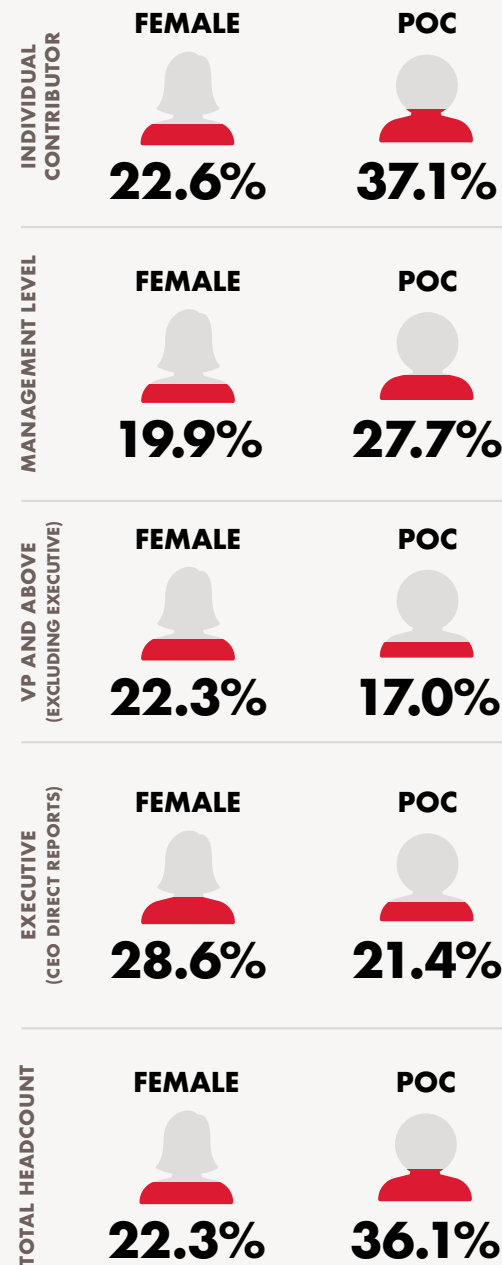
DIVERSITY, EQUITY & INCLUSION

At Advance, DEI are essential parts of our culture. In recent years, we have created many initiatives to ensure we **Champion Inclusion** 🏆 in all we do. From hiring initiatives and training programs, to the support and celebration of human rights, we have worked hard to ensure that our team members feel supported, valued and equal. In 2020, the U.S. faced a moment of racial reckoning, the ramifications of which were felt around the world. For Advance, these events made it painfully clear we needed to **Take Action** 🕒 and keep expanding our commitment to DEI.





Advance's First Chief Diversity, Equity and Inclusion Officer

In 2020, we appointed Dena LaMar as our first Chief DEI Officer, reporting to CEO Tom Greco. The daughter of a prominent civil rights attorney, Dena has championed diversity, equity and inclusion throughout her career, most recently as Advance's regional vice president in the Great Lakes area. With years of leadership experience in the retail and financial sectors, Dena has a track record of building high-performing, diverse teams that have successfully delivered for their customers. Her mandate in her new role is to deliver substantive and authentic change across Advance.



Based on U.S. team members as of January 2, 2021. For metrics in accordance to SASB Standards, please see appendix A.

Diversity Roundtables

In this historic year, we opened the doors of communication through a series of inclusive roundtable discussions so team members at all levels and job functions could **Speak Up**  about their experiences, concerns and ideas for how we can **Move Forward**  as one community at Advance. Team members were open and candid as they shared their personal reflections and ideas. We plan to continue these conversations on an ongoing basis and incorporate the feedback in the development of future programs.



12 SESSIONS CONDUCTED
(JUNE-JULY 2020)



500+ TEAM MEMBERS

GROUPS ENGAGED:

- FIELD LEADERS
- DC LEADERS
- DC INDIVIDUAL CONTRIBUTORS
- TEAM MEMBER NETWORK LEADERS
- HR MANAGERS
- CSC LEADERS
- CSC INDIVIDUAL CONTRIBUTORS
- INTERNS

Critical Trainings

Bringing our team members along on the DEI journey is critical and it starts with ensuring our leaders have the knowledge and tools they need to have uncomfortable conversations with their teams and with our customers. In 2020, we updated our managing unconscious bias and cultural fluency training and began building out an even more holistic training program, which includes how we can proactively serve as an ally for those different from us and how to navigate uncomfortable discussions.

Advancing Opportunities for People with Different Abilities



In the U.S., 19% of people have a disability and, according to the U.S.

Department of Labor, the national unemployment rate for people with disabilities is more than twice that of people without them. Through our People with Different Abilities hiring program, we continue to identify, recruit and hire motivated and qualified job seekers with disabilities to fill open positions in our DCs, stores and corporate locations. Thanks to the extensive network of community-based partners with whom we work and the participation of our Different Abilities Team Member Network, which has led training initiatives and outreach to the community, the program made a meaningful impact with more than 150 hires across our stores and DCs in 2020.

Advance Pride and Allies



Our Advance Pride and Allies Team Member Network focuses on building fellowship and a sense of community for our LGBTQ+ team members and supporting the LGBTQ+ community outside Advance. From creating educational materials to sponsoring community events to mentoring and coaching LGBTQ+ youth, Advance Pride and Allies has made a significant impact since its founding. In 2020, Advance Pride and Allies invited Advance team members to show their support for the community by becoming LGBTQ+ Allies. Already, nearly 1,000 team members have pledged their support to visibly advocate for equality and mutual respect for our LGBTQ+ colleagues.



IN 2020, 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. THIS WAS OUR SECOND YEAR PARTICIPATING IN THIS INFLUENTIAL SURVEY AND WE ARE PROUD TO LEAD OUR AUTOMOTIVE AFTERMARKET PEERS IN SUPPORT OF OUR LGBTQ+ TEAM MEMBERS.

BEING RECOGNIZED FOR MAKING A DIFFERENCE

Advance was recognized several times throughout the year for our commitment to **Champion Inclusion** 🌟 through the hiring of job seekers with disabilities. The North Carolina Department of Health and Human Services Vocational Rehabilitation Office in Gaston County named Advance Auto Parts as “Employer of the Year” in October 2020 in recognition of our People with Different Abilities hiring program in Gaston County. Our Gastonia DC is now home to 25 team members with disabilities who continue to thrive in a variety of roles. In October 2020, our partners at the Opportunities for Ohioans with Disabilities (OOD) agency named us an OOD Employer Partners of Inclusion Platinum Award winner. These awards are given to OOD Employer Partners to recognize their commitment to the inclusion of individuals with disabilities in the workplace and for being a leader of diversity and inclusion best practices in Ohio. Finally, in June 2020, we received the Colorado Association of Employment First’s 2020 Large Employer Award in recognition of our efforts to provide meaningful job opportunities to people with disabilities at our DC in Denver, Colorado.



HAILEY HANNA HAS BEEN WITH ADVANCE FOR ONE YEAR. SHE WAS HIRED THROUGH OUR PEOPLE WITH DIFFERENT ABILITIES HIRING PROGRAM IN DELWARE, OH.

A.L.I.G.N. Martin Luther King (MLK) Day Celebration



In January 2020, our A.L.I.G.N. (African Americans Leading Inclusion and Growth Network) Team Member Network organized Advance's second annual MLK Day Celebration. Team members across the country took part and watched the Durham African Dance group perform, celebrated the winners of our MLK Pay It Forward Campaign and saw unbelievable art from young people in our community who creatively brought to life one of Dr. King's most memorable quotes, "Unity is the great need of the hour." Our keynote speaker, Reverend James White of the Triangle YMCA, did an incredible job bringing to life our event theme, "Advance the Dream, Accelerate Change," and empowered all of us to **Champion Inclusion** 🐝 and create a better and stronger work culture. Looking back, the message could not have been more timely.

Advance Black Pathways

Though increased support for our Black team members wasn't the only priority of our DEI program, it was timely and required additional focus. We took an important step in this regard with the introduction of Advance Black Pathways (ABP). ABP educates and celebrates the cultural contributions of Black people; accelerates Black careers through equitable hiring, development and promotions; and empowers Black communities through outreach and investments. Our intent is to build on this framework in 2021 and expand the program to include other diverse audiences.



RECOGNITION

Recognizing our team members is one of the most important things we can do to build a winning culture and drive strong business results. There are many ways we recognize and reward our people at Advance, many of which provide a personal stake in the company's success.

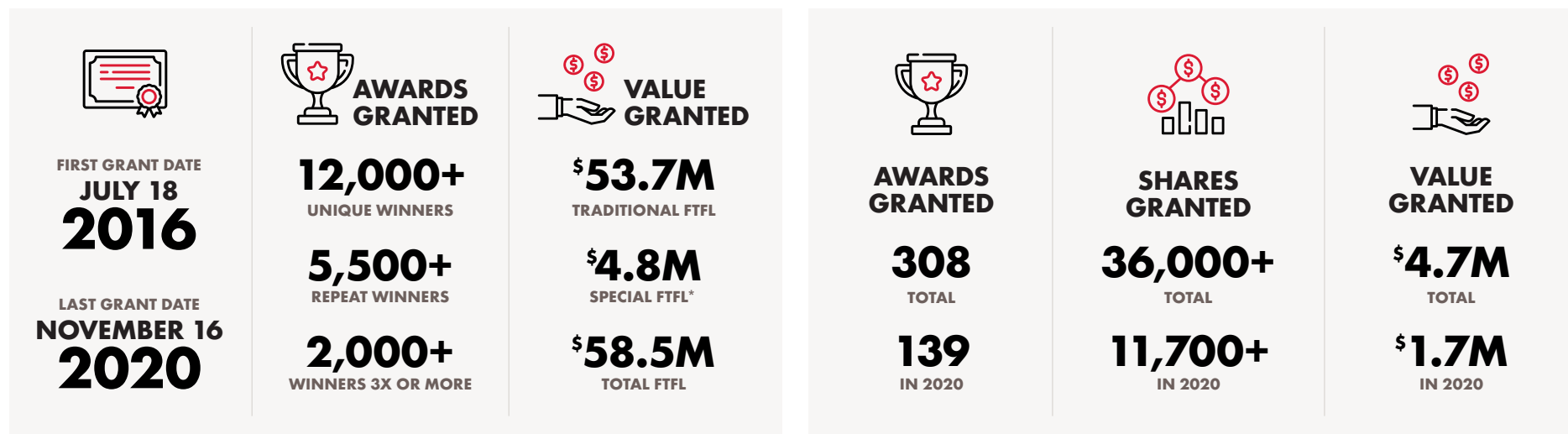
FUEL THE FRONTLINE

Fuel the Frontline is geared toward frontline team members who exceed their business targets and awards top performers Advance stock grants. Beyond immediate recognition, this innovative program ensures winning team members receive an ownership stake in our company and a mechanism to share in the rewards of our performance.

In 2020, more than 2,500 team members received Fuel the Frontline stock awards, bringing our total awards granted to more than 12,000 since the program began in 2016. This includes 2,154 team members who have won this award three times or more.

—BE★AN— OWNER

Be An Owner recognizes 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, team members are nominated by executive committee members and receive Advance stock awards for their exceptional performances. In 2020, we modified the program to focus on below-vice president levels to shine a greater spotlight on up-and-coming talent and broaden our pool of recipients.



For metrics in accordance to SASB Standards, please see appendix A.



Spark is an online recognition program providing team members with the ability to give “shout outs” to colleagues who are living our Cultural Beliefs and delivering great work. Through the program, team members can earn Spark points which can be redeemed through an online catalog for a wide variety of merchandise or gift cards. In 2020, we expanded the Spark program by providing a bank of points to general managers in each store for their use to recognize store team members for positive contributions. In addition, we provided team members the ability to donate their personal Spark points to a wide variety of charitable organizations.

Million Dollar Club

The Million Dollar Club rewards team members who achieve individual sales totaling \$1 million or more in a single calendar year. In 2020, nearly 200 million dollar producers were inducted into this prestigious club, each receiving an Advance stock award.



52 IN 2017

89 IN 2018

150 IN 2019

191 IN 2020

Taubman Sloan Founder’s Cup

Established in 2018, the Taubman Sloan Founder’s Cup is a field-focused achievement award available to field leadership including commercial account managers, commercial sales managers, district managers and general managers. Celebrating the best of the best, the Founder’s Cup is awarded annually to the top three performers in each category. Top performers in the company have their names etched on the Taubman Sloan Founder’s Cup trophy, which is displayed in Advance’s headquarters.

The Passion for Customers... Passion for Yes! 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


Winners receive a specially designed pewter 1967 Mustang – the same classic car that we use as a background for our Roadmap for Growth. In 2020, 18 team members were recognized with this prestigious award.



WAYNE MOSELEY, GENERAL MANAGER OF ADVANCE’S GOODLETTSVILLE, TN. STORE, WAS ONE OF THE 18 TEAM MEMBERS TO RECEIVE A 2020 PASSION FOR CUSTOMERS...PASSION FOR YES! CEO AWARD. WAYNE HAS 8 YEARS OF SERVICE WITH ADVANCE AND HAS BEEN AN ASSISTANT GENERAL MANAGER AND A GENERAL MANAGER FOR THE LAST 6 YEARS



ADVANCING IMPACT

At Advance, our cultural beliefs encourages team members to **Speak Up**  and provide candid, informed feedback to improve our business. We survey team members annually, so they can share input on what we are doing well and areas for improvement. This year, we added monthly pulse surveys to ensure we were addressing team member concerns in a timely fashion.

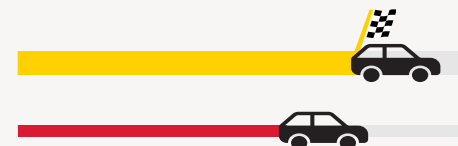


ORGANIZATIONAL HEALTH HIGHLIGHTS

BUSINESS ADAPTABILITY

75%

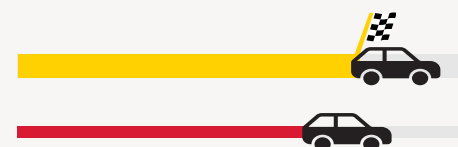
59%



TEAM MEMBER ENGAGEMENT

75%

64%



OPEN COMMUNICATION

72%

61%



WORK ENVIRONMENT

59%

58%



PERFORMANCE MANAGEMENT

74%

60%



■ AAP ■ RETAIL BENCHMARK

PLANET

At Advance, we know that being a good corporate citizen means considering both the social and environmental impact of everything we do. Though much of 2020 was focused on the health, safety and wellbeing of our team members and customers in response to the COVID-19 pandemic, we did not lose sight of our continued responsibility to care for the environment. We made progress in key areas like reducing energy consumption and carbon emissions and continue to work to improve recycling and re-use opportunities.



ENERGY CONSERVATION

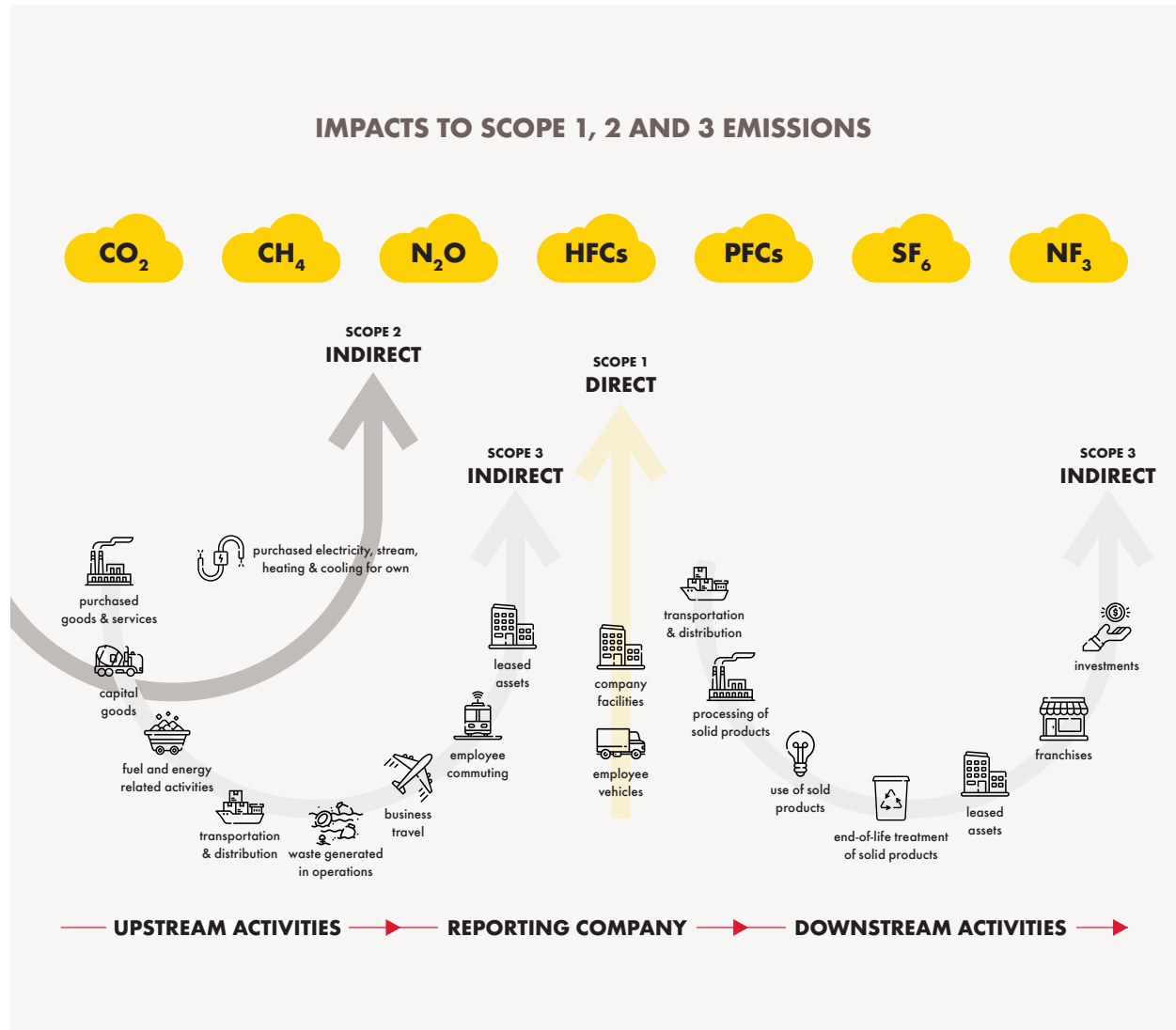
As we continue to lower our overall energy consumption, we reported in our 2020 CDP submission an approximately 14% reduction in our scope 1 and scope 2 emissions year over year. Of note, scope 1 and scope 2 emissions are reported annually, based on the previous year.

Centralized Energy Management System

Critical to our emissions reduction was the continued use of our central energy management system for our stores. This system allows us to control lighting and temperature settings for all facilities from one location. In 2020 alone, this system helped us reduce our energy usage by 10% while saving approximately \$5 million in energy costs.

LED Conversion in our DCs

We continued our multiyear effort to convert interior (warehouse and offices) and exterior lighting at our DCs to LED. Since the program began in 2017, we have upgraded 29 DCs and plan to complete 40 DCs by the end of 2022. As one of the most sustainable lighting options available today, LED lights are up to 90 percent more efficient than traditional incandescent light bulbs. In addition to providing cost savings, replacing older lighting in our DCs with LED helps us improve safety and increases productivity by creating a more aesthetically pleasing work environment.



For metrics in accordance to SASB Standards, please see appendix A.

High-Efficiency HVAC Systems

We continued converting aging HVAC units in our stores to high-efficiency systems, ending 2020 with approximately 400 stores updated. In 2021, we plan to continue replacing units for even greater energy savings.

Chevy Bolt Delivery Vehicle Pilot

We always look for ways to reduce emissions and fuel usage in our vehicle fleet. In 2020, we piloted the use of all-electric Chevy Bolt delivery vehicles in two North Carolina markets – Raleigh and Charlotte. Chevy Bolts travel 238 miles on a single charge, making them an ideal solution for delivering products to our customers, particularly in urban locations. Beyond the positive environmental impact associated with these vehicles, our Chevy Bolt pilot program helps us better understand the needs and preferences of Battery Electric Vehicle (BEV) customers, from charging stations in our parking lots to product purchases. Our Chevy Bolt delivery vehicle pilot is one way we are learning how to better serve this segment so we can evolve our business model in relevant geographies with higher BEV penetration and develop new growth vectors that do not exist today.

Expanded our Participation in CDP

At Advance, we understand the importance of tracking scope 3 (or indirect) emissions as part of a holistic emissions reduction strategy. In 2020, we took the important step of expanding our participation in the global nonprofit CDP by joining its supply chain initiative. Being a CDP supply chain member helps us engage our supplier partners, pinpoint risks and identify opportunities to reduce scope 3 emissions throughout our value chain.



IN 2019, WE JOINED THE GLOBAL NONPROFIT CDP AND SCORED A "B" RATING IN THE ORGANIZATION'S ANNUAL CLIMATE CHANGE REPORT. WE ARE PLEASED TO REPORT THAT IN 2020, WE IMPROVED OUR SCORE TO AN A-

Setting Future Targets

In 2021, we are committing to setting a science-based target specific to carbon emissions. We intend to measure our progress through third-party validation of our data and provide regular updates on our efforts.





Recycling Programs

In 2020, we met our recycling goals in the major categories of oil and batteries, as well as cardboard, stretch wrap and antifreeze. We also improved our knowledge of the lifecycle of items we recycle and sought ways to increase the transparency in our efforts.

	2019	2020	YEAR OVER YEAR
 CARDBOARD (IN THOUSANDS)	11.9 tons	13.1 tons	+10%
 METAL¹ (IN THOUSANDS)	13.6 lbs	13.0 lbs	-4%
 REPAIRABLE PALLETS² (IN THOUSANDS)	418.5	396.5	-5%
 STRETCH WRAP (IN THOUSANDS)	802.2 lbs	833.4 lbs	+4%
 SOLID WASTE (IN THOUSANDS)	3.3 tons	3.6 tons	+10%
 USED ANTIFREEZE (IN THOUSANDS)	18.5 gallons	19.2 gallons	+3%
 USED OIL (IN THOUSANDS)	5,391.1 gallons	5,676.7 gallons	+5%
 BATTERIES (IN THOUSANDS)	130.8 tons	148.6 tons	+13.6%

¹Decrease in metal recycling is driven by increased focus in finding buyers of product vs. recycling.

²Decrease in repairable pallets year over year driven by the shift to 100% recycled plastic pallets.

Recycling Vehicle Batteries

Materials in vehicle batteries are the most recycled consumer product in the world. Compared to 55% of aluminum cans, 45% of newspaper, 26% of tires and 26% of glass bottles, 99% of lead acid batteries are recycled. Unfortunately, the latest automotive industry research shows that 12% of consumers still have a dead or unusable vehicle battery at home. To help close the recycling loop, Advance invites customers to bring in their unwanted automobile or light truck batteries to any Advance Auto Parts location and receive a \$10 store gift card, where permitted.

Putting Stretch Wrap Waste to Good Use

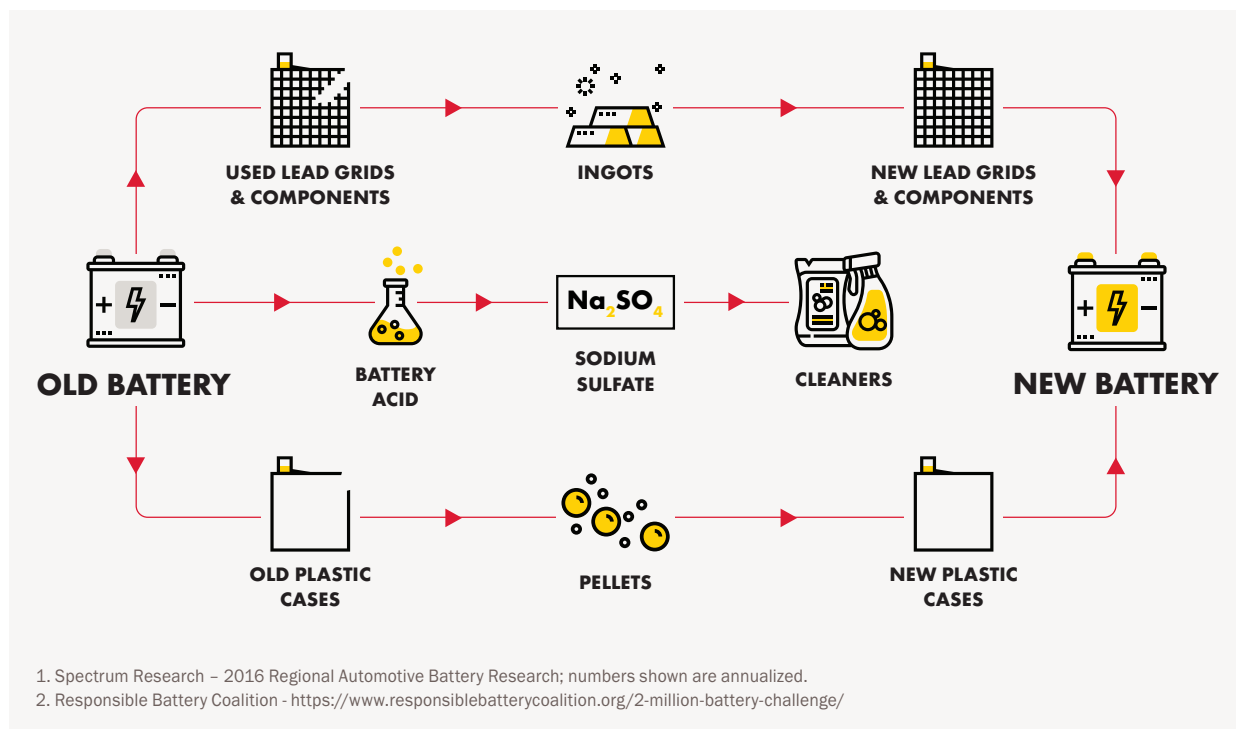
In 2020, Advance began a partnership with Trex and its award-winning NexTrex® recycling program to divert stretch wrap waste from landfills.

Through the program, Trex recycles our stretch wrap and uses it to produce industry-leading wood-alternative, environmentally friendly composite decking. In the inaugural year of the partnership we recycled approximately 225 thousand pounds of stretch wrap to be converted into new decking.

Driving Hope for the Future



A report published by the Solid Waste Environmental Excellence Protocol in 2018, found the U.S. is on pace to run out of room in landfills within 18 years. In 2020, Advance and the nonprofit Good360 celebrated five years of partnership through our Driving Hope program. Throughout the year, we diverted over one million pounds of excess automotive parts and supplies from disposal in landfills and instead donated these goods to 58 local nonprofits to support educational training for aspiring mechanics, many of whom learn their trade by providing low-cost repair services to low-income community members. By keeping the donations local, we also reduced transportation costs, fuel usage and carbon emissions that would have resulted from hauling the goods longer distances to reach their final destinations.



ADVANCE EARNS A U.S. CHAMBER FOUNDATION CITIZEN AWARD FOR “DRIVING HOPE”

Advance received a 2020 U.S. Chamber of Commerce Foundation “Citizen Award” in the sustainability category for its Driving Hope program, which was created in partnership with nonprofit Good360. Distributed annually, the Citizen Awards honor the partnerships and organizations that leverage their resources, expertise and talent to make a positive impact. Through Driving Hope, Advance and Good360 divert excess automotive parts and supplies from landfills and other waste facilities and donate them to vocational schools to benefit aspiring mechanics, many of whom learn their trade by providing low-cost repair services to economically disadvantaged community members. In 2019 alone, Driving Hope donations benefitted 60 local nonprofits across the U.S.



ADVANCE'S U.S. CHAMBER OF COMMERCE FOUNDATION “BEST SUSTAINABILITY AWARD” FOR IT'S DRIVING HOPE PROGRAM IN PARTNERSHIP WITH THE NONPROFIT GOOD360.





Continued Support of the RBC

In 2020, Advance continued its support of the Responsible Battery Coalition (RBC), a coalition of companies, academics and organizations committed to the responsible life-management of batteries from the production phase to recycling. Advance's director of environment and sustainability, Micah Thompson, a member of the RBC Board of Directors was elected treasurer of the organization in 2020, overseeing all the RBC's financial affairs. This marks an exciting next step in our continued relationship with the RBC and its member companies.


Advance SVP of EHS Appointed President of NAEM

In late 2020, Mike Miller, Advance's senior vice president of EHS, was appointed to a two-year term as president of The National Association for EHS&S Management (NAEM). Founded in 1991, NAEM empowers corporate leaders to advance environmental stewardship, create safe and healthy workplaces and promote global sustainability. As a member company, Advance benefits from ongoing engagement with other EHS leaders, as well as the opportunity for networking, benchmarking and professional development.

COMMUNITY

ESTABLISHING ADVANCE AS A FORCE FOR GOOD.

At Advance, giving back has always been an important part of our company culture. We know that caring for others doesn't just feel good—it's the right thing to do.

In 2020, much of our corporate giving was in response to the immediate needs that resulted from the unfolding crises in the U.S. and around the world. Our support of existing philanthropic partners took on new meaning in the face of the COVID-19 pandemic and resulting economic downturn. In addition, we uncovered many new ways to contribute – both monetarily and in-kind – to a range of recipients, often at the recommendation of our team members who recognized opportunities to **Take Action**  locally.



Promoting Healthier Living



This year, our support of the American Heart Association (AHA) was as important as ever. Heart disease continues to be the No. 1 killer of men and women in the U.S. and impacts our team members in a similar fashion. In addition, studies have shown people living with heart disease or those who have had a stroke are more vulnerable to serious complications from COVID-19.

Through our “Life is Why We Give” in-store fundraising, Heart Walks in North Carolina and Virginia and team member contributions, Advance raised nearly \$1.4 million for AHA in 2020—38% more than in the year prior. This was especially noteworthy considering the AHA found many companies pulling back on their giving due to financial challenges surrounding COVID-19.

The promotional materials we created for this year’s campaign included the stories of actual team members who were personally impacted by heart disease or stroke, and they inspired many to contribute. Our in-store fundraising included the generosity of thousands of DIY and Professional

customers. In fact, more than 260 Professional customers each donated a minimum of \$200. Heart Walk participation was equally as strong with over 400 team members virtually taking part, more than double the total in 2019. For the first time ever, DC team members joined the fundraising effort, with more than 3,000 participating. In addition, several Advance executives joined AHA’s **Executives with Heart program**, which asks participants to fundraise or donate a minimum of \$5,000 each.

The money Advance raised helps fund important research on heart disease and stroke, including work the AHA is doing with researchers, medical experts, community leaders, businesses, families and more to reduce the impact of the coronavirus. In September, Advance reinforced its commitment to AHA by announcing a three-year extension of our partnership.

American Heart Association Recognizes Advance CEO Tom Greco

Last fall, Advance president and CEO, Tom Greco, received a Meritorious Achievement Award from the AHA for his commitment to helping team members and customers improve their health. A longtime advocate in the fight against cardiovascular disease, Tom and his wife, Corrine, personally support the AHA through participation in the Triangle Heart Walk and community CPR initiatives.

My daughter is why

My daughter survived heart surgery at age 5, and today she thrives.

Shelly, Retail Parts Pro
Roanoke, VA

American Heart Association. Life Is Why We Give™

Advance Auto Parts

CARQUEST AUTO PARTS

I am why

My high blood pressure diagnosis motivated me to live a healthier lifestyle.

George, DC Supervisor
Raleigh, NC

American Heart Association. Life Is Why We Give™

Advance Auto Parts

CARQUEST AUTO PARTS

SUPPORT OF BUILDING HOMES FOR HEROES HELPS GIFT HOME

On Sept. 19, 2020, Building Homes for Heroes, with the support of partners like Advance, gifted Army Specialist Scotty West, his wife Bridgette and their two sons, Kipton and Jackson, a ground-up home in Fayetteville, Ark. Severely injured in an IED explosion while deployed in Iraq, Scotty underwent nearly 40 surgeries in a span of 30 days, including amputations to both of his legs. While he still struggles with his physical and psychological injuries, Scotty's recovery has been truly remarkable. The mortgage-free home Scotty received was customized to fit his needs and it has made life easier for his entire family.



"IT IS AN HONOR TO GIFT A BEAUTIFUL HOME TO AN AMERICAN HERO WHO SERVED AND SACRIFICED SO MUCH FOR THIS COUNTRY. THROUGH THE SUPPORT OF PARTNERS LIKE ADVANCE AUTO PARTS, WE ARE ENSURING THERE ARE BRIGHTER DAYS AHEAD FOR HEROES LIKE SCOTTY AND THE MANY OTHERS WHO HAVE DONE SO MUCH FOR ALL OF US."

- ANDY PUJOL, FOUNDER, CEO AND PROUD VOLUNTEER OF BUILDING HOMES FOR HEROES





TIFFANY CHAVIOUS, A GM FROM ROANKE, VA. CHANGES THE WIPER BLADES FOR THE LOCAL FIRE DEPARTMENT. TIFFANY HAS BEEN WITH ADVANCE SINCE 2019 AND STARTED AS A PART TIME SALES ASSOCIATE.

Building Homes for Heroes – Supporting Our Nation’s Veterans

In 2020, Advance celebrated a decade of support for Building Homes for Heroes, an organization committed to building better and brighter lives and supporting the 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, plus so much more. And more recently, Building Homes for Heroes provided emergency funding for food and necessities to hundreds of veterans and their families who faced financial hardship as a result of the COVID-19 pandemic.

As one of Building Homes for Heroes’ largest donors, Advance and many of our suppliers proudly raised a record-setting \$2.2 million in 2020, a 10% increase as compared to the prior year. This brings our total contribution to more than \$15 million since 2011. As a result, Building Homes for Heroes is on track to reach its milestone 300th home early in 2022 and 335 homes by the end of 2022.

Protective Equipment for Healthcare Workers and First Responders

What differentiates community giving at Advance is the way in which our team members across the enterprise step up and find ways to get involved, living our values and demonstrating care for our customers and communities at every turn. At the onset of the COVID-19 pandemic, when shortages of

Personal Protective Equipment (PPE) were common, we sourced 150,000 N95 respiratory masks from one of our suppliers. These N95 masks were delivered to healthcare workers in emerging hot spots like Chicago and Miami, and to medical personnel in Raleigh, N.C. where our Advance headquarters is located. In addition, 40 DCs contributed more than 10,000 pieces of PPE to healthcare workers and first responders in their local communities. In one case, a store team member donated PPE from a first aid kit to answer the immediate need of a customer who was a first responder.

Helping Motorists in Need

At a time when many vehicle owners were experiencing COVID-related financial difficulties, Advance and the Orlando Police Department teamed up to help. Together, we created a program where motorists who were stopped for a violation like non-functioning headlights or taillights were provided a \$25 Advance Auto Parts gift card to cover the cost of the needed repair rather than receiving a costly citation. The program made such an impact, the Orlando Police Department shared how “one driver almost cried as she was handed the gift card and stated that it was the best traffic stop ever.” We continue to find joy and satisfaction in learning the many unique ways that Advance can give back to the communities and customers it serves, and we plan to build on this successful pilot in the year ahead.

DESPITE THE PANDEMIC, LEARNING CONTINUED

As COVID-19 spread throughout our communities, entire school districts and universities went from in person to virtual classrooms with millions of students having to lean on technology to continue their studies. We couldn't pause learning, even under these difficult circumstances, and our team members looked for ways to help. Daniel Naylor, a senior director in our IT group, Jay Hill, an IT service specialist, and Allison Bubar, senior vice president and general manager of our DieHard® business, worked together to distribute laptops to local school districts whose students lacked the equipment to participate in virtual classrooms. Through a partnership with Polk County Public Schools in Lakeland, Florida, more than 500 computers reached Heartland for Children, a nonprofit that cares for children in the foster care system. In addition to helping ensure schoolwork was completed, the equipment allowed the children to communicate with their families during the pandemic.



ADVANCE TEAM MEMBERS HELP DISTRIBUTE COMPUTERS THROUGH A PARTNERSHIP WITH POLK COUNTY PUBLIC SCHOOLS



Supporting Local Communities

In a year filled with uncertainty, local giving was especially important. Advance made meaningful contributions to the United Way of the Greater Triangle's (N.C.) Rapid Response Fund, which was established to provide Triangle residents with emergency food, hygiene, childcare and housing assistance during the COVID-19 pandemic. In addition, we supported the Automotive Aftermarket Charitable Foundation, which is dedicated to helping automotive aftermarket employees meet vital needs when catastrophe strikes.

We also reintroduced our Advance Regional Giving Program, which provides each Advance regional vice president a total of \$5,000 annually to support nonprofit organizations that are meaningful in their regions. Contributions in 2020 were made to a variety of organizations focused on improving health and wellness, veteran needs and disaster relief.

O. Temple Sloan, Jr. Founder's Scholarship Program – Investing in Future Leaders

Established in 2003, our O. Temple Sloan, Jr. Founder's Scholarship Program recognizes and rewards dependent children and grandchildren of team members who have excelled in their academic performance and wish to continue their education beyond high school.

Following a rigorous selection process, one-time and renewable scholarships of up to \$5,000 are awarded to students based on both academic performance and financial need. Tens of thousands of dollars in scholarship funds are awarded annually. A total of 21 new scholarships and scholarship renewals were awarded in 2020 to be used during the 2020/2021 academic year. A total of 228 scholarships have been awarded since the program began.



JOEL PITTARD, SON OF JASON PITTARD, ACCOUNT MANAGER, WAS ONE OF THE RECIPIENTS OF THE O. TEMPLE SLOAN JR. SCHOLARSHIP AWARD. JOEL, WHO IS ATTENDING CLEMSON UNIVERSITY STUDYING COMPUTER SCIENCE, SAID, "WE WERE VERY EXCITED TO RECEIVE THE LETTER IN THE MAIL AND LOOK FORWARD TO PUTTING IT TO GOOD USE."

TEAM MEMBER NETWORKS SERVE OTHERS

Throughout the year, our Team Member Networks found several meaningful ways to give back. In early February, members of the Advance for Different Abilities Team Member Network helped recruit more than 400 Advance volunteers who participated in “Night to Shine,” an annual event sponsored by the Tim Tebow Foundation that provides a special prom experience for people with disabilities. In the weeks leading up to the 2020 U.S. elections, our Knowledge Network and #CONNEXT Millennial Team Member Networks sponsored a nonpartisan “Advance Your Vote!” campaign to encourage all team members to participate in democracy. The campaign included a virtual Voter 101 event to answer questions about the voting process, as well as a drive-through “Rock the Vote” event where Raleigh (N.C.) and Roanoke (Va.) team members could pick up swag and voting information. Finally, our S.E.R.V.I.C.E. Team Member Network hosted a holiday Toys for Tots drive-thru event to collect new, unwrapped toys and distribute those toys to less-fortunate children.



**ADVANCE TEAM MEMBERS VOLUNTEERED IN “NIGHT TO SHINE,”
AN ANNUAL EVENT THAT PROVIDES A SPECIAL PROM EXPERIENCE
FOR PEOPLE WITH DISABILITIES.**

GOVERNANCE

At Advance, we believe that strong corporate governance practices reflect our values and support our strategic and financial performance in an ethical and sustainable manner. We believe that the strength of our governance practices enhances our ability to create long-term value, and in 2020, our foundation of good governance helped us navigate the many challenges that arose with resilience and flexibility.



Board 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 for the effective oversight of 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

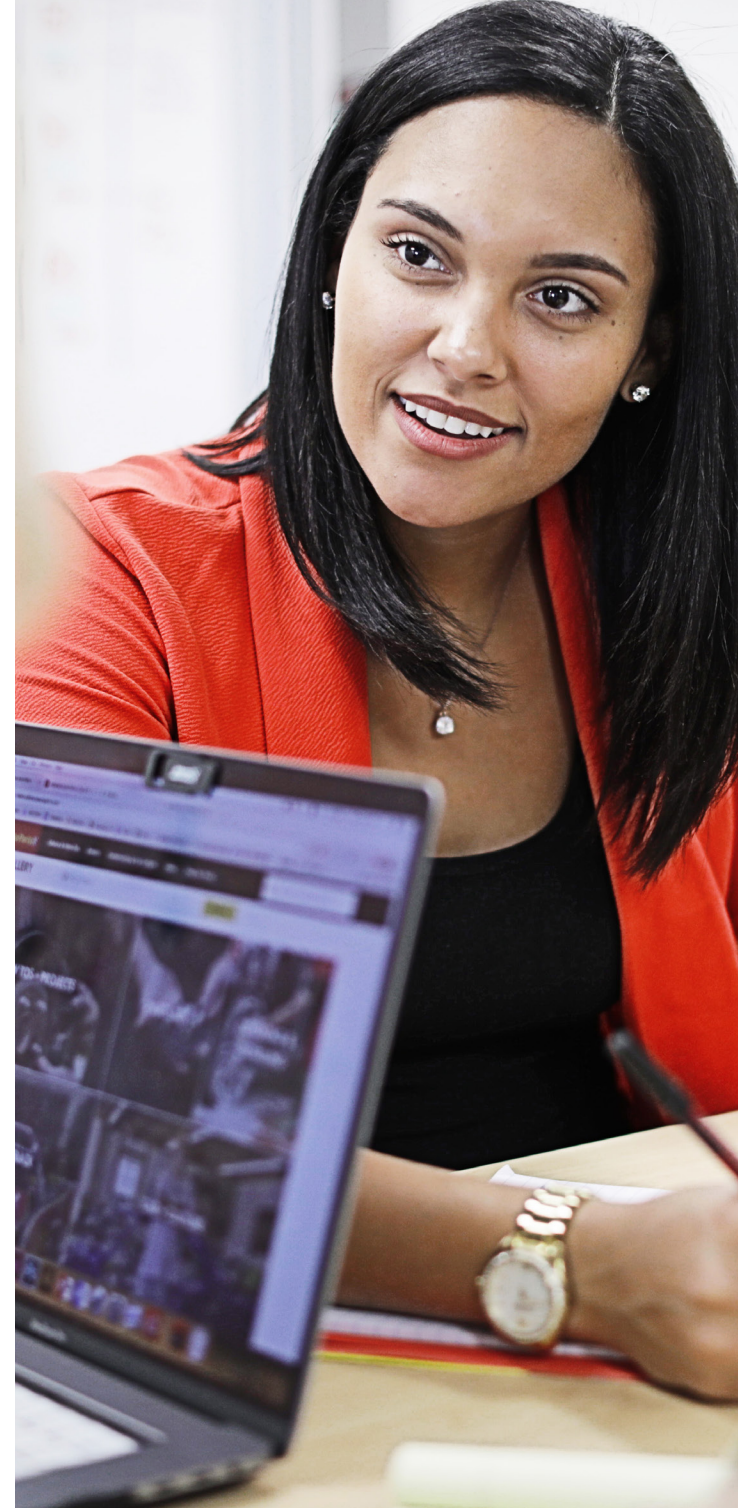
Six of our directors have joined our Board within the past three years. We believe the Board benefits from a balance of newer directors, who bring fresh perspectives, and longer serving directors, who have contributed to our strategy over time and have deep understanding of our operations. As we consider 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 2020, we added two new directors and brought additional automotive industry expertise, supply chain experience and gender and racial/ethnic diversity to the Board.

Communication and Engagement

As a foundational principle, our Board maintains open communication channels with management, third-party advisors and our shareholders. In addition to having regular sessions of independent directors, our Nominating and Corporate Governance Committee regularly communicates with our senior vice president, communications and investor relations to help stay informed and engaged on shareholder interests. These open channels and a high degree of engagement by our directors enabled effective oversight of our business during the most volatile and uncertain portions of 2020 and facilitated discussions with shareholders and interested parties on important topics such as sustainability and diversity. Furthermore, we believe the strong dynamics of our Board facilitated the exchange and development of ideas from different viewpoints and diverse backgrounds during a challenging time in corporate governance.

Risk Oversight

Our management regularly identifies risks to the execution of our business activities, analyzing our strategic priorities and existing risk controls, and our Board oversees enterprise-wide risk management activities. Each Board committee also has responsibility for overseeing functionally relevant areas of risk.



ESG Oversight

We believe that strong environment, social and governance (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 HR, risk and EHS, investor relations, communications and legal meet regularly to discuss and address ESG initiatives and disclosures. 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.

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 have several policies and procedures in place to advance that business environment.

Code of Ethics and Business Conduct


We have adopted both a Code of Ethics and Business Conduct and a Code of Ethics and Business Conduct for Finance Professionals, which articulate our commitment to and expectations for honest and ethical conduct in business dealings, including with respect to human rights matters and full, fair and accurate financial management and reporting.



ADVANCE LEADERS COME TOGETHER DURING OUR FIRST EVER VIRTUAL SUPPLIER SUMMIT



Training and Team Member Hotline

Our ethics and compliance (E&C) team delivers annual training on our Code of Ethics and Business Conduct and Fair and Respectful Workplace policies to make clear the company's expectations of ethical conduct wherever we do business. In addition, the E&C team creates and delivers custom training and communications on selected compliance topics and works across functions to establish our enterprise-wide compliance training curriculum that helps to drive team member awareness and compliance with applicable laws and regulations. We promote our company values and **Speak Up**  Cultural Belief through our Open Door Policy, and we encourage team members to report any concerns to managers, our HR team and our anonymous team member hotline. Our senior executive leaders and our Audit Committee receive regular updates on hotline statistics and trends. 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.

Approach to Data Security

We highly value the data and privacy of our team members, customers, our business and those with whom we do business. As part of our strategic transformation, we continue to enhance enterprise wide cyber security and data management

practices. We take a cross-banner approach to identifying 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 using a variety of methods to increase security awareness enterprise wide. We evaluate the maturity and ongoing enhancements of our work using the National Institute of Standards and Technology (NIST) 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, DCs and all corporate-hosted desktops and laptops.

Third Parties

We expect those with whom we do business to adhere to our standards for responsible and ethical business practices. Our Code of Ethics & Business Conduct and Human Rights Policy apply to third parties, and we maintain programs designed to identify, evaluate and address potential human rights and environmental issues with our international suppliers. We implement both screening processes for new international and private label suppliers and regular audits for existing suppliers to identify and evaluate environmental practices, labor practices, working conditions and records on human rights matters.

CORPORATE GOVERNANCE PRACTICES & HIGHLIGHTS

The compass of our corporate governance practices can be found in our bylaws, 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 with respect to political contributions, human rights and environmental, health and safety. 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
Approximately 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



SASB REFERENCE TABLE

TOPIC	METRIC	SASB CODE	LOCATION/DATA	ADDITIONAL INFO
Labor Practices	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2	For 2020: Voluntary: 29.5% Involuntary: 6.5%	
Driver Working Conditions	(1) Total recordable incident rate (TRIR) and (2) fatality rate for direct employees	TR-RO-320a.1	For 2020: TRIR: 2.5 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 January 2, 2021: Gender representation management: 19.7% Racial/ethnic group representation management: 27.6% Gender representation all other employees: 22.3% Racial/ethnic group representation all other employees: 37.1%	“Management” consists of all team members at the level of Manager or above.
Energy Management in Retail & Distribution	(1) Total energy consumed, (2) percentage grid electricity	CG-MR-130a.1	For 2020: 2,733,133 gigajoules 54.6% grid electricity	
Greenhouse Gas Emissions	Gross global Scope 1 emissions	TR-RO-110a.1	For 2020: 78,926	
Data Security	Description of approach to identifying and addressing data security risks	CG-MR-230a.1	Page 48	
Activity Metrics	Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A-B	As of January 2, 2021: Retail locations: 4,976; 3,808,423 sq. meters Distribution centers: 50; 1,071,320 sq. meters	

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, expectations for economic recovery and future business and 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 timing and implementation of strategic initiatives, the highly competitive nature of the Company’s industry, demand for the Company’s products and services, complexities in its inventory and supply chain, challenges with transforming and growing its business and factors related to the current global pandemic. Please refer to “Item 1A. Risk Factors.” of the Company’s most recent Annual Report on Form 10-K, as updated by its 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.