



CORPORATE SUSTAINABILITY AND SOCIAL REPORT

2019



ADVANCING OUR FUTURE

**Advance/
Auto Parts**

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■ LETTER FROM OUR CHIEF EXECUTIVE OFFICER



Advancing a World in Motion is about driving the performance of our company, and how we develop our people, reduce our environmental impact and give back to the communities in which we live and serve.”

Tom Greco, President and CEO

I’m often asked what sets our company apart. What makes Advance a great place for our Team Members to work and our Customers to shop? I believe it has a lot to do with our Vision: **“Advancing a World in Motion.”** Our Vision defines who we are and how we do business over the long term. As we execute our strategy to drive shareholder value, we are highly cognizant of the importance of doing so in the most sustainable way possible. Not only does this ensure we leave the world a better place, it enables our company and its future leaders to thrive for years to come.

Advance’s roots date back to 1932, a time in our nation’s history that looked very different from today. Our founder,

Arthur Taubman, sold his wife’s wedding ring to purchase two Roanoke, Virginia, Pep Boys stores that would become Advance’s first locations. It’s hard to imagine this happening in today’s world. Little did Arthur know, he was not just establishing two retail stores, he was creating an organization that one day, 88 years later, would be one of the largest auto parts companies in the nation.

When we say Advancing a World in Motion, we mean we are building on Advance’s rich history while positioning the company for sustainable growth in the long-term. I take this responsibility very seriously. In February, my son and his wife welcomed their first child. I want to do everything

I can to ensure we leave our company, and the world, a better place for my granddaughter and all future generations.

Advancing a World in Motion is about driving the performance of our company, and how we develop our people, reduce our environmental impact and give back to the communities in which we live and serve. We do this by focusing on three critical areas: **people, planet and community**. Our 2019 Corporate Sustainability and Social Report shares our progress to date in each of these three areas. This work includes building an inclusive and diverse culture, which recognizes the importance of training, safety and recognition for a job well



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

done. It includes recycling and energy reduction, which help to reduce our carbon footprint. And it includes the ways we give back to the community.

I know that when we care, we can win. How we treat our Team Members, care for the planet and support our neighbors shapes a positive legacy for our company. And this year, I am especially proud of the recognition we are receiving for our work.

For example, Advance scored a “B” in our first-ever climate change report from the global nonprofit, CDP. This is one of the highest possible scores a company can achieve in its first year. We also received a 90 out of 100 on the Human Rights Campaign’s Corporate Equality Index (CEI), the national benchmarking tool on corporate policies and practices pertinent

to LGBTQ employees. This was Advance’s second year being included in the CEI, and we continue to lead our industry.

These and other achievements you’ll read about in our second corporate sustainability and social report were possible because of the tireless efforts of our Team Members, customers, Independents and supplier partners. They were possible because of the values we share.

These values are also helping us at this truly unprecedented time. As we publish this report, the global coronavirus pandemic is challenging us and others worldwide in ways we could never have imagined. Despite the uncertainty, I am reminded of the important role Advance Auto Parts plays in the lives of our customers, ensuring people have reliable

vehicles to access food, supplies and medical care. Advance Team Members have worked tirelessly throughout this crisis, and I am grateful for their efforts. Our people are the backbone of our company, and I know our team will emerge from this crisis stronger than before.

While I am very proud of our progress to date, I know there is much more work to be done, and I look forward to sharing updates in the months ahead. In the meantime, I invite you to learn about the work we did in 2019 in our second annual Corporate Sustainability and Social Impact Report.

Tom Greco

President and CEO

■ ABOUT ADVANCE AUTO PARTS

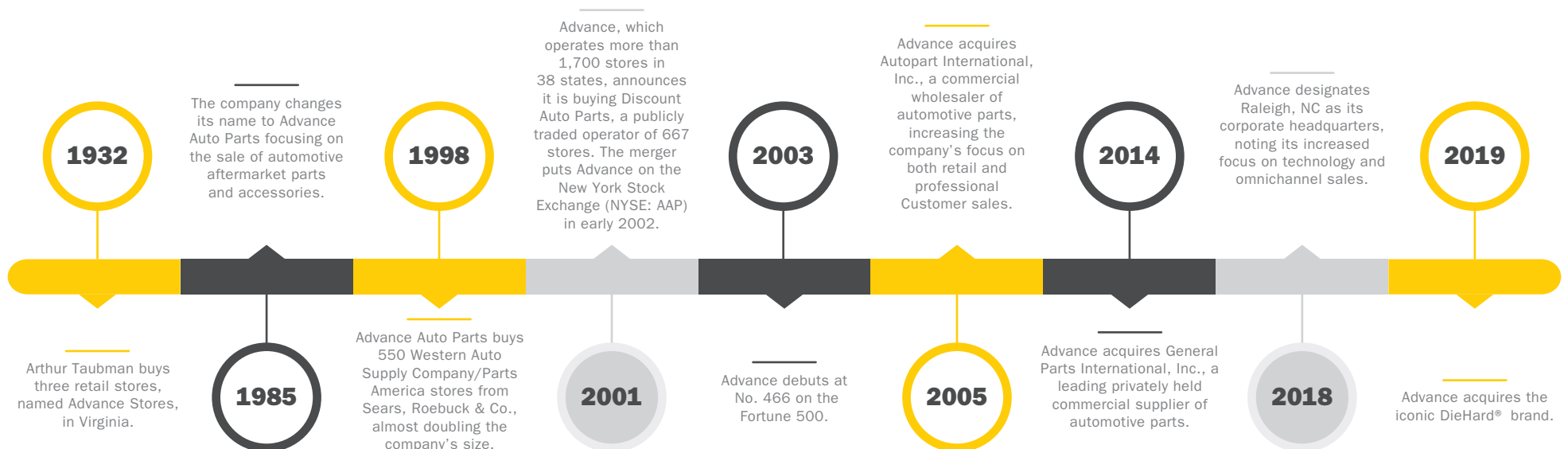
OUR HISTORY

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. Since the acquisition, we have done the important work of integrating Advance, Carquest and Worldpac, which includes moving our headquarters to Raleigh, NC in 2018. In 2019, we acquired the DieHard® brand, which will continue to differentiate us as we look toward the future.

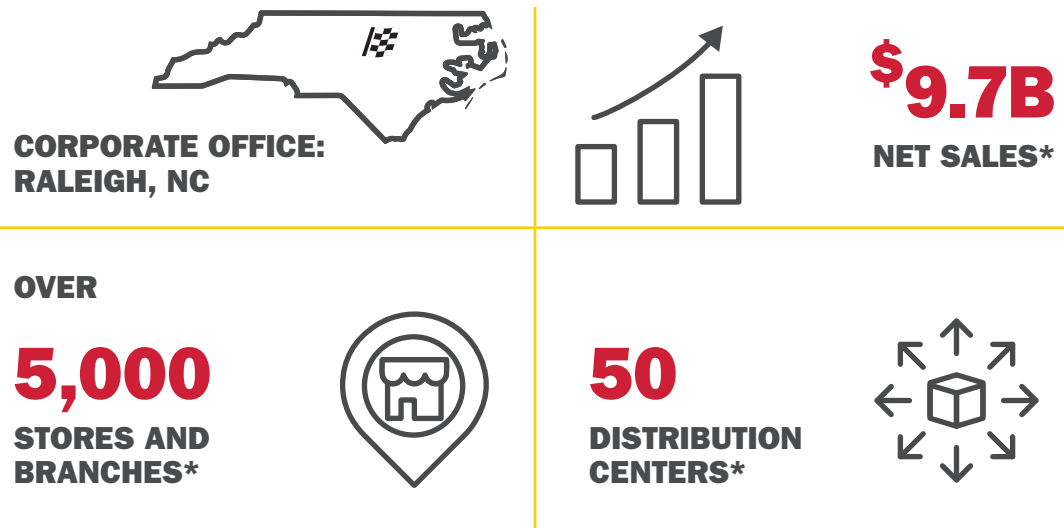
ADVANCE AUTO PARTS OVER THE YEARS



WHERE WE ARE TODAY

As of Dec 28, 2019, we employed more than 67,000 Team Members and generated \$9.7B in net sales. At year end 2019, we operated 4,877 stores and 160 Worldpac branches in United States, Puerto Rico and U.S. Virgin islands. We also served 1,253 independently owned Carquest 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.



LISTED AS AAP ON THE NEW YORK STOCK EXCHANGE



* As of December 28, 2019

■ PEOPLE



Our Team Members are instrumental in the transformation of our business. Whether they interact with customers day-to-day or work behind the scenes, they put our Customers first and consistently go above and beyond offering trusted advice, quality parts and convenience only we can provide. Simply put, our People are Our Best Part, and we are committed to building a culture where every Team Member can live up to his or her full potential, showcase unique skills and be recognized for their accomplishments.

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.

At Advance, we believe every Team Member has a role to play in determining our company culture. Having clearly identified Values and Cultural Beliefs helps us all understand how we must think and act to position ourselves to reach our goals and put Advance on a path to success.

Whether it's our written communications, the programs we create, or simply the daily interactions we have with each other, our Cultural Beliefs are embedded in everything we do. They are the behaviors that make Advance a great place for our Team Members to work and a preferred destination for our Customers to shop.

In 2019, we implemented many exciting initiatives designed to fully engage our Team Members in the transformation of our business, all aligned with our Cultural Beliefs.

Across Advance, there are endless examples of Team Members living our Cultural Beliefs every day.



SPEAK UP



CORNELIA CARR

General Manager, DC #10

Raleigh, NC

Years with Advance: 6 years 8 months

When you ask her team to describe Cornelia's leadership style, they say Cornelia seeks to understand and continually improve. Two years into her role as general manager of the Raleigh distribution center (DC), she is creating an environment where Team Members are encouraged to **Speak Up** and advocate for change. Her success so far is undeniable. With a double-digit improvement in her organizational health scores this year, the Raleigh DC is becoming a center of excellence.

Cornelia's Team Members have embraced her focus on openness and transparency. These are leadership qualities she learned in large part from her mom – a strong woman in her own right who never shies away from a hard day's work and someone who always does her best to delight her customers at the restaurant where she works.

INNOVATION GARAGE

Innovation Garage offers Team Members a way to live our **Speak Up Cultural Belief – I listen to seek and provide candid, informed feedback to improve performance.** From process improvements to transformative ideas, the program fosters a culture of innovation and collaboration that motivates Team Members—all while discovering new and dynamic ways to serve our Customers.

Participation is simple. Team Members are invited to submit ideas when a challenge launches. From there, colleagues vote and comment to help ideas advance. If an idea is selected as a finalist, the person or team behind the idea pitches it to a panel of senior leaders for the chance to win up to \$10,000 in Advance stock. The winning concepts are then brought to life.

In 2019, we issued two Innovation Garage challenges – one to help reinforce our safety culture, and the other to support Team Member recognition efforts.

INNOVATION GARAGE

69%

of **Team Members** agreed that good ideas are adopted at Advance regardless of who suggests them or where they came from.



70%


of **Team Members** agreed sufficient effort is made to get the opinions and thinking of people who work at the company.

Since the start of Innovation Garage there have been:

 **2,290**

 **6,191**
Comments Made on Ideas

 **13,297**
Visitors to the Innovation Garage Site

 **32,799**
Total Votes



Number of Challenges Completed

4



Number of Ideas Implemented

3





MOVE FORWARD



RANDY FERREE

District Manager

Maryville, TN

Years with Advance: 21

Randy Ferree, a district manager in Tennessee, joined Advance as a part-time Team Member at the age of 17. At the time, he was looking to make some extra money and knew little about the automotive aftermarket. His dad's love of race cars and his desire to work in a place where he could interact with Customers helped inspire him to apply.

Randy quickly advanced in the company, first becoming an assistant manager in training, then being promoted to assistant general manager two years later. Randy opened his first store as a general manager in 2004. Over twenty years later, Randy continues to excel in his role as district manager. His advice to others is simple – figure out what you want to do, find a mentor who can help, and be patient. Change doesn't always happen overnight.

Randy's story is a great example of living our **Move Forward** Cultural Belief, building trust and collaboration with his team at every turn.

ORGANIZATIONAL HEALTH

We survey Team Members annually to help us understand our organization's health. The voluntary survey is a great way for Team Members to share input on what we are doing well and areas for improvement. The survey is a critical tool for us to demonstrate our **Be Accountable Cultural Belief: I own challenges and overcome obstacles to achieve team and personal goals.** We listen to feedback from all our Team Members and agree on ways to make improvements that drive us forward.



2019 ORGANIZATIONAL HEALTH SURVEY

In 2019, 44,436 Team Members (64%) participated in our organizational health survey, an increase over 2018. Among all respondents, 72% had a favorable opinion of Advance, five points higher than the established retail benchmark. Comparing only the same questions asked year over year 71% percent had a favorable opinion, a three-point increase compared to the 2018 survey.



Responses to questions asked year over year held steady or improved as compared to 2018, with a double-digit gain on seeking the opinions of our Team Members. In 2019, 75% of our Team Members stated they believe our senior leaders set a good example of ethical business behavior. This is an increase of 3% from the 2018 score of 72% and exceeds the retail benchmark of 64%.

Among our other notable strengths in 2019 were that Team Members rated manager effectiveness very high with items related to manager performance ranking as some of the highest scoring on the survey. In addition, 89% of our Team Members reported familiarity with our company values, which is a testament to the work we are doing to build a winning culture.

Simplifying work processes and providing career opportunities that meet the goals of our Team Members continue to be areas of opportunity for us moving forward.

MOST SIGNIFICANT IMPROVEMENTS IN 2019



70% vs. 60% in 2018.

Enough effort is made to get the opinions and thinking of people who work here.



78% vs. 69% in 2018.

My immediate supervisor emphasizes the importance of our Cultural Beliefs on a regular basis.

RECOGNITION

Recognizing our Team Members is one of the most important things we can do to build a winning culture and achieve strong business results. When we see our Team Members succeed, it is incumbent on us to demonstrate our **Take Action Cultural Belief: I act with urgency because speed matters** and find ways for immediate and longer-term recognition. At Advance, there are several ways we recognize Team Members for their service and impact on our business. Collectively, these programs helped us reduce our annualized turnover among our frontline Team Members by 10% and among our supply chain Team Members by 24%.

—BE★AN— OWNER

Be An Owner recognizes top performing field, distribution center 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 behavior of one or more Cultural Beliefs. Each quarter, Team Members are nominated by Executive Committee members and receive Advance stock awards for their exceptional performances.

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 has meaningfully improved the compensation for our frontline and ensures winning Team members build an ownership stake in our company while sharing in the rewards of our performance.

In 2019, more than 3,200 Team Members received Fuel the Frontline stock awards, bringing our total awards granted to more than 18,000 since the program began in 2016. This includes nearly 1,700 Team Members who have won three times or more.

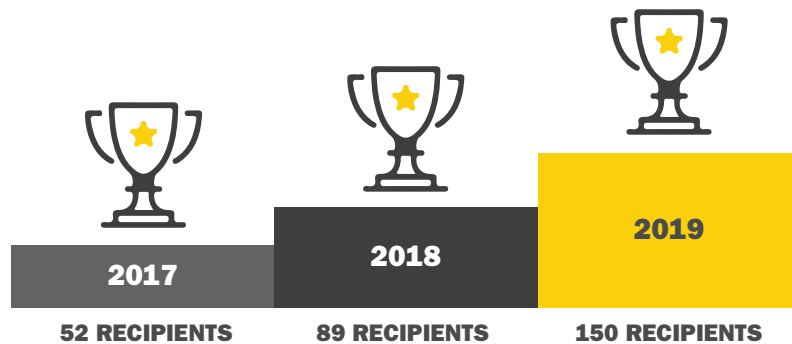
SPARK

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. Participation in Spark reached an all-time high in 2019, with 46% of our Team Members using the tool to acknowledge the positive contributions of their coworkers.

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 2019, 150 Million Dollar producers were inducted into this prestigious club, each receiving an Advance stock award.



BE ACCOUNTABLE



WANDA RIVERA

Vice President, Field Operations
Puerto Rico
Years with Advance: 26

“Esté siempre dispuesto a preguntar y aprender. Esté dispuesto a aceptar asignaciones nuevas y nunca subestimar su capacidad para hacerlas. Y actúe como si ya hubiese logrado el próximo nivel, porque con determinación lo logrará un poco más rápido de lo que nunca hubiese imaginado.”

“Always be willing to learn and ask questions. Be willing to take on new assignments and never underestimate your ability to get them done. And step up as if you’ve achieved your next role, because with determination you’ll land that title faster than you could have ever imagined.”

Wanda Rivera, VP of field operations in Puerto Rico, started her career with Advance as an assistant general manager 26 years ago. She owned her development, learning everything she could and taking on tasks that expanded well beyond her core responsibilities.

Wanda became known as someone who really lives our **Be Accountable** Cultural Belief, overcoming obstacles and delivering results at every turn. She made a huge impact on her team’s morale and her store’s performance, a pattern she’d go on to repeat at another location. Eventually, Wanda’s track record of success for running successful stores earned her the VP position she currently holds.

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 in addition to the top-performing region. 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 get their names etched on the Taubman Sloan Founder's Cup Trophy.

THE PASSION FOR CUSTOMERS... PASSION FOR YES! CEO AWARD

The Passion for Customers...Passion for Yes! CEO Award recipients are personally selected by our 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 Mustang – the same car that we use as a background for our Roadmap for Growth.



Team Member Francisco Blanco, GM from Store# 9389 receiving his Passion for Customers...Passion for Yes! CEO Award



Learning isn't one and done. It continues throughout a Team Member's career."

Geri Duncan, Senior Director, Human Resources

TRAINING

At Advance, our training culture is a perfect articulation of our **Grow Talent Cultural Belief: I own my development and the success of those around me. I hire and develop the best talent and commit to my teams' continuous improvement.** Through online and in-person courses, we enable Team Members at all levels to develop their operational and leadership expertise to succeed in their current roles and prepare for future advancement.



TAKE ACTION



ANGIE COOPER

Manager, Professional Loyalty Program
Raleigh, NC
Years with Advance: 21

“Never give up and do everything you can to set yourself apart.”

That’s excellent advice from Angie Cooper, manager of Advance’s professional loyalty program.

Two decades ago, Angie’s car broke down, and her lack of knowledge to fix it made her feel powerless. This experience fueled Angie’s desire to learn everything she could about cars, even earning an Automotive Service Excellence certification.

It also resulted in Angie’s hiring as a part-time driver and cashier at Advance. Fast forward 21 years, and Angie is still learning and advancing. She is a shining example of how Team Members **Take Action** to achieve their goals.

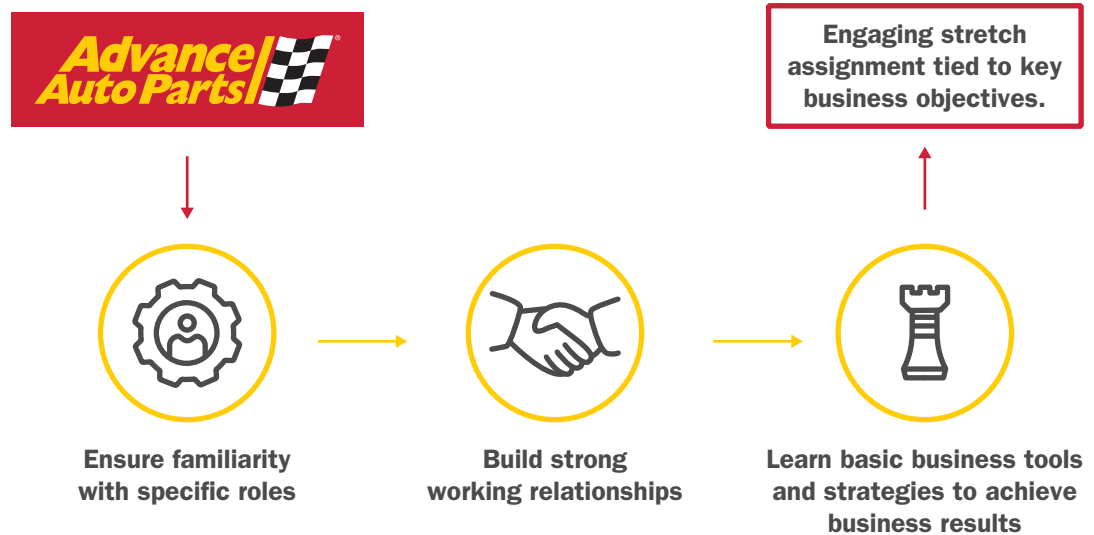
UNCONSCIOUS BIAS TRAINING

In 2019, unconscious bias training was rolled out company-wide to help Team Members learn how to identify hidden biases and deal with them effectively. To date, 92% of manager level and above Team Members have completed this critical course.



CAREER LEARNING JOURNEYS

Building on the success of our field-based learning journeys, in 2019, we piloted four new year-long learning journeys for our supply chain, geared toward helping Team Members succeed in their current roles and prepare for future opportunities. Each learning journey includes a series of successive activities to help ensure familiarity with specific roles, build strong working relationships and learn basic business tools and strategies to achieve business results. The program culminates with an engaging stretch assignment tied to key business objectives.



ADVANCE OFFICER DEVELOPMENT (AOD)

AOD prepares high-performing Team Members for advancement. The program, now in its third year, is limited to 30 Team Members per class and aimed at developing future leaders. In 2019, 41% of participants were promoted and many more developed the skills needed to be “promotion-ready.”



Advance Officer Development 2019 Class



GROW TALENT



JACK HOOVER

Director, Supply Chain, East
Winchester, Virginia
Years with Advance: 13

“If we fail to deliver, it’s because we, as leaders, haven’t supported our people.”

Meet Jack Hoover, a director in our Advance supply chain. Jack was first introduced to Advance through his local Carquest store, where he ordered parts for his job at a local garage. He eventually found his way into the company as a warehouse supervisor and moved around several times to manage various warehouses within the company, increasing his responsibilities with each move.

As a manager, Jack believes in building a great culture and putting people first. Processes and equipment are important, but the investment he makes in his people always yields the highest return. Jack is committed to training, mentoring and empowering his Team Members to go beyond what they think they can achieve. And in return, his Team Members deliver time and again.

Thirteen years later, Jack still lives our **Grow Talent** Cultural Belief every day.

ADMINISTRATIVE PROFESSIONAL LEARNING JOURNEY

The role of an administrative professional has changed considerably over the years. In 2019, thanks to direct input from some of our top-performing administrative professionals, we created a training program to evolve how we engage these important Team Members.

Launched in fall 2019, the administrative professional learning journey invites administrative professionals to come together to build skills, learn from one another and develop a greater sense of teamwork with a goal of building efficiency and feeling more included and valued by the organization.



COMMUNITY PARTNERSHIPS

Our partnership with Wake Tech Community College (Raleigh, NC) helped many Team Members enhance their skills by completing professional development courses this year.

🚩 **Enrolled Team Members:** Approximately 700 Team Members

🚩 **Classes Completed:** Nearly 50 leadership and technology classes offered (including Microsoft Office Suite)

MyACADEMY MAKING A DIFFERENCE

In 2019, we continued to see strong engagement in educational opportunities through MyACADEMY, our online training tool, with a record number of courses completed by Team Members.

🚩 2.3 million courses completed, including automotive systems, part/product/brand, operations, selling skills, leadership and compliance courses

🚩 90% of Team Members would recommend MyACADEMY courses to their peers*

🚩 On average, the site hosts on average 6,000 active users per day who have access to 590+ courses. In 2019, 37 million hours of eLearning content was completed.

* Based on the Net Promoter rating for MyACADEMY Curriculum.



It is critical that we conduct our business with high ethical standards and in compliance with all applicable laws and regulations. In 2019, we adopted a new global, enterprise-wide approach that includes mandatory training for all Team Members around our code of ethics, and fair and respectful workplace policies which highlight the role all our Team Members play in our Cultural Beliefs – Be Accountable, Speak Up and Take Action.

TEAM MEMBER NETWORKS

During the past few years, we have launched many initiatives designed to fully engage our Team Members and embed a focus on inclusion and diversity in everything we do. We now have nine Team Member Networks that allow Team Members from diverse backgrounds and experiences to come together with a common goal: to drive innovation and provide valuable insights and contributions to our organization.

As of the end of 2019, more than 50 individual Team Member Network chapters have been established across the country, and membership in Team Member Networks has increased by 25%. In addition to helping us Champion Inclusion, these Team Member Networks help us embody our **Move Forward Cultural Belief**, which says **I build trust and collaborate as one Team with one voice to the Customer.**



Throughout 2019, our Team Member Networks led programs that provided Team Members the ability to network with colleagues, share ideas and increase cultural fluency across the company.

CONNEXT

Through a first-ever Advance reverse mentoring program, Team Members at the VP level and above were “mentored” by young professionals for six months to a year. The mentor/mentee relationship focused on topics like engaging millennial Team Members, technology and digital media.

“I learned a great deal from my mentor. Most importantly, I have a much clearer line of sight to how I can better connect with and motivate younger professionals across Advance.” Reuben Slone, EVP, Supply Chain.

KNOWLEDGE NETWORK

In recognition of National Career Development Month, Knowledge Network and Connexx joined forces to host our second annual Advance Career Week, which included professional development workshops and leadership panels focused on the theme of career advancement.



Bristian Mosley,
age 7,
2019 Team Member
Choice Winner

WIMN

In 2019, our Women in Motion Network (WIMN) introduced Speed Networking, which offered Team Members the chance to meet many Advance leaders in a fun and engaging format. WIMN also provided our first-ever financial acumen workshops to help Team Members understand what drives our company’s profits and expenses and how key financial metrics are used and reported.

A.L.I.G.N.

In 2019, our African Americans Leading Inclusion and Growth Network (A.L.I.G.N.)

produced our first annual MLK Celebration to honor the life and contributions of one of America’s greatest champions of inclusion – Dr. Martin Luther King, Jr. With its theme, “Advancing Together as One,” this powerful event encouraged all Team Members to embrace inclusion and diversity and make Advance an even better place to work. As part of the event, A.L.I.G.N. invited Team Members to nominate those who embodied MLK’s values in 2018 through acts of kindness or service and partnered with Boys & Girls Clubs in the Triangle to host an MLK-inspired youth art contest.

INCLUSION AND DIVERSITY



Our inclusion and diversity program is not just about hiring; it's about fostering a culture where everyone can bring their authentic selves to work, and where everyone feels valued, respected and heard."

Nicole Miller, VP, Human Resources

As a company, we are looking for the best ideas to help the business grow. Doing so requires that we live our **Champion Inclusion Cultural Belief, which says I embrace diversity of people, thoughts, skills and styles to deliver results**. We know a diverse and inclusive workplace reflects the marketplace we serve and helps our business thrive. That's why we are so committed to ensuring every Team Member is heard, represented and engaged.

The year 2019 was transformational for us as we sharpened our focus and worked on several key initiatives to bring different ideas and experiences to the table. From the launch of new hiring programs and educational partnerships, to the support and celebration of human rights, we worked hard to expand representation and ensure our Team Members were enabled and accountable for driving our inclusion and diversity agenda.

THE HIGHEST HRC SCORE IN THE AUTO PARTS INDUSTRY



Advance proudly joined major American businesses participating in the Human Rights Campaign’s Corporate Equality Index for LGBTQ-inclusive workplace policies and practices. With a score of 90 out of a possible 100, Advance achieved the highest ranking among our industry peers.



Members of Advance Pride participated in Denver Pride



CHAMPION INCLUSION



KIWANDA STANSBURY

Director, Inclusion
and Diversity
Raleigh, NC
Years with Advance: 2.5

If you ask Kiwanda Stansbury where her interest in inclusion and diversity began, she'll tell you, "I didn't choose a career in this field. In many ways, it chose me!"

As a college student, Kiwanda experienced her first challenges with inclusion and belonging. She quickly identified the need to create a space where women of color could feel included and could be their whole self. She created Sisters of the Roundtable (SORT), a student resource group for women of color that still thrives on campus 20 years after creation. Her experience leading SORT along with her concentration in philosophy shaped her perspective on the importance of inclusion and the many sides to diversity, and she still draws on these experiences to help guide her career at Advance.

Kiwanda has dedicated her work to **Champion Inclusion**, and every day she strives to create an environment where every Team Member is consciously thinking about inclusion and diversity and how they can make it part of their story.

DIFFERENT ABILITIES HIRING PROGRAM



Advance partnered with The Arc, Easter Seals and the Tim Tebow Foundation to pilot a program to create meaningful job opportunities for people with disabilities at Advance's distribution centers in Denver, Colorado and Delaware, Ohio. Spearheaded by our Different Abilities Team Member Network and The Arc@Work, the project aims to offer competitive, dynamic and meaningful job opportunities to individuals with disabilities. The plan is to expand the pilot program to include distribution centers in other locations in the year ahead.

VETERAN HIRING & CAREER READINESS



Advance continues to make veteran hiring a priority. We are proud of our efforts here and are on track of achieving our goal in 2023. Through our S.E.R.V.I.C.E. Team Member Network, we partner with a host of organizations like NC4Me, Whole Vet, Onward to Opportunity, Hiring our Heroes, Wake Tech and N.C. State, among others, which focus on connecting veterans to job opportunities and skills training. We also support our veteran Team Members once in role to ensure they are "career ready" as they re-enter the civilian workforce.

LEAD PROGRAM



In 2019, 45 Team Members were selected to participate in LEAD, a new structured leadership program for high-performing field-based female leaders. Participants received in-person training, personal development and networking with senior executives along with six months of virtual meetups to learn about leadership competencies, building self-confidence, and how to own your personal development.

DIVERSITY RECRUITMENT TOOL KIT

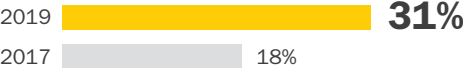


We introduced a diversity recruitment tool kit aimed at increasing cultural fluency among our recruiting team. The tool kit contains editable recruitment materials in English, Spanish and French and a wealth of ideas on how to source and engage with diverse candidates.

Representation numbers increased since our inclusion and diversity program began in early 2016.

EXECUTIVE TEAM*

Female Representation



People of Color

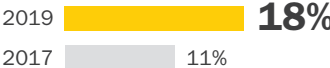


VP+

Female Representation



People of Color



MANAGER LEVEL

Female Representation



People of Color



Michael McMenamin, a Team Member at store #2960, works in a store where many shoppers speak Spanish. This motivated Michael to act and learn Spanish from a bilingual co-worker. Within two months, Michael was communicating with his Spanish-speaking Customers on everything from routine wiper blade replacement to their next big DIY project.

* Represents Team Members who report directly to the and CEO

MAKING WELLNESS A WAY OF LIFE

We believe when you feel better you do better, and Team Members who feel their best help us provide exceptional customer service. At Advance, we are focused on creating an environment that supports Team Member well-being. From paid incentives for regular preventative care check-ups to free access to wellness programs, we go beyond traditional benefits to provide our Team Members with the resources they need to be proactive about their health.



Through our arrangement with Livongo®, we offer free resources and coaching to empower Team Members to manage chronic conditions, including diabetes and hypertension.



Our **TeleMedicine** program provides convenient access to health care professionals using telecommunications technology. This allows all Team Members

to connect over the phone or via video and be remotely evaluated, diagnosed, and treated any time of the day, every day, for no charge, even if they are not enrolled in our insurance plan.

A new **Health Kiosk** project was piloted in 2019, giving Team Members in select locations the ability to talk to doctors and receive immediate medical services on site without the need of an appointment.

Financial benefits are also an important component to Team Member well-being. Our generous **401K program** allows Team Members to contribute pre-tax dollars to their retirement savings. In 2019, we announced significant improvements to the program, including a material increase to the company match for our 401(k) participants where the company provides \$1 for every \$1 that a Team Member contributes (up to the first 3% contributed) and an additional 50 cents for each dollar a Team Member contributes for the next 2%. This improvement to the program resulted in a 15% increase in 401K participation among our Team Members.



SAFETY



Every incident is preventable – there is no activity worth taking a risk. We’re not just focused on solving problems. We’re anticipating challenges and implementing programs to mitigate risk.”

Mike Miller, Vice President, Risk, EHS and Sustainability

According to our 2019 Organizational Health Survey,

87%

of Team Members felt positively about Advance’s safety culture.

Our organizational approach to safety is about more than simply reducing injuries each year—our goal is to be a zero-injury workplace. While it’s a strong message, it’s one we believe in, because no one should ever be hurt on the job. We have made safety part of our culture—a value that is instilled in our Team Members and informs how they approach their work.

DRIVING SAVINGS THROUGH LOWER INJURY RATES

We have already achieved \$20 million in savings toward our goal of saving \$38 million by 2023.



ACHIEVE WORLD CLASS SAFETY PERFORMANCE & CULTURE

🚩 Achieve Total Recordable Injury Rate of 2.00 or less by 2023



DRIVE SAVINGS THROUGH LOWER INJURY RATES AND BETTER CLAIMS MANAGEMENT

🚩 Achieve \$38M in savings between 2019-2023

In 2019, our proactive stance regarding the health, welfare and safety of our Team Members and customers gave us the insights to make several improvements to our safety and risk programs. We built an experienced team of Environmental, Health and Safety (EHS) professionals, leveraged technology and data gathering systems and launched several programs, many of which were created by our own expert teams.

These enhancements helped drive savings through lower injury rates and better claims management.

EHS PROFESSIONALS

We want every Team Member to be a safety champion, so we aim to have the right resources available to ensure they are trained properly and commit to safety from day one. That begins with a group of dedicated EHS professionals – seasoned leaders with an average of over 20 years of experience per person, that support our distribution centers and stores. Since 2017, we have grown from a team of four EHS professionals to 26 in 2019, including two who are fluent in both English and Spanish.



INTELLEX – A STATE-OF-THE-ART EHS MANAGEMENT TOOL

In 2019, we deployed Intellex, a world-class environmental management information system (EMIS) that helps us track and report safety data, analyze company trends and meet compliance requirements. Intellex also helps us monitor and manage our environmental sustainability programs, making it a valuable tool for many of our initiatives.

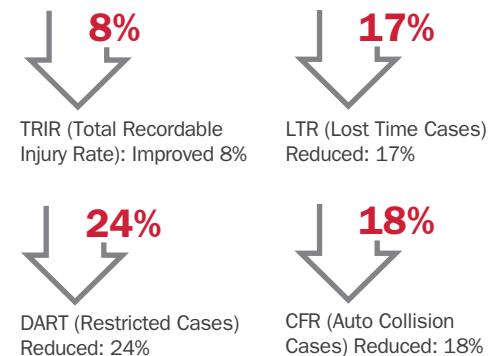
SAFETY QUEST

Named by our Team Members for its proactive approach to creating a safer work environment, Safety Quest is our in-house safety school. Coursework is geared toward our distribution center Team Members and includes a weekly review of important safety topics and regular in-person trainings.

70 - 80%

of our safety programs and training courses are developed by our in-house experts

In 2019, the introduction of our new in-house safety programs helped significantly reduce our claims compared to 2018:



136 Fewer Loss Time Claims

161 Fewer Restricted Claims

498 Fewer Auto Claims



SmartDrive has been a game changer for my store. By receiving accurate and real-time data about my drivers, I'm able to better monitor and correct driving behavior. The program helps me enforce company standards, which in the long run reduces profit loss and improves overall customer satisfaction. In addition, it enables me to promote a working environment that prioritizes Team Member safety."

Deyvi Reynoso, GM | Store #6287 | Hazlet NJ



SmartDrive keeps the driver conscious of good driving behavior and keeps everyone on track for what needs to be done. I find myself thinking about safety not only while I'm at work, but in my personal time, too. It reinforces the appropriate driving behaviors we forget over time."

James Langford, Driver | Store #6278 | Hazlet, NJ

ADVANCE DRIVER PROGRAM



In 2019, we piloted our Advance Driver Program, a customized program to promote safety and improve the driving skills of our delivery drivers. Through knowledge, training and awareness, our drivers learn how to identify and correct potential hazards they may face while on the road. Feedback from our initial class of 160 drivers has been positive, and the program will be introduced to all Advance drivers in 2020.

SMARTDRIVE

SmartDrive is a video-based event recording and coaching tool piloted in 2019 that complements our Advance Driver Program by capturing and recording any distraction that occurs inside or outside of the vehicle. Any event that registers as a safety risk is sent to an intelligence portal that allows General Managers to review the incident and provide coaching to the Team Member. SmartDrive is scheduled for a broader national rollout in 2020, with the first phase underway.

REDUCTION IN COLLISIONS

Although Advance Driver and SmartDrive were pilots in 2019, they have already produced a **36%** reduction in driver incidents.

E.D.G.E. - EXPLAIN, DEMONSTRATE, GUIDE, ENABLE

Launched in 2018, this series of behavior-based tools were designed to reinforce safety-related conversations in stores and distribution centers. In 2019, the program was included in our EHS Scorecard processes. In our distribution centers, we conducted over 70,000 behavior-based observations in 2019.



Designed to steer our safety and occupational health initiatives, our L.I.F.E. philosophy helps us live our values by promoting a culture of safety. Team Members and our customers are important to our business and we want to keep them safe.

L.I.F.E. – THE PHILOSOPHY BEHIND OUR APPROACH TO SAFETY

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 member accountability, 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



At Advance, we know our stewardship of the environment is inextricably linked with our business success, and it will only grow in importance. That's why we focus on doing our part to reduce our environmental impact across all aspects of our operations.

Over the last several years, we have developed many forward-thinking strategies in the areas of energy conservation and recycling, and we're seeing substantial results from our actions. In 2019, the global nonprofit CDP recognized us with a "B" rating in our inaugural ranking in the CDP climate change report, one of the highest possible score a company can achieve in its first year.

While we are pleased with our progress to date, we will continue to work toward even greater environmental transparency and action in the years to come.



Focusing on environmental sustainability connects to all parts of our business. When we do the right things for the planet, we're also adding value to our Team Members, customers and shareholders."

Micah Thompson, Director, Environmental and Sustainability

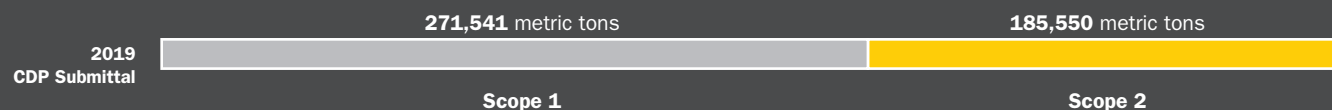


ADVANCE EARNS "B" SCORE IN FIRST EVER CDP RESULTS

In 2019, we joined the global nonprofit CDP and scored a "B" rating in the organization's annual climate change report. This is one of the highest possible scores a company can earn in its first year and higher than the North America regional and discretionary retail sector average score of "C."

The CDP scoring matrix considers everything we do to help promote sustainability including our many recycling programs and initiatives to promote a more energy-efficient workplace. Our "B" rating places us firmly in the "Management" band, signifying we are committed to taking coordinated action on climate issues.

Carbon Emissions



ENERGY CONSERVATION

In 2019, we continued to lower our overall energy consumption. Whether it was switching to LED lighting, streamlining our heating and cooling processes in our facilities, or finding the best ways to reduce the miles driven in our commercial delivery fleet, our activities helped to lower our carbon emissions and reduce costs and in many cases, helped improve the customer experience in our stores.

ONE MILLION LED LIGHTS CONVERTED

In 2019, we completed the conversion of one million interior light bulbs in our stores to LED. Upgrading our lighting created a more inviting environment for our customers, improving their shopping experience while reducing energy use. One of the most sustainable lighting options available today, LED lights are up to 90 percent more efficient than traditional incandescent light bulbs. In 2020, we will build on this initiative by replacing our existing exterior store lighting with LED lighting.

Energy Consumption*

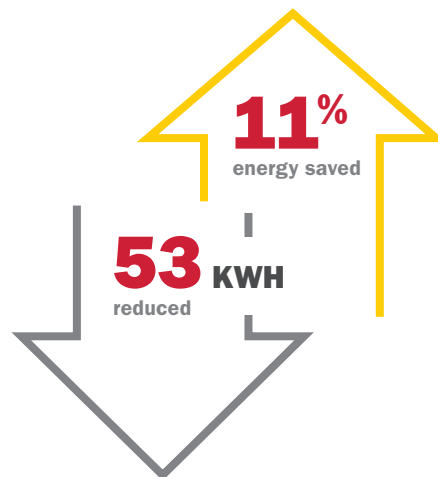


495M KWH
2018 energy consumption



442M KWH
2019 energy consumption
after the completion of the conversion
of 1 million interior light bulbs

Energy Saved



* Energy consumption only for Advance and Carquest stores





CENTRALIZED ENERGY MANAGEMENT SYSTEM

We continued to use a centralized energy management system for our stores that allows us to control lighting and temperature settings for all facilities from one location, helping us maintain an aggressive set point strategy that is more energy and cost efficient.

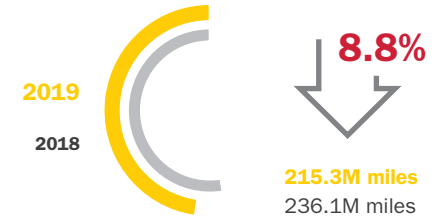
HIGH-EFFICIENCY HVAC SYSTEMS

We continued converting aging HVAC units in our stores to high-efficiency systems. To date, we have invested \$2 million in upgrading these HVAC units.

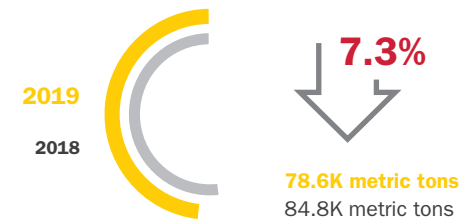
REDUCING OVERALL MILES DRIVEN IN OUR FLEET

Today, our fleet is comprised of more economical hybrid and four-cylinder vehicles, and we are making strides in route efficiency to minimize miles driven, which reduces emissions and fuel costs. With one of the largest private car fleets in the country, using custom routing programs like our Delivery Dashboard Program helps us proactively plan more efficient routing of customer deliveries.

Total Miles Driven



CO₂ Emissions Reduction From Fuel Efficient Vehicles



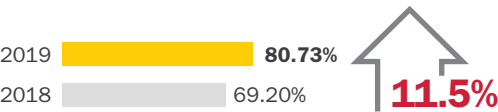
Fuel



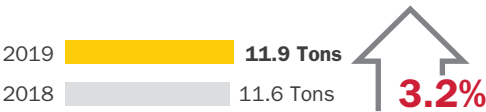
RECYCLING PROGRAMS

In 2019, we met our recycling goals in the major categories of oil and batteries, and continued to grow our cardboard, stretch wrap and scrap metal recycling programs.

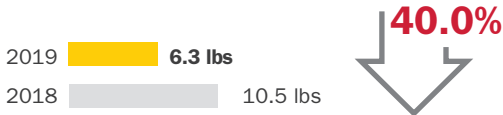
Used Oil Recycling Rate



Cardboard in thousands



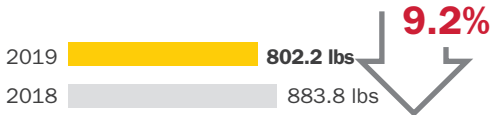
Metal in millions



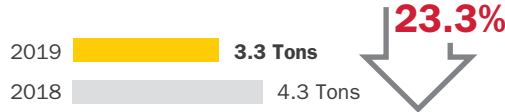
Repair Pallets in thousands



Shrink Wrap* in thousands



Waste



* In 2019 we improved the quality of our shrink wrap resulting in a lower volume needed to be purchased. Like for Like, our recycling rate would have increased 8.8% in 2019.



GOOD360 – DOING GOOD IS GOOD FOR BUSINESS



Our partnership with Good360 allows us to take product that is no longer needed and donate it to nonprofits, mechanic schools, trade schools, repair shops for low-income populations, and others in need who will be able to utilize the products for their intended purpose. This partnership diverts millions of pounds of waste from going to landfills and saves us the cost of disposal and transportation. Equally important, it provides life-changing donations to people in the community. To date, 59 Advance and Carquest facilities have participated in this program.



Since 2016, Good360 has partnered with Advance Auto Parts to create Driving Hope, a donation program to bring products to nonprofit organizations across the country.

NEARLY 1.5 million

pounds of non-working inventory was diverted from landfills and distributed to nonprofits to support people in need in 2019

OVER 80%

of Advance and Carquest distribution centers participated in 2019



The Good360 Circle of Good Award: Advance Auto Parts was presented with the Good360 Circle of Good Award in recognition of our alignment with nonprofit partner Good360's mission of transforming the lives of those in need through the distribution of critically needed goods. The award highlights our commitment to responsible business practices, giving those in need a hand up and keeping usable parts and supplies out of landfills.

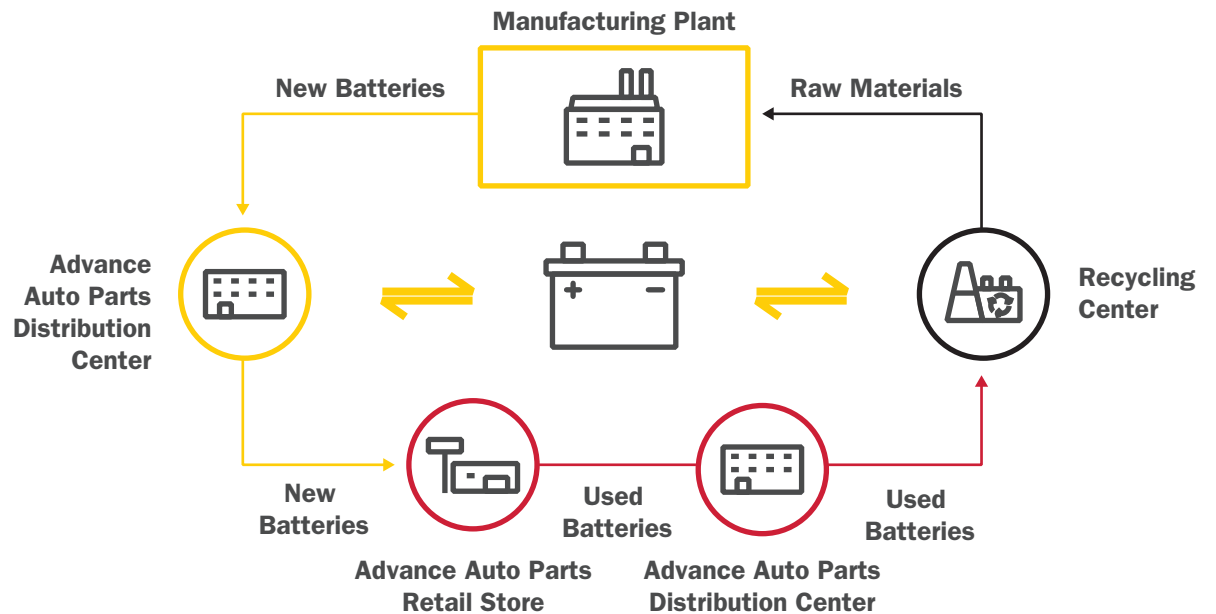
DESIGNING THE BATTERIES OF TOMORROW WITH RBC



As a founding member of the Responsible Battery Coalition (RBC), we are committed to the responsible life-management of batteries from the production phase to recycling. Working alongside other companies, academics and NGOs, we are developing responsible practices, inspiring next generation technologies and creating public and private programs to promote responsible battery management.

In 2019, RBC entered a joint research project with the Argonne-led ReCell Center, a lithium-ion battery research and development initiative with Argonne National Laboratory, to further advance battery innovation and ensure that the batteries of tomorrow are designed for maximum recyclability.

Lifecycle of a Battery



GOING GREENER WITH BPS®

Our ongoing partnership with BPS allows us to both maximize our returns and reduce our carbon footprint. An Atlanta-based company specializing in recycling automotive parts that cannot be re-used as-is, BPS purchases many of our recyclable parts and components and repurposes them for new home building products like doors, window frames, air conditioning ducting, sheet metal, roofing and more. Select Advance distribution centers participate in this partnership, and we are planning to broaden the scope of the program in 2020.

Benefits of Partnership with BPS



Pay per piece is at current market value prices



Carbon footprint reduction



BPS coordinates pickup and shipping



■ COMMUNITY – WE BELIEVE IN MAKING A DIFFERENCE

One of the most rewarding ways we live by our Values – **Inspire, Serve and Grow** – is by finding ways to enrich the lives of our customers and Team Members in the communities where we live and work. That’s why our commitment to giving back is something we take very seriously. We understand the importance of taking care of one another and creating an environment where everyone can thrive.

To make the greatest impact, we have two primary areas of focus: improving health outcomes and supporting military veterans and their families. In addition, we support our Team Members through our Team Member Assistance Fund and Founder’s Scholarship Program.

AMERICAN HEART ASSOCIATION – PROMOTING HEALTHIER LIVING

According to the American Heart Association (AHA), heart disease is the leading cause of death among men and women in the U.S. Many of our Customers and Team Members have been impacted by heart disease, and it’s one of the many reasons we are so passionate about doing our part for AHA’s lifesaving mission.

Through company-wide participation in the “Life is Why We Give” point-of-sale campaign, Heart Walks in North Carolina and Virginia and Team Member contributions, Advance raised more than \$1 million for AHA in 2019, more than any other participating company in the nation.

For the past two years, Advance CEO Tom Greco has served as Campaign Chair of the Triangle Heart Walk in Raleigh, North Carolina. Through Tom’s leadership, the Campaign raised a record-breaking \$2.4 million in 2019.



In 2019, we continued our national support of the American Heart Association, becoming the number one participating company raising more than

\$1 million



Many of our Customers and Team Members have been impacted by heart disease and our hope is that through our partnership with the American Heart Association, we can help raise heart disease awareness and contribute to research that will enable us all to live longer, healthier lives.”

Junior Word, Division President, Carquest North America

BUILDING HOMES FOR HEROES – SUPPORTING OUR NATION’S VETERANS

For nine years, Advance has been a national supporter of Building Homes for Heroes, an organization committed to rebuilding 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. As one of their largest donors, Advance proudly raised \$2 million in 2019, bringing our total contribution to more than \$13 million since 2011.



Advance is proud to have helped raise

\$13 MILLION

since 2011
including **\$2 million** in 2019

JDRF – HELPING CREATE A WORLD WITHOUT TYPE 1 DIABETES



Advance has been a long-time supporter of JDRF and its mission to find a cure for Type 1 Diabetes. In 2019, our point-of-sale “Sneaker Campaign” played a significant role in our fundraising effort. We also raised additional funding through contributions from Team Members, special events with supplier partners, events at distribution centers and our Customer Support Centers, “CSCs,”

and local JDRF community walks. As a result, Advance raised approximately \$500,000 for JDRF in 2019, bringing the total we have raised in the last 27 years to approximately \$45 million.



Advance has supported JDRF by raising more than

\$45 MILLION

for potentially life-saving research over the past 27 years

O. TEMPLE SLOAN, JR. FOUNDER'S SCHOLARSHIP PROGRAM – INVESTING IN THE LEADERS OF TOMORROW

Established in 2003, the 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 14 scholarship renewals were awarded in 2019 to be used during the 2019/2020 academic year. A total of 207 scholarships have been awarded since the program began.

TEAM MEMBER ASSISTANCE FUND – HELPING TEAM MEMBERS IN NEED

One of the many ways we help support our Team Members is through our nonprofit Team Member Assistance Fund. Each year we raise funds to provide financial support to Team Members who have been impacted by natural disasters and other events beyond their control. In 2019, we provided grants totaling \$127,500 to Team Members in need.

More than
200
SCHOLARSHIPS
awarded since 2003



Our team helped raise over
\$127,000
to support fellow Team Members
and their families

■ CORPORATE GOVERNANCE HIGHLIGHTS

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. We expect that all our Team Members and third parties conduct themselves with high ethical standards and compliance with applicable laws wherever we do business in the world. 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 on our website at ir.advanceautoparts.com and in our 2020 Proxy Statement.

We also believe that strong oversight of ESG issues enhances our ability to identify, develop and implement initiatives designed to make meaningful improvements to our long-term profitability and sustainability. Senior leaders from several functions, including human resources, risk and environmental health and safety, investor relations and legal comprise an ESG working group that meets regularly to discuss and address ESG matters of importance to our business. That working group periodically provides updates to and engages in dialogue with our executive team. Additionally, the Nominating and Corporate Governance Committee of our Board has oversight responsibility with respect to reviewing the development and communication of our ESG programs and is regularly updated on our ESG priorities and initiatives. More broadly, additional information about our Board's oversight of sustainability and enterprise risk is available in our 2020 Proxy Statement.

CORPORATE GOVERNANCE HIGHLIGHTS

- ▣ Annual election of all directors
- ▣ Directors elected by majority voting
- ▣ Independent Chair of the Board
- ▣ Over 90 percent of our directors are independent
- ▣ Proxy Access right
- ▣ Right to call special meeting by stockholders holding 10 percent of shares with no holding period
- ▣ 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

ABOUT THIS REPORT

At Advance, we understand the awesome responsibility we have to take action and care for our people, planet and community. We are proud of all that we accomplished in 2019, and we are committed to building on our achievements in the months and years ahead. We invite you to follow us on social media and our website to learn more.



FORWARD-LOOKING STATEMENTS

Certain statements in this report are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Forward-looking statements address future events or developments, and typically use words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “forecast,” “guidance,” “outlook” or “estimate” or similar expressions. These forward-looking statements include, but are not limited to, key assumptions for future financial performance statements regarding expected growth and future performance of the Company; statements regarding enhancements to stockholder value, strategic plans or initiatives, growth or profitability, productivity targets and all other statements that are not statements of historical facts. These statements are based upon assessments and assumptions of management in light of historical results and trends, current conditions and potential future developments that often involve judgment, estimates, assumptions and projections. Forward-looking statements reflect current views about the Company’s plans, strategies and prospects, which are based on information currently available as of the date of this release. Except as required by law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. Please refer to the risk factors discussed in “Item 1a. Risk Factors” in the Company’s most recent Annual Report on Form 10-K filing made by the Company with the Securities and Exchange Commission, as updated by the Company’s other filings with the Securities and Exchange Commission, for additional factors that could materially affect the Company’s actual results. Forward-looking statements are subject to risks and uncertainties, many of which are outside its control, which could cause actual results to differ materially from these statements. Therefore, you should not place undue reliance on those statements.