



Because

ENVIRONMENT

SOCIAL

GOVERNANCE

it's all connected.



“At American Tire Distributors, it’s all about connections. Our corporate strategy is intentionally designed to focus on connecting and aligning the interests of our associates, our customers, our partners, our communities, and our investors. Because that’s how we succeed — individually and together.”

Stuart Schuette, President & CEO

Sustainability at ATD

The heart of ATD is the people, including our associates, our leaders, our customers, our suppliers, our shareholders – in short, our stakeholders. We care about sustainability because we're committed to being a company that works to bring value for decades to come, not simply until the next reporting cycle.

In our journey to be a sustainable company, we're taking responsibility for our impacts while also identifying new opportunities for the automotive aftermarket ecosystem. ATD is committed to providing more for our environment than we take. We seek to have our associates leave work each day better than when they started. And we desire to be sustainable not only for our business success – but for the good of all stakeholders. We actively engage our associates, customers, and manufacturing partners to find both solutions and opportunities to enable change. Through these partnerships, we can create transformation beyond ATD and enable a more circular business in the automotive aftermarket.



Sustainability is a never-ending journey. ATD will continually seek to meet the needs of our stakeholders through business improvements. Annually, we'll share our progress within our environmental, social, and governance (ESG) initiatives. Moreover, ATD is putting a stake in the ground when it comes to ESG because we care about being a responsible company that cares about creating value for our core constituencies. It's at the essence of what defines us.

We know that our ESG initiatives are powerful connectors to driving business sustainability, and we intend for our progress and future goals to serve as a rallying cry to connect the tire industry to make improvements throughout the entire supply chain and tire life cycle.

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Letter from our President and CEO

Dear ATD team and valued partners:

Last year, we made American Tire Distributors (ATD) history by publishing our first environmental, social, and governance (ESG) report. While it measured our goals and advancements related to ESG, the significance of that report was far more meaningful than the data it included. In fact, it was a celebration of our decision to publicly share the ways ATD has been dedicated to improving the triple bottom line of people, planet, and profit for quite some time. And yet I reserve my greatest enthusiasm for what we've yet to accomplish.

In a world that has come to value a sense of connection now more than ever, we've embraced the theme of "It's All Connected" for this year's report. This especially rings true at ATD where the better we connect our associates, customers, partners, communities, and investors, the more effectively we operate – together and individually. It always has. Moreover, encouraging and facilitating the feeling of being connected extends beyond the walls of our buildings and the interactions we have during our workdays.

On behalf of the compassionate, dedicated, and engaged people who drive our workforce, I'm pleased to present our second ESG report. This report tracks progress against our ESG goals and programs since our previous report published in October 2021.

Fiscal year 2021 was notable for our advances and momentum in our performance and enabling the fullest expression yet of our ESG goals. ATD delivered outsized performance results while achieving year-over-year reduction in greenhouse gas (GHG) emissions.

As you'll read in this report, our work extends into our communities to connect our associates, their families, and neighbors in need, and it impacts the greater good of our planet. We boldly believe being a net zero company is not enough – we're setting our goals toward achieving net positive impact for our society, the environment, and the global economy.

ESG is often considered a journey. At ATD, we remain steadfast in our contributions to make the journey more beneficial to everyone along the way while forging meaningful connections. Why? Because it's all connected.

Stuart Schuette
President & CEO

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Our sustainability year in review

ATD delivered outstanding performance gains in 2021, creating value for all our key constituents and accelerating our Sustainability Agenda. Sustainability is fully integrated with our corporate purpose and strategy – from the future-forward foundations of our strategic pyramid (including ESG) to best-in-class logistics, to the pinnacle of being the trusted connector of the automotive aftermarket through market-leading data and insights. We provide capabilities that build our customers' businesses and drive innovation to our tire manufacturers. All are aligned with our view that our Sustainability Agenda creates value for our key stakeholders – investors, ATD associates, customers, manufacturing partners, and communities in which we operate.

Strong operating and financial performance are the cornerstone of our Sustainability Agenda. We achieved breakout performance in 2021 in the face of a volatile operating environment, with full financial recovery from 2018 and 2020-21 market disruptions. We achieved the highest level of sales in the company's history, delivering full recovery of unit volume from the 2018 market disruptions and overcoming

the 2020-2021 pandemic and global supply chain disruptions and challenges. Our growth strengthened, resulting in 2021 becoming our third consecutive year of growth, outpacing the industry. We continued strong earnings momentum, delivering year-over-year EBITDA growth of 54%, surpassing in absolute terms our previous peak earnings back in 2017, coupled with another year of positive free cash flow generation, and a 10-year low debt leverage. We achieved debt ratings upgrades by the three credit rating services, and we successfully refinanced the company's debt. Importantly, we posted our third consecutive year of economic profit improvement, Δ EVA, that we believe is highly correlated with stockholder value creation and value creation momentum. This caps a three-year trend where ATD's EVA momentum outperformed 50% of the companies in the Russell 3000 Index.

We matched our strong operating and financial performance with our advances in ESG enablement across a broad front, delivering what we believe will be viewed as an inflection point in progress and activation of our ESG strategies and initiatives. We believe that our operating performance and our ESG agenda are entirely synergistic – this is particularly the case on the environmental front, where our goals for driving productivity and greenhouse gas (GHG) emissions performance are complementary and aligned.

Our environmental impact focus is to drive an absolute 25% reduction in carbon emissions within our operations by 2030, easier said than done given ATD's aspirations and strategies for organic growth. While organic growth and bringing to market new innovative logistics and data solutions result in more miles driven, and therefore higher GHG emissions, we'll more than offset these effects through an array of sustainability initiatives such as fleet decarbonization and full participation in the tire recycling ecosystem. Notable, since 2019 we reduced our GHG emissions on a per tire delivered/intensity basis by -5.4 CAGR.

Importantly, our 2021 sustainability progress saw an expansion of strategic thinking that reflects our view of ATD as a vital and active partner to manufacturers and retailers in the end-to-end replacement tire ecosystem. Our ability to bring the full spectrum of last-mile capabilities and solutions can have outsized impact on the industry's ESG challenges. In 2021, we further enhanced our robust carbon measurement and reliability capabilities, and developed and deployed a unique advanced analytics and data science-driven GHG emissions optimization platform for the benefit of ATD and its replacement tire ecosystem partners. We fielded a comprehensive science-based end-of-life study which will have a major impact on our reverse logistics tire recycling solutions. From a standing start, we've developed a comprehensive solution for tire recycling that

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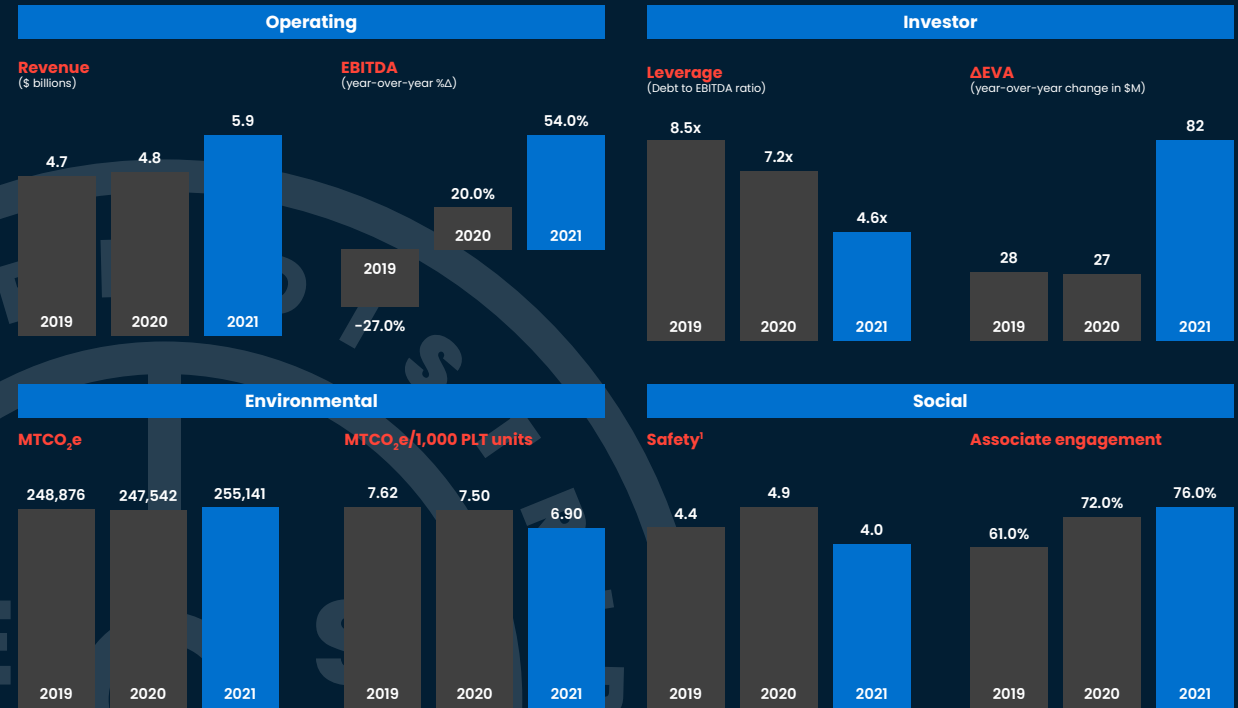
leverages our industry-leading supply chain network. And we've begun to position our ability to take even more ownership of our carbon footprint by working to extend our Scope 3 emissions accounting for our proprietary brands tire portfolio.

In summary, 2021 was a terrific year for ATD. But we know that over the course of a 10-year+ journey, there will be many twists and turns of events, good times, and tough times, just as we've experienced these past 6+ years. We have demonstrated a constancy of purpose, and a commitment to an aspirational vision of being the most connected and insightful automotive solutions provider, helping our customers thrive and drive into the future.

That vision includes playing a long game, including commitments to sustainable value creation and growth and significant GHG emissions reduction, all built on a people-first culture and foundation. This commitment is for us, both ambitious and full of hope for a bright future for our associates, our customers, manufacturing partners, investors, and the communities in which we operate.

2021 Sustainability Balanced Scorecard

People, Planet & Profit performance



"Since 2018 — an era of heightened and unprecedented market disruption and volatility — ATD has been an exemplar of sustainability. We've delivered growth and demonstrated organizational grit and resilience while producing the "triple bottom line" of people-planet-profit performance. While it's early days, we believe the journey never ends."

- Back-to-back years of economic growth and value creation
- Back-to-back years of positive environmental impact
- Multi-year advances in our people-first social agenda

Bill Williams
Chief Financial & Sustainability Officer

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2021 ESG PERFORMANCE



Environmental

Energy and Carbon Management

✓ ▼ 7.7% of operating emissions against 2019 baseline

GHG to units intensity measurements for 2019–2021 were: 7.62 (2019) 7.50 (2020) to 6.90 MT CO₂e/1000 PLT units (2021)

✓ ▼ 20% in diesel emissions from 2019 to 2021

Used >130,000 gallons of biodiesel in 2021 for year-over-year GHG emissions reduction

✓ Connecting the ecosystem

- Widened our carbon perspective beyond our borders
- Achieved advances in analytics and data deployed to drive efficiency and optimize/solve for CO₂ reductions

Fleet Sustainability and Efficient Logistics

✓ Increased efficiencies

- Expanded dynamic routing capabilities to drive route density that drives both miles driven and carbon reduction
- FLX FWD (3PL) expansion further drove both economics (route density) and carbon reduction

Recycling and Circular Economy

✓ Worked to move 30 million+ scrap tires to better end-of-life

✓ Expanded capabilities and participation in tire recycling ecosystem

Completed industry's first comprehensive tire end-of-life analysis, supporting extension of our environmental impact commitment and strategy to enable and expand the tire circular economy, setting a trajectory beyond our initial goal of a 25% GHG reduction by 2030 to a more aspirational net positive GHG impact



Social

Associate Health, Safety, and Wellbeing

✓ Increased documented observations by ▲ 330% from 1,400 to 4,632

- Operations established a goal of one observation per warehouse associate per quarter in 2021
- Established minimum number of frontline associate observations per month to increase training effectiveness
- 95% ATD driver qualification file compliance

✓ Achieved a 19% YoY improvement in OSHA recordable incidents

- Surpassing the 10% reduction goal

✓ ATD achieved a 3% YoY improvement in preventable collisions; well short of the 30% reduction goal

Corporate Citizenship and Philanthropy

✓ 6.7% of associates participated in community-related activities

✓ 2,200 volunteer hours given to local communities in ATD's weCare Volunteer Day

288 associates used their weCare Volunteer Day to volunteer in their local communities

✓ 20% of associates in professional roles contributed to the weCare Associate Relief Fund in 2021

✓ Doubled the charitable partners

Deepened charitable partner relationships and associate volunteer opportunities with 10 nonprofits, nearly doubling our commitment from 2020

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2021 ESG PERFORMANCE



Social

Corporate Citizenship and Philanthropy (cont.)

✓ Grew the number of scholarships given to students

Enhanced ATD Thrive and Drive scholarship to be inclusive of broader higher education, including trade schools and community colleges; increased scholarship total giving from \$25,000-\$40,000, doubling the number of associate students benefiting from 2019

✓ \$1 million given to support the mental wellness of our nation's troops, veterans, first responders, and their families

Presented Gary Sinese Foundation with \$1 million benefiting their newest program, Avalon Network, which supports the mental wellness needs of our nation's troops, veterans, first responders, and their families

✓ Sponsored three Equal Justice Works Fellows in Charlotte and Raleigh, North Carolina, and Chicago, Illinois, working toward equal justice for all

✓ Increased overall workforce diversity 5%, moving from 39% to 41% diverse

✓ Increased female and diverse leaders by as much as 16%

- Diverse Managers - increased by 16% from 19% to 22%
- Diverse Director and above - increased by 6% from 18% to 19%
- Female Director and above - increased by 12% from 21% to 24%

✓ Increased our supplier diversity spend to 3.7%

Up 100 Bps year-over-year

Talent Attraction and Retention

✓ ▲ 7% in overall associate engagement from 71% to 76%



Governance

Transparency and Accountability

✓ External third-party assurance, GRI alignment, expanded accounting in ESG 2021 reporting

Governance/Training

✓ Investments to strengthen our Code of Conduct

✓ Investments in our cybersecurity and data privacy capabilities



Our Approach to ESG

This is ATD's second annual ESG report. This year's report provides an update on our sustainability progress against our goals and targets during the 2021 calendar year, January 1 – December 31, 2021, as well as our ESG metrics. Reporting is simply one element of our dedication to drive company-wide progress and inspire industry-best practices. In this report, we have also provided updates on initiatives underway in 2022 to underscore our long-term commitment and passion for these efforts.

We used an internal process to identify and engage with our stakeholders in the development of this report. This process helped inform the materiality assessment we conducted to identify the topics that our stakeholders say are most relevant to them.

Last year, ATD established that the company would report on sustainability progress annually. Our most recent report, which reflected 2020 data, was published in October 2021. That report used accepted ESG frameworks and referenced certain Global Reporting Initiative (GRI) standards. Compared to our previous report, we have expanded 2021 reporting to align with GRI: Core Option.

This report contains forward-looking statements that are explained here: [Forward-looking Statements](#)

For specific information about this report or our sustainability program overall, please contact us at esg@atd.com.

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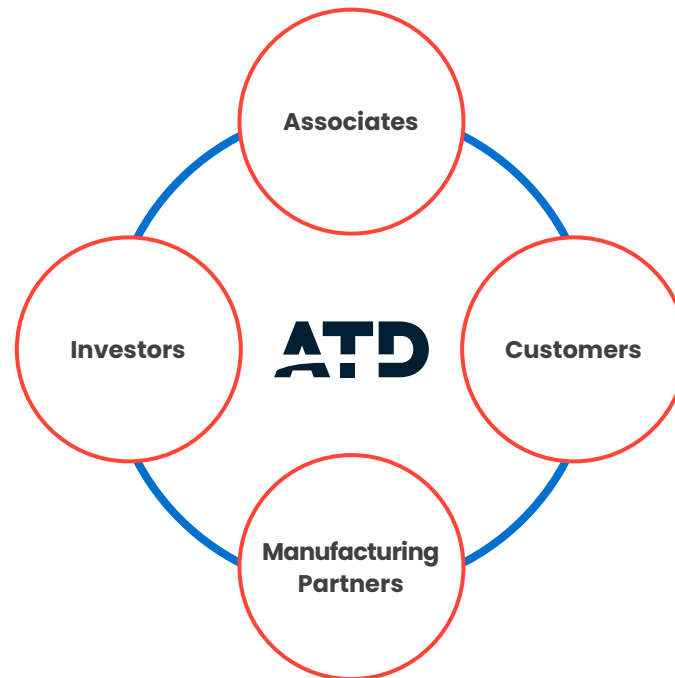
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ESG Materiality



Identifying what's material to ATD

In support of our ongoing sustainability strategy, we conducted a materiality assessment to identify our most material sustainability topics. This assessment identifies the topics that our key stakeholders — including associates, customers, manufacturing partners, and investors — have indicated are most important to them. These topics are incorporated into our strategy and will be included in our reporting going forward. We'll reassess our material topics annually and will repeat our sustainability materiality assessment in future years as needed.



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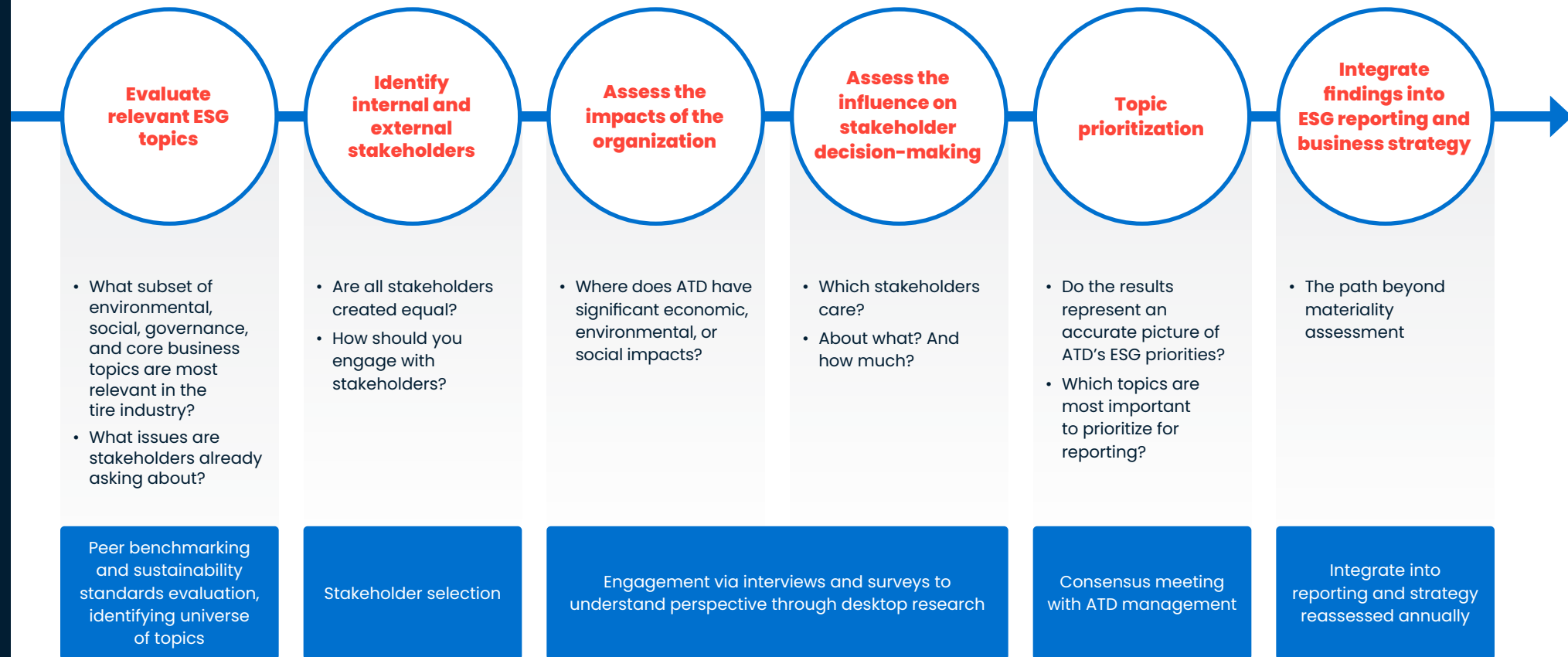
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Materiality assessment process and results

ATD follows a systematic process for stakeholder engagement and feedback prioritization. The approach starts with a thorough evaluation of relevant ESG topics to our industry and compares the findings with peer benchmarking and sustainability standards. It then looks at internal and external stakeholder identification before assessing the impacts of the organization by considering questions such as where ATD has significant environmental, economic, or social impacts.



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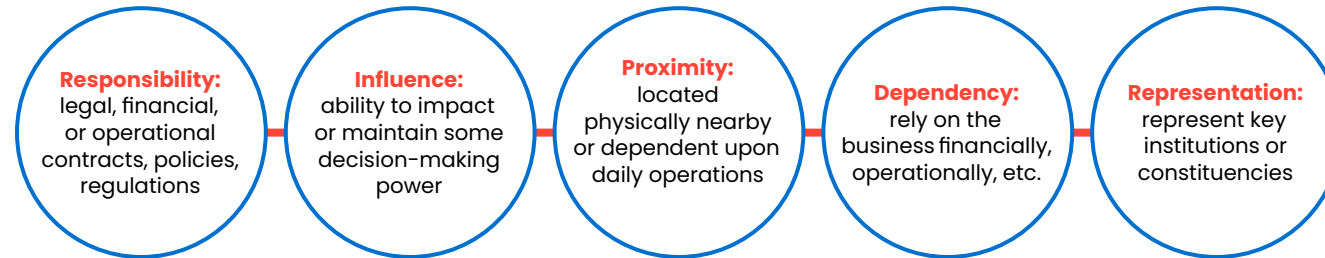
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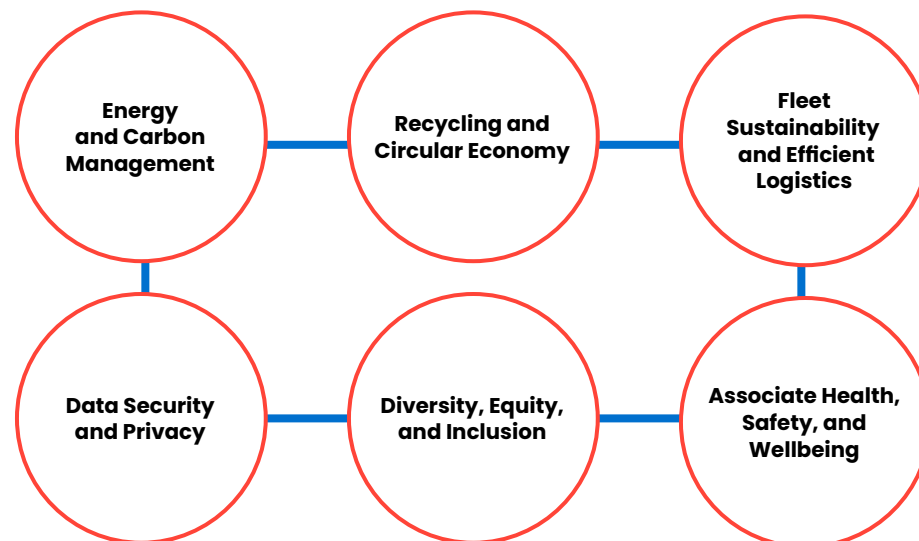
The criteria for identifying stakeholders includes responsibility, influence, proximity, dependency, and representation. More information on each criterion is as follows:



Next, our process allows for assessing the influence on stakeholder decision-making and topic prioritization to gain a better understanding of which stakeholders care about which topics the most so that we can report accordingly. Ultimately the findings of this process are incorporated here – into our ESG report, and more importantly, our business strategy. By connecting this process to our day-to-day business operations, we’re becoming a better ATD.

Our stakeholders identified ATD’s most material sustainability topics. In accordance with GRI, our material topics are those that represent the most significant impacts on the economy, environment, and people, including impacts on their human rights.

Our most significant topics include:



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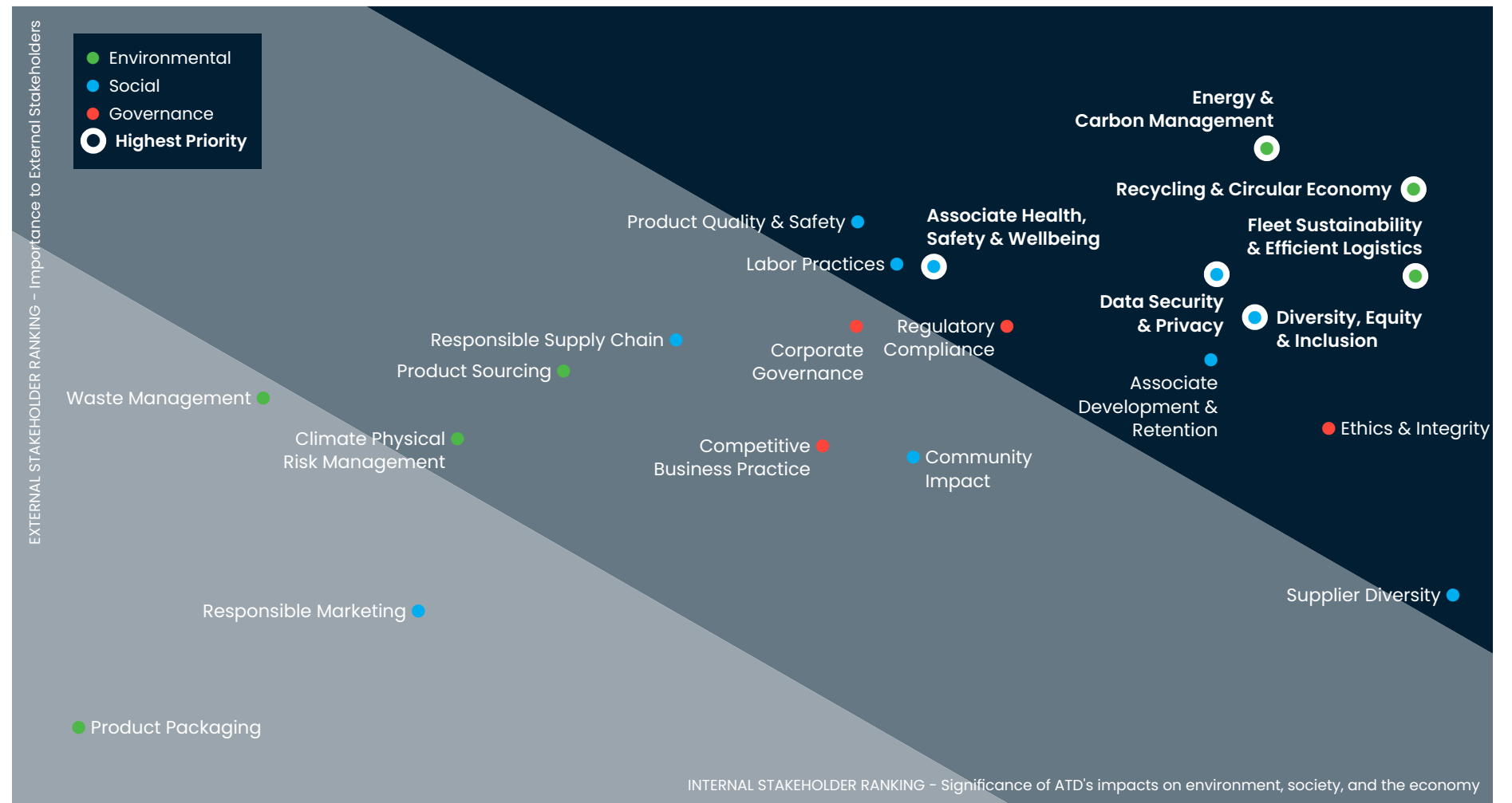
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Materiality matrix



Most Significant

Invest in transformation of the business for game-changing impacts

Less Significant

Monitor for change in influence on stakeholder assessments or business impacts

More Significant

Continue to maintain, manage, and monitor for positive market position

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Energy and carbon management

For ATD, energy and carbon management is the management of energy usage and GHG with a focus on reducing energy consumption, increasing energy efficiency, sourcing alternative energy, reducing GHG emissions, and managing the risks and opportunities from the transition to a low carbon economy. GHG emissions include direct emissions from fuel consumed by ATD trucks or on-site at ATD facilities, indirect emissions from ATD's electricity usage, upstream activities (e.g., shipments from manufacturers), or downstream activities (e.g., transport and distribution, and end-of-life treatment of tires sold by ATD).

Reduction of GHG in our own operations, as well as the overall tire ecosystem, is central to not only our sustainability strategy, but our business strategy.

Recycling and circular economy

We're shifting to a business model that's restorative and regenerative by design, with an emphasis on the afterlife destination of tires. This includes ATD's efforts to divert end-of-life tires from landfills for reuse, recycling, or conversion to energy, as opposed to land disposal.

We know that we'll make a difference in the tire end-of-life (EOL) future within the automotive market. To set the right strategy for tire EOL, we first commissioned a study to look at the

different recycling opportunities for scrap tires. The study employed life cycle thinking, measuring EOL benefit for both the process and the material benefit for the "next life" of the scrap tire material. As we incorporate tire recycling into our business, this study informs where we'll direct scrap tires for processing and reuse. Our goal is to send 30 million+ tires to a better end-of-life.

Fleet sustainability and efficient logistics

This encompasses transportation efficiency and reduction of the environmental footprint of ATD's fleet. Our immediate plans include the electrification of ATD's fleet, expanded use of alternative-fuel vehicles, optimization of delivery transport routes to reduce miles driven, energy efficiency of distribution centers, and smart logistics solutions.

Increasing our efficiency lowers our GHG impacts, but equally important, the GHG impacts of our partners and customers.



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Data security and privacy

At ATD, data security is of utmost importance. This includes the capture, retention, and use of sensitive information and customer data, along with the management of cybersecurity capabilities and systems. This data, (and the corresponding documentation) is material to our customers and therefore critically important to us. Data security risks are identified and addressed while data breaches are appropriately documented and disclosed.

Diversity, equity, and inclusion

This is the representation of minorities and historically underrepresented groups across the business. We are focused on recruiting, advancement, and the retention of diverse company associates. Respecting the rights and freedoms of all individuals in the workplace is a priority to us, which includes the continuous development of a positive working environment conducive to feedback, openness, and inclusivity.

Associate health, safety, and wellbeing

We believe in whole-person wellbeing at ATD because the whole-person comes to work each and every day. We do this by promoting a healthy lifestyle for associates and providing access to resources and programs to ensure physical and mental wellbeing while in the

office or at home. This includes the physical safety and protection of ATD's associates while working on-site or remotely, and active measures to ensure their safety. This incorporates ATD's associate medical benefit plans, the improvement of fleet safety, and the reduction of workplace injuries.

Within ATD's culture, we strive to not only be respectful and humble, but also to continually support one another, both at work and away. Individually, we participate in biometric screenings and utilize beWell, which supports a healthy lifestyle, provides helpful resources, and opportunities to challenge ourselves.

We also have the opportunity to donate to the weCare Associate Relief Fund, our associate fund that supports fellow associates in need. ATD also matches the amount of donations made by associates.



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Stakeholder engagement

Approach to stakeholder engagement

ATD has a variety of stakeholders with whom we engage regularly.

Who



Our associates



Our leaders



Our customers



Our suppliers



Our Board members



Our investors,
stockholders, and
debtholders

Our approach

- Enterprise communications via email
- Associate communications via learning platform
- Associate engagement and pulse surveys
- Associate materiality assessment survey
- Daily team huddles
- Quarterly Town Halls
- Associate magazine
- Intranet
- Associate engagement website
- Monthly engagement activities
- Social media
- Direct mail

- Associate engagement surveys
- Materiality assessment interviews
- Field leadership meetings
- Quarterly director forums
- Quarterly Town Halls
- Intranet

- Customer e-commerce website
- Customer surveys
- Customer research online community
- Customer focus groups
- Customer materiality assessment survey

- Regular meetings
- Materiality assessment interviews

- Reports
- Regular meetings
- Quarterly Board meetings

- Reports
- Regular meetings
- Quarterly investor meetings

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Company Profile



ATD is North America's largest tire distributor

We've been around for a while. American Tire Distributors got its start more than 85 years ago. In 1935, James H. Heafner opened Heafner Tire, a single tire store in Lincolnton, NC. Over the course of 65 years, Heafner Tire grew to become a leading national tire and service distributor. In that time, several major tire companies, such as Beach Tire Mart, Oliver & Winston, and Commonwealth Tire, were brought under the Heafner banner.

In 2002, the name American Tire Distributors (ATD) was adopted to reflect the company's national footprint and focus on distribution. In 2013, we purchased Regional Tire Distributors in Canada and created National Tire Distributors (NTD), extending our network across North America.

We've always prided ourselves on delivering excellence and being at the forefront of innovation. Today, we not only continue to grow our unmatched distribution network, but we're also expanding our digital ecosystem and our data capabilities.

With sustainability incorporated into our business strategy, we're launching and leading broader decarbonization efforts. This includes transition to a decarbonized fleet through expanded use of biofuels, an electrified fleet, and using our influence to have an outsized impact in decarbonizing our supply chain.

American Tire Distributors at a glance

American Tire Distributors, headquartered in Huntersville, NC, supplies independent retailers, automotive dealerships, and regional and national retailers with a variety of tires, wheels, and shop supplies.

5,300

number of associates

\$5.9B

2021 net revenue

141

distribution centers

\$1B+

gross merchant value

1,466

delivery vehicles on the road nationwide

90,000

SKUs offered

65M

delivery miles logged every year

8M

deliveries annually

130K+

delivery locations

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Products

ATD is North America's largest replacement tire distributor offering the broadest assortment of tires, wheels, and shop supplies to more than 80,000 customers in the United States and Canada with same-day and next-day delivery.



Tires: ATD gives our customers access to more than four million tires in every style and size from the top global brands in the industry.



Wheels: Whether it's elegant or sporty, refined or rugged, ATD has a wide selection of wheels to match any car.



Supplies: We carry the tools and supplies our customers need, whenever they need them.



Going green

Being named a 2021 Green Supply Chain award recipient by Supply & Demand Chain Executive is a significant honor that underscores ATD's commitment to making sustainability strides. The award recognizes companies that prioritize sustainability as core to their supply chain strategy. Among many goals related to sustainability, ATD aims to reduce GHG emissions throughout the global supply chain by forming more efficient logistical partnerships with manufacturers and partners, maximizing loads to reduce the number of trucks on the road, and exploring effective tire recycling programs. This is a noteworthy example of how ATD is driving connections throughout the tire industry to inspire the kind of change that will protect our planet for generations to come.

"There are several industry experts and market research reports detailing American Tire Distributors' efforts that, regardless of the pandemic, shortages, natural disasters, and other supply chain disruptions, sustainability still remains a top priority in the supply chain," said Marina Mayer, editor-in-chief of Supply & Demand Chain Executive and Food Logistics.

Additional recognition:

Forbes 2021 America's Best Mid-Sized Employers

Sixty thousand Americans working for businesses of 1,000 employees or greater, responded to a survey. The survey participants rated whether they would recommend their own employers to family and friends, as well as nominating other businesses — other than their own — they would recommend. American Tire Distributors proudly made the list.



2021 Gold Stevie® Award in the Transportation Company of the Year Category of the American Business Awards®

In 2019, ATD began undergoing rapid digitization in its sales and supply chain, keeping the company on the forefront of cutting-edge technology and innovation. The results include new customer tools and a consultative salesforce that's helped ATD create best-in-class partnerships to advance the replacement tire industry today and into the future. The ability to bring all of this together through technology, data and analytics, and an insightful salesforce has spurred ATD forward. In the past two years, the company has experienced 2% year-over-year growth as it has reinvigorated an industry, proving agility and innovation lead the way now and in the future.



2021 Bronze Stevie® Award for Most Innovative Company of the Year

ATD has transformed into becoming the most connected and insightful automotive solutions provider in the industry, adopting new digital and analytics solutions in an effort to grow market share, provide value for its partners, and revolutionize the industry. These solutions help ATD reimagine what the aftermarket tire industry could look like with cutting-edge digital technologies. Today, ATD remains focused on establishing itself as the most connected and insightful automotive solutions provider in the industry.

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What we represent

While global trends and technology are giving people more choices in automotive services, the industry must continue to adapt. Being an independent dealer becomes increasingly challenging to keep pace, let alone compete.

We help our customers navigate this ever-changing landscape while being mindful of our impact on the earth, the people in our communities, and adherence to solid governance practices.

A valuable partner

As unmatched leaders in the industry and tire replacement ecosystem, we serve as a critical and expeditious link between world-class manufacturers and customers of all types.

Our scale, coupled with our investments in leading business and logistics technology, allows us to connect our customers with the widest assortment of tires, wheels, and shop supplies with same or next-day delivery.

We're driving channel diversification across the broadest range of original equipment manufacturer (OEM) partners in the industry. We expect future growth to continue to increase our market share.

A proven strategy

From a strategic standpoint, we're the ideal connector of the automotive industry. As a distributor, we're in the center of the value chain, connecting our retail customers and our manufacturers. We understand the needs of both sides and the challenges that can exist between the two. Our role in the middle helps us facilitate successful connections. For example, data and analytics enable us to help our manufacturers make more informed decisions around production, planning, and shipping. Furthermore, we understand buying trends, and that allows us to make the connection between what's selling and the demand signal for what needs to be produced — resulting in less waste in the ecosystem.



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Our Purpose, Vision, and Values



ATD's purpose, vision, and values hold strong connections to our company's rich heritage while also connecting us to the future through our continued growth, innovation, and ESG goals. From the time of ATD's inception in 1935, as a single tire store in Lincolnton, NC, that was built on community connections, to becoming today's premier tire distributor in North America, we've always prided ourselves on delivering excellence and being at the forefront of innovation. Today, we continue to grow our unmatched distribution network, while expanding our digital ecosystem and data capabilities.

We recognize that this comes with considerable responsibility, and we believe that sustainability is a critical connector to realizing our purpose, vision, and values. We are dedicated to creating long-term value and exhibiting business resiliency in a rapidly changing marketplace for the foreseeable future. Our commitment to sustainability focuses on the non-financial factors that impact our long-term viability, profitability, and value creation for all our key stakeholders across the replacement tire ecosystem. These key stakeholders include ATD associates, manufacturing partners and suppliers, retail customers, stockholders and investors, consumers, and the communities in which we operate and serve. As you can see, it's all connected.



Our purpose

To help our customers thrive and drive into the future



Our vision

To be the most connected and insightful automotive solutions provider



Our values

We share the responsibility for the wellbeing of our company, our associates, and our customers

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Every day we strive to BE:



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Strategic Direction

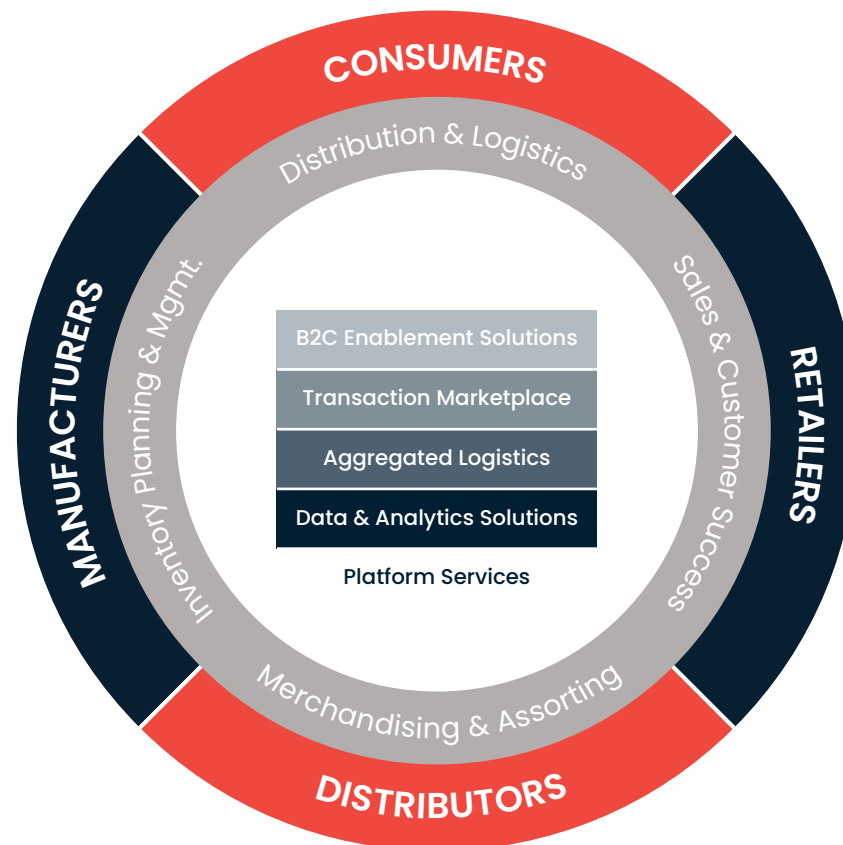


We have expanded our strategy to include accelerated innovation into emerging growth businesses by leveraging and capitalizing on these high-value capabilities.

Delivering a set of Platform Solutions and Services that address inefficiencies and pain points in the market...

...by capitalizing on our core capabilities and assets...

...to redefine the value ATD provides to the automotive aftermarket ecosystem



Supply Chain and Logistics



E-commerce and Technology



Customer Reach and Relationships



Data and Analytics

- **Facilitate transactions** between product providers, retailers, and distributors
- **Provide last-mile delivery solutions to retailers and manufacturers** in a way that serves the full value chain
- Connect demand data to producers/suppliers with analytics to **enable smarter production, optimal assorting and inventory, and increased efficiency**
- Enable retailers by **connecting them to emerging pools of demand**
- **Provide wholesale distribution on behalf of manufacturers** in a way that helps them grow share
- Be a leader in **improving sustainability in the automotive aftermarket**

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Digital Imperatives

Our digital capabilities enable our retail customers to seamlessly reach consumers and manage their businesses



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TORQATA

Driving better decisions by being an essential connector for the automotive aftermarket

According to a 2020 independent study commissioned for ATD, \$1.5 billion is wasted each year in the replacement tire industry. In response to this growing issue, ATD formed Torqata, an ATD intelligence company, comprised of automotive experts, technologists, and entrepreneurs connected by the vision to drive better decisions for the tire and automotive industry. It was incubated by ATD from 2017–2019 and continues to help ATD partners improve performance and facilitate more sustainable, less wasteful operations across our ecosystem.

As ATD's advanced analytics solution, we have a goal of removing billions of dollars of inefficiencies across the replacement tire supply chain. Torqata has been investing in technologies such as artificial intelligence, machine learning, e-commerce, and blockchain to build the Torqata data platform and its analytics offerings for retailers, distributors, and manufacturers. Torqata is the only industry data platform that provides a connected, concurrent, consistent view of tire distribution across the supply chain. By



the end of 2020, Torqata had visibility to more than 65 million aftermarket transactions across 5 million different vehicles with thousands of industry participants sharing data on a daily basis. Insights driven from our aggregated data provide each participant with recommendations around stocking plans, demand forecasting, lead generation, pricing strategies, value-add services, and automations such as auto-replenishment. Ecosystem participants, regardless of geography, size, and industry group, can enjoy these benefits without investing in heavy analytics resources or infrastructure.

One retailer we've worked with on the West Coast trusted Torqata's stocking recommendations and saw a 16% increase in market coverage of its inventory, leading to a 20% faster inventory turnover and \$30,000 profit increase. Accurate capture of market demand signals benefited the retailer's business and optimized distribution practices to reduce inventory and waste. This case study represents the vital connections we're making to drive improvements throughout the tire industry.

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Today, tire manufacturers face up to 30% overproduction due to poor visibility into retail demand. On the other side, retailers and end consumers frequently face stock-outs. As the result of misaligned supply and demand, tires are being transported across the country to meet the needs of consumers leading to higher-than-needed miles driven and unnecessary energy consumption. Through Torqata's stocking optimization algorithms, demand forecasts, and logistics optimization tools, supply and demand are matched better resulting in a more efficient and environmentally friendly supply chain.

Building automation into retail stocking activities also builds sustainable practices into the labor force. Knowing the right number of tires to replenish on shelves every day, plus the ability to have distributors automatically fulfill these orders, improves the work productivity of retail employees, since low-value product reordering tasks can be avoided. More visibility into demand patterns, including what is coming from automatic replenishment of orders, enables logistics providers to pool units and provide lower cost and more sustainable logistics services.

We've always prided ourselves on delivering excellence and being at the forefront of innovation. Today, Torqata helps us connect data from thousands of partners, creating new possibilities for all of them. Over the next year, Torqata plans to build traceability, smart contracts, and more connected e-commerce capabilities, helping us to continue pursuing our mission of being the essential connector to help drive better decisions. Moreover, it'll help us lead a transparent, sustainable, and responsible replacement tire ecosystem.

"Torqata is committed to creating \$5 billion in annual value for our partners by 2025."

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Continuous Improvement



At ATD, improvement isn't a buzzword — it's how we run our business. You'll see our ongoing improvement initiatives expressed in a variety of connected ways, including the following:

Customer satisfaction

Our customers are one of our most important stakeholders. We value their opinions and continually listen to their voice while resolving concerns promptly. Our centrally managed complaints program utilizes established processes and procedures to address customer complaints and concerns, positively impacting the customer experience. Complaint monitoring also provides the mechanism to identify factors creating misses, which leads to correction and elimination. Customers can reach us through email, phone, and eChat.

We're always looking for new ways to gain customer insights to enable us to serve them better. Conducting surveys and hosting listening sessions with our customers and partners provide additional proactive inputs for opportunities to serve our customers in new and better ways.

SEAL: seeking excellence, accountability, and leadership

SEAL, or SEAL standard work, refers to two types of work processes that we apply at ATD, both of which address safety issues: leader standard work processes, and SEAL standard work for warehouse and delivery operations.

SEAL standard work for leaders includes daily requirements for observations in the distribution center, daily requirements for Gemba Walks, and daily safety huddles. Safety is an integral part of SEAL standard work.

SEAL standard work processes for warehouse and delivery associates address each task, from the time tires arrive at the warehouse for unloading operations, until they are delivered to the customer, and all the steps in-between. Each process has its own SEAL standard work — even down to the way associates inspect their forklifts: walk around the equipment counterclockwise, check the outside, enter the compartment, and have a specific check at that point. All these processes are documented in SEAL standard work.

As we continue to make the connection between these two vital work processes, ATD is also focused on the next generation of SEAL standard work to incorporate the best leadership, engagement, and cultural standards, as well as best practices for standard work for all roles. Our leadership team and human resources representatives regularly meet with our associates and solicit their feedback in order to continually improve.

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Customer Experience (CX) Index score

This metric from Forrester's Customer Experience Index (CX Index™) is designed to close the loop between CX measures and growth, connecting quality and loyalty measures to specific revenue drivers.

NetPromoter Score (NPS)

This score helps us measure loyalty and brand advocacy.

Productivity

Continuous improvement and productivity are essential to producing long-term sustainable value for our stakeholders and thriving as a company. Therefore, we are committed to driving significant improvement in productivity throughout the company on a continuous basis, and for 2021, we set an ambitious goal of achieving \$50 million in year-over-year (YoY) savings. While our actual savings achieved was only \$21 million, we laid seeds for future productivity gains. Our key achievements for 2021 included:

- \$22 million from 2020 development and utilization of gross profit per customer delivery (GP/Drop) to provide insights and drive service levels and other operating decisions for improved optimization of delivery routes
- \$3 million from continuation of 2020 in supply chain and call center reorganizational actions

- \$2.2 million in delivery fleet efficiencies
- \$2.2 million in sourcing initiatives
- \$5.6 million net combined from other initiatives, both from 2020 continuations and 2021 initiatives

The above gains were offset by an initial-year loss of \$14 million pertaining to the initial stages of a customer profitability initiative expected to produce a go-forward productivity gain of \$30 million.

Professional development

By giving our associates the opportunity to continually improve their skills, we also give them a powerful incentive to advance their careers with us.

Pulse surveys

We stay connected to our associates on an ongoing basis to ensure they feel connected to our purpose, their work, and each other through regular engagement pulse surveys.

To provide associates with as many channels to engage with leaders and executives as possible, we also offer Directors Forums, quarterly Town Halls, and Field Leadership meetings throughout the year, in addition to monthly new hire coffee chats with our executives.



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ATD has embraced sustainability as a key factor that drives our business strategy and ESG as a vital connector to how we prioritize our focus areas. As a leader in the industry and tire replacement ecosystem, we serve as a critical and expeditious connector between manufacturers and customers of all types. We seek to identify opportunities and invest in solutions that improve our holistic community impact while delivering unmatched customer service to the entire replacement tire ecosystem.

Our team has decades of experience through our rich heritage in our industry, and yet we still embrace the spirit of a start-up. We strive to inspire our industry and guide our customers and partners through this extraordinary opportunity.

In fact, that's why we conducted a comprehensive tire end-of-life analysis, which has helped us extend our environmental impact commitment and strategy. We plan to be a leader in the tire circular economy, by going beyond our initial 25% GHG reduction by 2030 to a more aspirational net positive GHG impact.

Our ESG efforts began in 2017, with the creation of a Sustainability Committee. Our movement toward formalizing sustainability was a response to the rapid need to focus on climate change and social indicators. In 2020, we consulted with Morningstar Sustainalytics to assess our ESG standing. In its first report on the company, Sustainalytics gave ATD a low-risk rating, ranking us 213 out of over 13,000 companies and seventh among 39 retailing distribution companies (ratings as of July 16, 2021). In 2021, we formally created a Sustainability



Team comprised of our senior leadership team members who assumed direct accountability for the many ESG initiatives we were embarking on and to help assimilate our ESG strategy and initiatives into the normal course of operations.

In February 2022, our rating was updated to 11.9, and we were ranked 486 of 14,758 companies and 23 among 443 retailing distribution companies. Assessments will continue to be leveraged to continuously improve our strategy and performance. Along the way, ESG has become more than a series of processes. It has become our passion to connect and lead the industry in long-term excellence.

The overarching goal of our sustainability initiatives is to provide superior service while lowering our carbon footprint. By launching services for our retail and manufacturing partners that eliminate the need for inefficient transportation methods while reducing GHG impacts, we're setting the industry standard and ultimately helping drive improved results across our industry.

11.9
low-risk rating

#486
on a list of
more than 14,000

#23
of 443 retailing
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companies

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Improving tire end-of-life outcomes

Through responsibility and our ability to affect positive change, we're incorporating tire recycling into our business strategy. To ensure recycled tires have the most benefit after end-of-life, we conducted a screening study of both scrap tire processing and material outcomes. The objective was to inform our strategy by identifying which processes may have the highest benefit. There's substantial impact benefit potential in the ecosystem based on processing options available today. This benefit potential is valuable for most of our partners across the tire value chain.

In the fall of 2021, we conducted a customer Scrap Tire Recycling Survey Analysis. The purpose was to provide comprehensive customer insights on how dealers currently manage scrap tire recycling efforts and how they would prefer to handle efforts in the future. The insights identified customer needs and opportunities to provide a desired tire recycling service.

Dealers describe the ideal scrap tire disposal program as being dependable, with more frequent/reliable pickups, and having cost-efficient prices and incentives for recycling.

As we continue to develop this strategy and execution, we're incorporating the feedback from our customers.

ATD intends to use our position and capacity to facilitate greater tire recycling, driving tires into the circular economy, and improving end-of-life outcomes for 30 million+ tires.

"Having a partnership with ATD somehow would be a game changer. Tire disposal is one of the biggest challenges for my business."

ATD customer

39%

of respondents indicated the environmental impact of scrap tires is extremely/highly important

7/10

over two-thirds of respondents indicated the environmental impact of scrap tire disposal is extremely/highly important to their business, with an overall importance of 7/10





Environmental

Our environmental measures focus on direct reductions in greenhouse gas (GHG) emissions, energy use, and waste. We'll report our footprint annually as we continuously work to reduce our impacts.

Our environmental goal is to reduce our operational impacts and reduce product impacts while setting a course to tackle GHG emissions in the replacement tire ecosystem. We're committed to promoting and supporting the Global Reporting Initiative (GRI) and GHG measurement, and disclosure by following the Greenhouse Gas Protocol. Lloyd's Register Quality Assurance, Inc. (LRQA), globally recognized worldwide, provided independent assurance of ATD's GHG emissions inventory and environmental data for the calendar years 2019, 2020, and 2021, as reported here. Making progress depends on establishing a baseline, and ours is 2019.

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Energy and emissions	2019		2020		2021	
	Consumption	Emissions (mt CO ₂ e)	Consumption	Emissions (mt CO ₂ e)	Consumption	Emissions (mt CO ₂ e)
Scope 1	8,982,589	102,216	7,894,612	89,189	7,739,000	88,332
Diesel (Gallons)	8,374,563	86,367	6,958,576	71,764	6,853,420	70,665
Gasoline (Gallons)	163,490	1,437	370,643	3,257	347,701	3,056
Natural Gas (MMBtu)	216,094	11,478	197,601	10,496	206,520	10,969
Propane (Gallons)	226,550	1,320	365,757	2,103	329,004	1,895
Refrigerant (Lbs)	1,892	1,614	2,035	1,569	2,355	1,748
Scope 1 - Biomass	4,647	27	-	-	6,004	57
Biofuels (Gallons)	4,647	27	-	-	6,004	57
Scope 2	54,808,073	19,039	49,069,215	16,111	44,967,339	14,796
Electricity (kWh)	54,808,073	19,039	49,069,215	16,111	44,967,339	14,796
Scope 3	2,318,012,783	127,621	2,551,164,902	142,242	2,599,991,135	152,012
Air Travel (Miles)	8,710,507	527	2,714,013	166	2,969,118	181
Upstream Logistics (Ton-Miles)	2,168,492,781	96,745	2,404,696,894	110,226	2,390,541,977	106,812
Downstream Logistics (Ton-Miles)	140,807,081	29,360	143,751,083	30,552	206,476,731	43,892
Waste to Landfill (Short Tons)	1,789	932	2,413	1,250	2,018	1,002
Recycling (Short Tons)	625	57	499	48	1,291	125

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Reducing our carbon footprint

In 2021, ATD created and implemented controls and procedures that help ensure our processes governing ATD's environmental data management and reporting system (EMS) provide accurate and complete measurements. ATD's EMS contains the environmental data for 2019 forward to present. ATD's environmental data includes energy, waste, water, and volatile organic compounds (VOCs). We incorporate capital and resource allocations into our decision-making in driving down our emissions to meet our 10-year goal of an overall 25% GHG emissions reduction by 2030. Our performance management process also considers a full range of environmental impacts, including climate change.

Reducing carbon in our daily operations

Our goal is to reduce our operational carbon footprint while reducing impacts across the replacement tire ecosystem. Reducing our footprint and reaching our goals requires action in multiple areas. This includes:

- Replacing carbon-based sources of energy in our operations with renewable energy sources
- Expanded use of electric or alternative-fuel vehicles
- Reductions in energy consumption through technology, equipment, and facility modernizations
- Solid waste reductions through recycling and material reuse

▼ **25%**

our initial goal circa 2018 for operational carbon footprint reduction by 2030

▼ **7.6%**

our 2021 GHG intensity reduction (GHG per 1,000 tires delivered)

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From our fleet and distribution centers across North America to our field support center in Huntersville, NC, this includes expanded use of electric or alternative-fuel vehicles, reductions in energy consumption through greater logistical efficiencies, and recycling and repurposing materials.

We're also exploring opportunities to expand our nearshoring sourcing, which can enable us to reduce GHG impacts by moving even more sourcing operations closer to a region. In ATD's case, those regions are Mexico and the U.S., where some of our proprietary products are manufactured.

In fact, we intend to help our manufacturing partners and customers reduce their carbon footprint by taking on a greater share of the industry-wide logistics activities, which we feel we're best able to do from a total carbon emissions standpoint.

A tool to reduce carbon emissions

To leverage our carbon reduction initiatives, we've developed an emissions modeling tool that measures the GHG impacts of ATD's operations and services.

We use the emissions tool when working with our partners to provide preliminary answers to common emission questions that are especially useful when seeking emission reductions. The engine also allows a deeper dive into logistics solutions, identifying benefits across the distribution network.

This proprietary tool is an example of ATD's commitment to being the connected partner leading in lowering carbon impacts across the replacement tire ecosystem.



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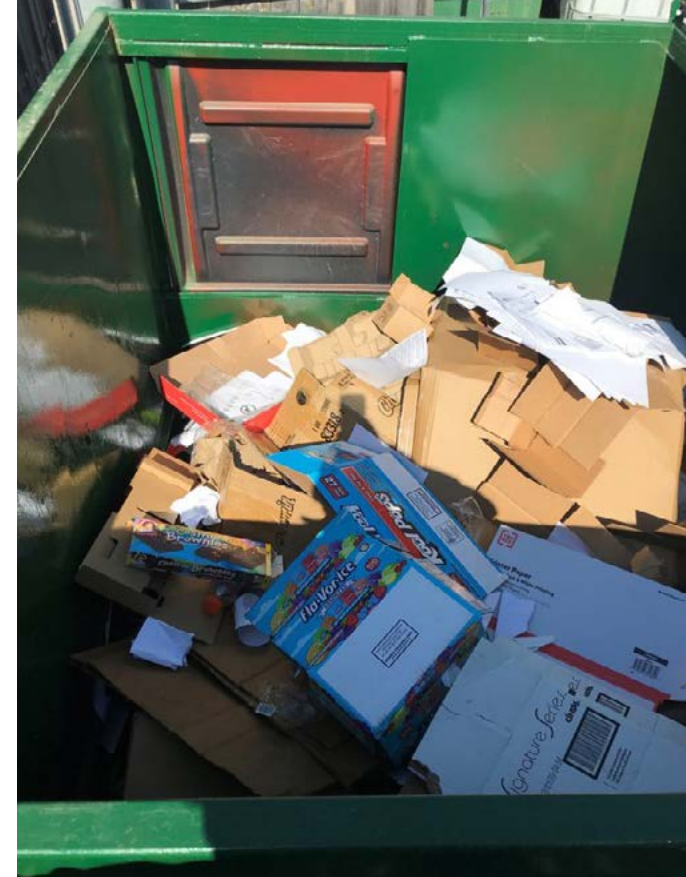
Waste

Until recently, ATD's waste disposal was decentralized with each distribution center (DC) handling its own waste services. These waste services companies ranged from small companies to national vendors. In 2018, we issued an RFP to provide better access to data to audit our impact. As a result, the majority of our DCs launched our current waste management program in 2019 and 2020, providing views of data that we didn't have just a few years ago.

In 2021, we further connected with our goal to reduce waste by introducing a company-wide recycling program with recycling capabilities at all locations. Now each of our facilities have both waste and recycling containers to make sure that we're segregating materials correctly to limit landfill contributions. We're also exploring tire recycling to avoid potential waste going into landfills and turning it into a reusable renewable source.

Waste to landfill (Short Tons)

	2019	2020	2021
	1,789	2,413	2,018



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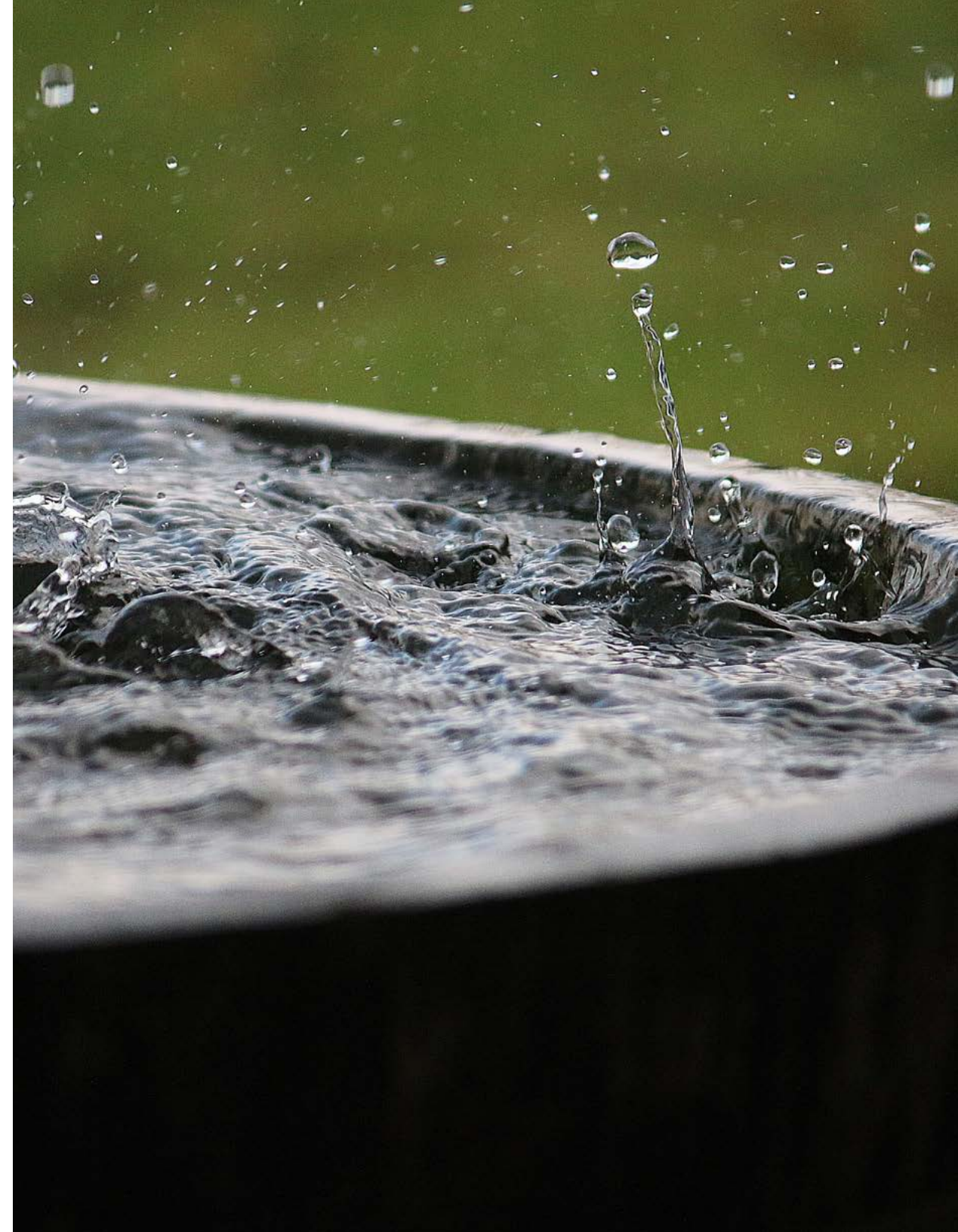
Water

Clean, plentiful water is vital for the health of all living creatures. It's also vital throughout the world to agriculture, industry, and energy. While ATD's water use is minimal in our operations, we recognize the need to monitor and manage water use. Using the World Resources Institute (WRI) Aqueduct Water Risk Atlas, we conducted a risk assessment of all locations identifying locations where ATD operates within water stress areas, as well as where there is risk for water scarcity. We'll continue to monitor water use and identify ways in which we can improve water scarcity in water-stressed areas.

Going forward there are programs that we can analyze that recycle drain water and further protect this precious resource.

Water use (Gallons)

	2019	2020	2021
	33,330,698	40,076,970	43,114,134



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Electricity

By 2019, 42 of ATD's facilities' lighting had been converted to LED. In late 2019, ATD issued an RFP to determine carbon reduction, payback period, and year-over-year cost reduction to analyze converting our remaining U.S. facilities to LED. The analysis, coupled with our strategy to lower our emissions, confirmed the business case. As of the close of 2021, 39 additional centers have been converted to LED, resulting in a 20% reduction in kilowatt hour consumption across the entire network. The remaining 37 centers are expected to be converted over the course of the next four years with completion by the end of 2026.

In 2021, ATD began a complete renovation of its corporate headquarters in Huntersville, NC, which is expected to be complete in June 2022. As part of the state-of-the-art facility, it will include electric vehicles (EV) charging stations, centralized climate control systems, as well as an investment in rooftop solar panels expected to reduce kilowatt hours by 30%.

Our goal is to become net positive. ATD intends to reduce our negative impacts to zero while improving the communities in which we

operate. In becoming net positive, we will remove our negative impacts through energy efficiency and shifting our energy to renewable sources. In 2021, we completed plans to provide renewable energy on-site at our Huntersville Field Support Center. We'll begin realizing the benefits in 2022, while building our renewable energy roadmap.

Today, our distribution miles are one of our largest GHG impacts. Our decarbonization strategy utilizes bio diesel, a transition to an electric fleet and ongoing improved logistical efficiencies. We are excited to partner with innovative EV manufacturers to provide a cleaner environment for our communities. We look forward to sharing news of our EV fleet in the coming months and our next ESG report.

Electricity consumption (kWh)

2019	2020	2021
54,808,073	49,069,215	44,967,339

2021 reductions resulted in an absolute reduction of more than 16% compared to 2019.



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Optimizing shipping routes to minimize emissions

Another way we work to reduce our carbon impact is by looking for ways to reduce the number of miles our trucks travel when making deliveries. We're moving away from a static routing system that required an associate to come into the distribution center every morning and route the trucks for the day. We're changing that in two important ways:

Descartes is a dynamic routing system. As orders come in, they're automatically optimized and routed. It's a more streamlined and effective method of routing. Because Descartes is an algorithm, it's intelligent, and it learns. We're currently in the pilot phase with Descartes, and early indications show a decrease in miles driven of approximately 3%-4%.

Dock Scheduler: Prior to Q4 of 2021, if one of our carriers was scheduling a load going into our distribution centers (DC) a call, email, or text would be sent to that DC, which meant we had no visibility into where we were in the receiving process. Now, using a tool called Dock Scheduler, we have a centralized database that enables the carrier to sign up for delivery of a load. We can see where we have a backlog and where we might need some additional assistance. It's a much easier tool for our carriers to use than having to schedule appointments with someone at the DC. It's also allowing us to implement best practices across the network. We're currently running approximately 30 pilots of Dock Scheduler across the company and gaining valuable data in the process.



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Climate strategy

With our changing world and the effects of climate change, our response and strategy must be focused and urgent. ATD can make change and will act upon that responsibility.

Our targets, now and in the future, incorporate risks from the changing climate but also seek to incorporate opportunity for the entire replacement tire ecosystem. Partnerships have never been more important than they are now. Businesses have the ability and responsibility to solve the climate change challenge – together.

As noted earlier in this report, ATD identified energy and carbon management as one of our most material topics. As such, we are incorporating GHG emission reductions into our goals, but most importantly into our business strategy. As the connector in the replacement tire industry, we can lead in this space creating change across the industry. Focus on energy and carbon management goes hand in hand with a second material topic: recycling and circular economy. Our tire recycling strategy is a good example of sustainability focus

incorporated into business. Our strategy to move scrap tires to the best end-of-life reduces GHG across the industry, enabling scrap tires to be processed into reusable material while providing a valuable new service to our customers.

We are working to measure, manage, and reduce all of our GHG impacts. Our customized emissions platform measures GHG in our operations, including accounting for our Scope 3 use of sold products emissions. Through the use of this platform, we are identifying appropriate solutions to decarbonize our operations to reach our reduction of 25% of our emissions by 2030. The platform further supports establishing new goals producing business opportunity and emissions improvement.

We continue to manage and evaluate our water risk while working to lower our impacts throughout our communities. Climate strategy at ATD will continue to evolve and expand, and will be reported annually in our ESG report.

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Connected ESG strategies

For quite some time, ATD has been embracing a vision to be the industry connector and a data connector to drive improvements throughout the industry. And now, as we make valuable connections to ESG throughout the value chain, we're finding that our customers, partners, and vendors are at a variety of levels in their own ESG journeys. While many of their plans are proprietary, ATD is committed to meeting them where they are, supporting their initiatives by connecting our ESG goals to theirs and collaborating with other industry players to enhance overall ESG improvements and best practices.

ATD is leading conversations on key topics such as GHG emissions savings, supply chain efficiencies, recycling, and product end-of-life options. We're also participating in discussions furthering strategy and connecting manufacturers, retailers, and distributors to drive more capacity in circular solutions for product end-of-life. We're committed to helping solve these pressing environmental issues and inspiring widespread change by playing the roles of both partner and steward, because it's all connected.

ATD is helping propagate the EV revolution

ATD plays a critical role in the broad adoption of EV by providing tires to the top EV manufacturers. Additionally, ATD has plans underway to begin transitioning to electric delivery vehicles in late 2022.



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Supply Chain Sustainability



Achieving sustainability requires leadership and accountability; it's integral to our ability to realize long-run performance, organizational resilience, profitability, and value creation. As we entered 2021, supply chains across the world already had to contend with high demand, growing port congestion, and manufacturing delays. The landscape worsened in early 2021 with rising COVID cases; changing worker demands (increase in wage expectations and flexible work schedules); and reduced container, trailer, and driver capacity leading to significant cost increases in transportation. We saw new customer buying habits with a tremendous increase in online purchases, and consumers remained price conscious. Buyers had higher expectations with reduced planned purchases and expected more on-demand products and services.

ATD quickly adapted, shifting buying and fulfillment methods to accommodate changing product availability and production schedules. While this often led to an increase in shifting inventory within ATD, we created the bridge and connections to ensure our customers had the products they needed to serve consumers. It takes good people to accomplish these shifts. Fortunately, ATD has the best team members supporting this work. To ensure we have new team members when needed, we enhanced our recruiting and hiring processes to decrease the time from application to hire. We also strengthened our partnerships with contingent worker agencies and third-party logistics (3PL) transportation companies creating the labor capacity necessary to fulfill the needs of our customers.



Our customer-focused approach to supply chain and the tire distribution industry includes:

115,000

customer delivery points

8M+

deliveries per year

45M+

units delivered per year

ATD supply chain also handles a large amount of product and network operations:

\$1B

of product on hand

22M

square feet of warehouse space

15,000

active products

600,000

stocking locations

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International supply chain

Our international products are made in China, South Korea, Thailand, Vietnam, India, Sri Lanka, Mexico, and the U.S.



ATD implemented key changes to our supply chain operations in the years 2020 and 2021 to reduce GHG impacts. Specifically, we identified improvements in transforming less-than-truckload (LTL) tire shipments to an optimized full-truck delivery.

In 2020, ATD launched new services to fill in gaps. Tire manufacturers leaned on ATD to provide last-mile delivery (LMD) to expedite distribution of their products. This new service, FLX FWD, provided valuable efficiencies. Because ATD loads the FLX FWD shipments with tires from multiple manufacturers, the trucks are transported with full loads utilizing optimized routes. The overall effect is net positive to GHG with fewer trucks on the road, and fewer miles traveled resulting in reduced GHG transport impact per tire.

Additionally, tire availability has been improved for many downstream customers. Independent, retail tire businesses selling niche products

such as off-road enthusiasts' tires, previously waited as long as six weeks to replenish stock. With ATD's routing optimization and sending out full trucks, the niche products are being replenished in one week on average.

Going forward, we continue to develop applications that give customers more control over purchases and delivery timing and are constantly improving and upgrading our infrastructure. Our team works with a vast digital ecosystem composed of partners such as Oracle and Microsoft, all contributing to our international and domestic supply chain, and regional DC network success. It's all connected.

Additionally, we plan to leverage our ability to bring the full spectrum of LMD capabilities – including data and analytics, FLX FWD, route density, and dynamic route optimization – to reduce miles driven per tire delivered into the marketplace.





Social

Our approach to social responsibility is driven by the philosophy that to achieve our purpose — to help our customers thrive and drive into the future — we must first understand, empower, and nurture the human capital within our company.

ATD's culture is rooted in its core values and belief system expressed through our iCare values (Innovation, Collaboration, Accountability, Respect, and Excellence) deployed throughout our organization with ongoing engagement, reinforcement, and training.

ATD's social goal is centered on careers, culture, and the community, which extends to active engagement and support of the communities we serve.

Our goal is to continue driving inclusion, safety, wellness, diversity, equality, equal justice, and social equity in the workplace and in the communities that we connect with on local, regional, national, and global levels.

Be you, with us. We are ATD.

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Connected Culture



Our associates: building a positive culture

ATD's ESG and sustainability commitment includes occupational and workplace health and safety, diversity and inclusion, equal opportunity, pay and advancement equity, data privacy, and training and development. Our associate wellness promise includes a commitment to whole-person wellbeing, including the health and safety of our associates, and all who visit our DCs and Mixing Centers and otherwise interact with our operations.

At ATD, we believe that anyone can think big. We recognize the connection between the different backgrounds and experiences our individuals offer and how collectively that sets us apart in the industry. Ultimately, it's what leads us to amazing ideas. We take pride in championing each others' achievements and hosting events and celebrations throughout the year to reward associates and build a strong team culture.

Additionally, we regularly pulse survey our associates to measure engagement with annual targets for improvement. In 2021, 77% of our associates were included in our third quarter pulse survey, with an 81% participation rate.

We've always been focused on driving connection and culture, and this became even more important in a remote environment. When a global pandemic changed almost everything about how business is conducted, we quickly implemented new ways to maintain productivity, engagement, and open, two-way communication between managers and teams. The pulse surveys demonstrated that not only did we maintain connections, we also improved them through enhanced collaboration, with associates reporting "my manager cares about me as a person" — all while having our sales and field support associates working 100% remote since March 2020.



	2018	2019	2020	2021	Improvement
Engagement	61%	-	71%	76%	5 pp

Quarterly performance and development

Across all job categories, 90% of associates received an annual performance review, provided they had been with the company for at least 90 days. This means that more than 7,200 performance and development check-ins took place in 2021. These connected conversations drove transparency, support, recognition, feedback, and development to guide our associates where to focus their efforts for personal development and to meet their goals. Ongoing coaching and connected learner development programs were instrumental in connecting our workforce and maintaining engagement, especially these past couple of years when the virtual world became so important.

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A focus on associate wellbeing

Wellbeing encompasses the whole person, not just the physical self. We want our associates to be their best selves, not only at work, but outside of work as well. We want to provide resources for our associates to create or maintain healthy habits and foster overall wellbeing.

Our theme of “It’s All Connected” represents how we approach wellbeing. It means that the health and wellness of our associates, as well as their families, are of vital concern to ATD. We express our care and concern for the health and wellness of our associates and their families, now and in the future, through customized benefits packages.

In 2021, we recognized a greater need to focus on associate whole-person wellbeing. We began by researching the health and wellbeing issues facing our associates and created a strategy focused on addressing their wellness needs and those of their families. This included exploring vendors that could provide a comprehensive wellness experience for our people, as well as a robust focus on both physical and mental wellbeing. We selected a vendor that offers programs that align with the top five health and wellness issues facing our associates, as well as the ability to interact via an app or talk live to a coach about any topics of interest. The solution offers a personalized approach that allows associates to take control of their own wellness journey.

Seeking competitive pay positioning

To offer competitive pay structures to our associates, ATD conducts regular market assessments and deploys innovative tactics to address challenges. In 2021, we implemented a market-based wage adjustment for our hourly workers to ensure that we were paying competitively and targeting at least the midpoint or national average of the market. We have invested heavily

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in our frontline roles where we saw labor challenges. A review of supply chain hourly worker pay rates led us to implement market adjustments for warehouse and delivery drivers to ensure competitive pay positioning. The increase for warehouse workers was on average 8%, and 4% for drivers.

By taking an integrated approach that includes compensation, benefits, training, and an engaged culture, we offer our associates a holistic value proposition. Continuous development gives our associates the skills they need to excel in their roles, including skilling and reskilling to stay current as technology and high-demand skills evolve. We're exploring a pay-for-knowledge model that directly connects compensation to the knowledge and skills gained. And, in 2022, we've launched studies to enable continued review of competitive pay positioning for all our roles.

All associates benefited from 2021 financial performance

Our frontline associates are our everyday heroes and continue to humble us by the performance they showed during the supply challenges of 2021. To incentivize frontline associates, in addition to pay based on business performance, all frontline workers received two special incentive payments during 2021.

Not only did we take care of our frontline associates, we wanted to share in the success of the business performance in 2021. We ensured that 500 of our non-bonus eligible associates benefited from the company's outsized performance in 2021 totaling \$2 million.



“I believe the amount of money that is invested in our people is great. We have a competitive pay structure and overall compensation package, as well as processes in place to allow each associate to make a little extra money based on their own efforts.”

ATD Associate, Materiality Assessment
Stakeholder Interview

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Supporting the diverse needs of ATD associates

In order to encourage a healthy mind-body connection, our benefits strategy focuses on the whole-person wellbeing of our associates. We embrace wellbeing as part of our DNA.

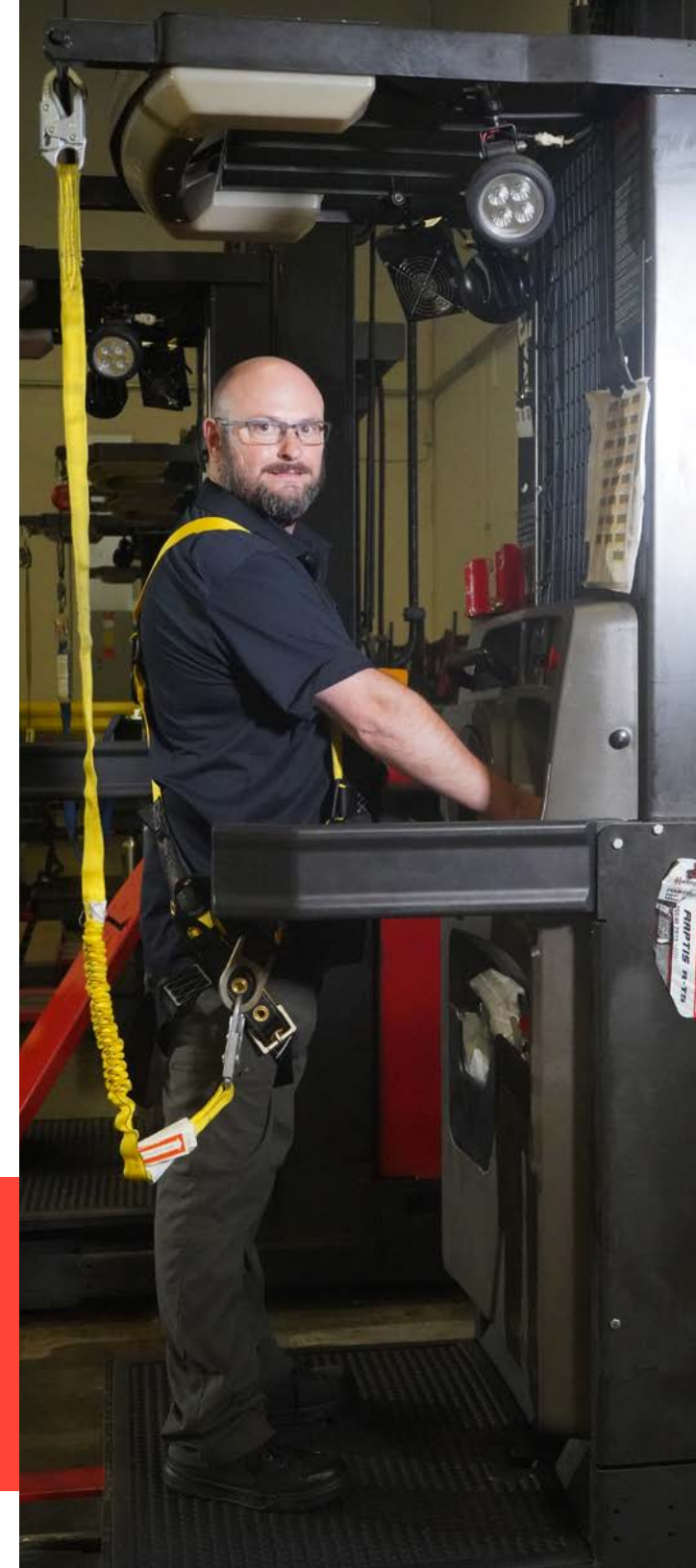
We made an intentional decision to allow part-time associates the ability to enroll in health and wellness programs. Associates who work at least 16 hours per week are eligible for all benefit programs, excluding life, accidental death, and dismemberment (AD&D), short-term disability (STD), and long-term disability (LTD). Those who work at least 30 hours per week are eligible for all benefits. Our medical premiums are also based on a tiered salary-banded approach, so our more highly compensated associates pick up a greater share of the cost.

We offer competitive, sustainable, and comprehensive benefit programs that promote associate wellbeing both physically and mentally, including:

- Medical, Rx, Dental
- Flexible Spending Accounts (Medical and Dependent Care) and Health Savings Accounts (HSA)
- Vision
- Parental Leave
- Basic Life Insurance at 2x base salary and AD&D Insurance up to 1x base salary
- Accident
- Critical Illness
- Hospital Indemnity
- Supplemental life insurance for associates, spouses, and dependents
- Short-term (STD) and long-term disability (LTD)
- Both traditional and Roth 401(k) Plans
- Identity theft insurance
- Pet Insurance
- Tuition reimbursement

Offering our associates choices

In 2021, we refreshed our health and wellness programs to expand and improve the choices we offer our associates and to appeal to our diverse workforce. As part of this initiative, we introduced a third medical plan option that includes an HSA and an additional savings vehicle for associates with contributions from ATD.



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Last year, we also launched new voluntary benefits that help protect associates' wellbeing and lifestyle, including, Critical Illness, Accident and Hospital Indemnity, ID Theft Protection, and Pet Insurance. This allows associates to pick and choose the plans that work best for themselves and their families.

All associates are eligible for paid time off (PTO). Under our ATD PTO plan, associates accrue time off during the year based on tiers aligned to years of service. The lowest tier equates to 18 (8 hour) days. In addition, ATD observes seven paid holidays a year. Each year, we've typically dedicated at least two of these days as floating holidays to allow associates to choose the days to take off to celebrate their own personal beliefs and observances.

All associates and their dependents are also eligible for our Employee Assistance Program (EAP) that helps support common work/life issues, including child and adult care, family and relationships, emotional wellbeing, home and finances, and health and wellness.

Additionally, associates enrolled in our medical plan can participate in several health promotion programs offered through our medical care provider, including:

- Tobacco cessation program
- Weight management program
- Healthy Pregnancies, Healthy Babies Program
- Stress management

And, we extended our COVID Leave Donation Program into 2021. Through year-end 2021, a total of 174 associates donated 2,841 hours. As of December 31, 2021, 2,201 hours had been granted to 72 associates.

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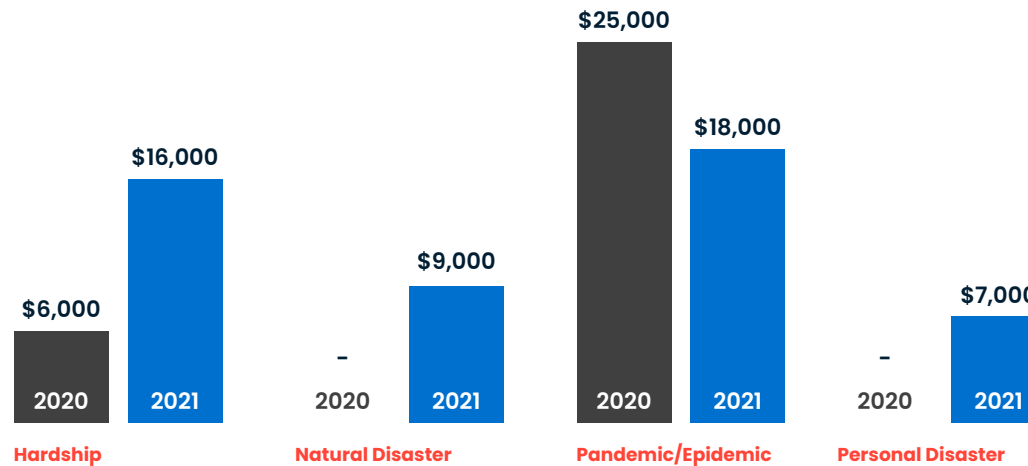


We're a company with a soul. When we come together in support of our associates, we show each other that weCare. The weCare Associate Relief Fund was created to give all ATD associates a way to help fellow team members during times of need.



The weCare Associate Relief Fund is for associates, funded by associates. ATD associates contribute to this fund, which gives grants of up to \$1,500 per incident to provide some relief during a time of extreme need. Associates apply for grants when they experience unexpected hardships, such as a death in the family, critical illness, hospitalization, flood, or fire.

Grants by Event 2020 and 2021



39

total grants in 2021

\$49,845

total amount awarded in 2021

24

total grants in 2020

\$30,559

total amount awarded in 2020

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Average tenure at ATD in 2021 was 5.27 years, higher than the national average of 4.1 years.* While ATD 2021 tenure was lower than our 2020 tenure of 5.56 years, this change is attributed to new staffing protocols in new business units like Torqata and Tirebuyer, reducing the overall company average tenure to support new growth. As we keep investing in innovation and new capabilities that differentiate ATD, we'll continue to recruit new talent.

5.27 years

ATD average tenure

Helping our associates beWell

beWell is a personalized wellness program that our associates customize to meet their unique wellness needs. We offer ATD associates wellness activities throughout the year, such as our summer whole-person wellbeing wellness challenge, walking challenges, 5K for Heroes charitable live and virtual race, mental wellness webinars, and fun activities designed to relieve stress like virtual music trivia.

82%

average percentage of associates enrolled in a medical insurance plan. When looking at eligibility for any elective health benefit, 89% of associates enroll on average

91%

average participation rate of eligible associates enrolled in our 401(k) plan

As part of ATD's comprehensive benefits package, medical insurance conveys a strong connection between associates' daily lives on and off the job. And by offering a robust 401(k) plan, we demonstrate that weCare about our people's futures, too. It's all connected.

* Source for national statistic is the U.S. Bureau of Labor Statistics "Employee Tenure Survey" 9/22/2020



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People-first Safety



Driving our safety performance

With over 1,400 delivery vehicles traveling 65 million miles to over 130,000 locations last year, keeping our associates safe on the road is a major focus for ATD. That's why we're investing in new tools and techniques to enhance the safety of our drivers. In addition to the standard, ongoing compliance and safety training given to all associates (including temporary and contract workers), ATD's drivers receive:

- Role-specific training during their first two weeks of orientation
- Regular reminder training on topics such as defensive driving and ergonomics through ATD's online, micro-learning platform, which associates are expected to access daily for about 5 minutes per day
- Individualized recognition and coaching based on the DriveCam behavior monitoring system, which ATD installed throughout our fleet in 2021

ATD is also investing in equipment to help our drivers do their work more safely, including:

- Added new platforms and step stools to reduce overreaching in both our warehouses and trucks
- Increasing handheld requirements on new and existing trucks, including testing handhelds that insert into the truck floor, to reduce the chance of a slip or fall
- Installing handle strap extensions on all truck roll-up doors to reduce the number of times drivers must climb up and down the truck and risk the chance of a slip or fall
- Requiring new vehicles to include automatic collision avoidance technology



19%

reduction in OSHA recordable incident rate vs. 2020

21%

reduction in OSHA lost-time incident rate vs. 2020

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Finding the safest way to work

The habits and routines we form are extremely powerful. We tend to do things the same way every time, often without even thinking about it. If we can learn to do tasks at work in the safest way possible, that habit will help us keep doing those tasks safely for years to come.

That is why ATD has standard work processes for every step along a tire's journey through our operations. For example, before using a forklift to unload a truck, associates walk around the forklift counterclockwise to check for any issues before climbing in and conducting additional checks in the driver's compartment. Following this routine helps associates focus on spotting potential issues rather than trying to remember all the things to check before using the forklift.

We refer to these processes as SEAL standard processes, which stands for Seeking Excellence, Accountability, and Leadership. Over time we have expanded our SEAL processes to cover how leaders do their work as well. For example, standard work for our distribution center leaders includes conducting a certain number of safety huddles and work observations each day. This helps site leaders understand how work actually gets done so they can quickly make any changes needed to ensure that work is done as safely and efficiently as possible.

Going forward, our leadership and human resources teams will continue improving our SEAL processes by incorporating the latest best practices and gathering feedback from

associates. Our next generation of SEAL standard processes will incorporate best practices focused on building leadership, engagement, and culture across our company. This will help us keep driving towards even better performance in all aspects of our business.

ATD's safety management system

ATD's occupational health and safety management system is designed to provide a safe environment for all associates, including temporary and contract workers, at all ATD-controlled workplaces. The system covers all federal, state, and local health and safety regulations.

Collaborating to improve safety

ATD's site operations and safety teams, along with local safety committees, were established to work together to identify hazards and design standard ways of doing work to eliminate those hazards to the greatest extent practicable. In addition, two teams composed of site leaders and senior operations leaders meet with ATD's safety team weekly to review hazards that have been identified and create or implement action plans to control those hazards. Both engineering controls (e.g., installing guardrails, using machines to lift heavy objects) and administrative controls (e.g., training, manager observations) are applied to hazards that cannot be eliminated.



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Empowering associates

Associates are encouraged to report workplace hazards during daily huddles with their managers and teammates. ATD also provides a hotline so anyone can report hazards or other issues anonymously if he or she prefers to.

ATD's leadership encourages open feedback and communication between associates and managers. All associates may refuse to perform an assignment that he or she feels cannot be performed safely by consulting with their manager. This is facilitated by ATD's policy expressly forbidding retaliation against associates for reporting hazards or potential hazards, or making other safety-related suggestions.

Learning together

All work-related incidents are investigated using ATD's five-why-based model to identify the causes of the incident and appropriate corrective actions. All associates who were participants or witnesses of the incident are involved in the investigation.

The causes and corrective actions for significant incidents are shared across the company. Site leaders and managers share them with their teams during daily huddles and take any preventative actions that are appropriate for their site.

Safety training

All associates, including temporary and contract workers, receive new employee orientation and safety training. This includes ergonomic training (e.g., stretching, safe lifting, and material handling), COVID-19 safety protocols, and role-specific training, such as:

- Driver training and qualification
- Forklift/Powered Industrial Truck (PIT) training and certification
- Safely working at heights and fall protection
- Emergency response and first aid/CPR/Automated External Defibrillator (AED)

ATD designs and purchases training on a wide variety of topics that is provided to associates at no charge and during business hours. Training is delivered through conversations with managers and site leaders during daily huddles, in classroom settings, on-the-job practice and coaching, and through individual, daily training in ATD's online micro-learning platform. Daily training topics can range from regulatory compliance and everyday safety concerns to rare but significant events that we don't often think about or prepare for. Some example topics are:

- Defensive driving
- General safety awareness at home and at work
- The risks of rushing or taking shortcuts
- The impacts of fatigue
- Weather hazards
- Staying safe during civil unrest



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Safety performance

We're pleased that both the number and severity of injuries suffered by our associates were down last year. Overall, there were no fatalities, 19% fewer OSHA-reportable injuries (229), 21% fewer injuries resulting in days away from work, restricted duty, or transfers to new jobs (135), and 21% fewer OSHA lost-time incidents (46) in 2021 compared with 2020. Preventable collisions were also down 3% in 2021 compared with 2020. We're working to maintain this momentum and continue driving down injuries in 2022.

Injury type	Number (for all of 2021)	Rate (per 200,000 hours worked)
OSHA Recordable Incidents (work-related injury or ill health that is diagnosed by a licensed healthcare professional or that results in medical treatment beyond first aid, days away from work, restricted work, transfer to another job, loss of consciousness, or death)	229	3.96
OSHA Days Away, Restriction, Transfer (DART) Incidents (work-related injury or illness that results in days away from work, restricted duty, or transfer to another job)	135	2.34
OSHA Lost Time Incidents (work-related injury or illness that results in days away from work)	46	0.80



3.96

OSHA Recordable Incident rate for ATD associates was 3.96, a 19% improvement from 2020

3%

preventable collisions improved by 3% from 2020 to 2021

.80

Lost-Time Incident Frequency Rate (LTIFR) was .80, a 21% improvement from 2020

▼ 19%

OSHA Recordable Incident rate for ATD associates was 3.96, a 19% improvement from 2020

135

number of cases with Days Away, Restriction, Transfer (DART) was 135, a 21% improvement from 2020

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Learning Culture



Training and professional development

At ATD, our training begins on day one with company onboarding in order to demonstrate the connection between who we are as a company and how the associate will become a key part of our culture. It includes training on inclusion and diversity, followed by position-based training. Depending on an associate's role, he or she will be on a learning path that is designed for their specific job requirements. In 2021, on average, ATD associates completed 20.11 training hours each month. This equates to more than 106,800 hours of training while answering more than eight million questions in Spark.

Once hired, associates can take advantage of our learning platform, combined with an environment of continuous learning that has been embedded throughout the entire organization.

Ongoing learning and professional development are vital to each associate's ability to have and connect to the best set of skills and knowledge for their job performance and satisfaction every day. By investing in our associates' skills and knowledge, we enhance their ability to provide the best for our customers. We encourage a fierce desire to learn and improve, and we connect them with the necessary tools so that our associates do just that.

Over 8M  spark

associate interactions with Spark

10%

average knowledge growth per associate

11.5

company average days/month associates train on Spark

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Our greatest strength is our people. We're stronger together because of our diversity and the unique experiences and stories that make us who we are.

At ATD, we help drive diversity and inclusion across the organization through mindful practices and conversations supportive of our people-first culture where everyone can thrive, feel respected, and have an equal voice.

We integrate Diversity, Equity & Inclusion (DE&I) into every part of the company, such as:

- Hiring protocols to ensure fair and equitable process and attraction of talent
- Quarterly DE&I learning curricula for all associates
- Targeted development programs for diverse and female leaders

	2018	2019	2020	2021
Diversity Representation				
Overall	33%	40%	39%	41%
Diverse Leaders	9%	11%	19%	21%
Female Leaders	15%	18%	21%	24%
Diversity Hires				
Diverse Hires	34%	55%	53%	55%
Female Hires	10%	8%	8%	10%

16.2%

female associates

ATD is making strides in recruiting and retaining more female associates as part of our efforts to build a more diverse workforce. Last year we saw a 14% increase in female leadership roles and a 25% increase in overall female hires.

41%

ethnic diverse minorities

As part of our focus on building and maintaining a diverse associate base, ATD saw an 10.5% increase in diversity in leadership positions and a 3.8% increase in diversity hires

41%

overall workforce diversity

21%

of leadership is diverse

55%

diversity among new hires

24%

of leadership is female

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ATD has assessed our enterprise gender, diversity, and frontline pay equity. We will continuously evolve our programs until pay equity has been reached. We'll remain transparent in reporting our progress, sharing this information annually.

ATD's overarching pay equity objectives:

- Ensure that objective, fair pay decisions are made at every opportunity and make decisions at the individual associate level
- Provide all associates with clear and fair access to career growth and development opportunities that directly impact their pay
- Maintain high quality data and review pay equity practices continuously to address any gaps that may arise

Pay Ratio 2021 by level

	2019		2020		2021	
	Male to Female	Nondiverse to Diverse*	Male to Female	Nondiverse to Diverse*	Male to Female	Nondiverse to Diverse*
Director	93%	103%	93%	101%	88%	101%
Individual Contributor	114%	91%	113%	90%	115%	89%
Manager	103%	104%	100%	103%	98%	105%
Senior Director	107%	92%	112%	114%	115%	116%
Senior Manager	83%	NA	70%	124%	81%	101%
Senior Vice President	108%	101%	108%	84%	108%	90%
Supervisor	95%	99%	99%	102%	96%	101%
Vice President	106%	102%	107%	108%	112%	107%
Total	123%	79%	125%	79%	124%	78%

*Diverse - Minorities by ethnicity



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Our communities are our homes. And that's just how weCare for them.

CSR FRAMEWORK HOW weCARE FOR OUR COMMUNITIES



Driving hope, happiness, and wellbeing across our country, so this generation and the next have opportunity and accessibility to **thrive and drive** into the future

OBJECTIVES



Contributing to our communities

We value and promote social responsibility within the company and build strong connections in our communities. Our commitment extends to being actively engaged and supportive of the communities we serve at local, regional, and national levels through volunteerism, event sponsorships, in-kind drives, fundraisers, donations, and wellness and safety programs.

We're passionate about helping underserved communities and diversity initiatives, including assisting minority businesses through our supplier diversity initiative. We also support racial and social equity by our sponsoring of public interest lawyers through Equal Justice Works, and projects that promote racial justice in communities where ATD operates.

ATD also demonstrates its commitment to serving our associates through our weCare Associate Relief Fund, which is funded by both the company and ATD associates. This fund supports our associates through difficult times caused by natural disasters, family illness, and similar unexpected hardships. In 2021, we continued our support of several nonprofit organizations across the country that benefit everyday heroes and underserved/at risk communities:



Gary Sinise Foundation: Our primary community partner since 2019, the Gary Sinise Foundation, has helped service members, veterans, first responders, and their families through various programs. In 2021, ATD donated \$1 million to support the foundation's newest effort focused on the mental wellness needs of military veterans and first responders.



YWCA Central Carolinas: YWCA is a nonprofit organization that has been a part of Greater Charlotte's history since 1902. In 2021, associates from the Huntersville Field Support Center donated 200 items to YWCA Central Carolinas benefiting women in transitional housing programs.

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Kids in Need Foundation: This charity believes every child in America should have equal opportunity and access to a quality education. Last year, DC associates donated more than 2,600 school items to this organization.



American Red Cross: This nonprofit humanitarian organization provides emergency assistance, disaster relief, and disaster preparedness education in the United States. According to the American Red Cross, one blood drive can save the lives of hundreds of people, and that's why ATD hosted a drive in 2021 that was well supported by our associates.



Equal Justice Works: For nearly 30 years this Washington, D.C.-based organization has created opportunities for lawyers to transform their passion for equal justice and public interest advocacy into a lifelong commitment to public service. Candidates for an Equal Justice Works Fellowship can create a Fellowship project of their own design or can apply to join an established Fellowship program dedicated to serving a specific population or addressing an unmet legal need.

No matter the chosen path to serve, Equal Justice Works Fellowships foster long-term success in the public sector — on average, 85% of Equal

Justice Works Fellows remain in public service following their Fellowship, with many leveraging connections made and skills gained during their Fellowship throughout the rest of their careers. In 2021, ATD provided three Equal Justice Works Fellow sponsorships for Fellows in Chicago, Charlotte, and Raleigh focused on housing equity, mental health in prisons, and fair employment. ATD is committed to expanding our support in 2022 to include Fellows focused on housing and environmental justice in North Carolina, Massachusetts, Michigan, and the larger Great Lakes Region.



Feeding America: This United States-based nonprofit organization is a nationwide network of more than 200 food banks that feed more than 46 million people through food pantries, soup kitchens, shelters, and other community-based agencies. In 2021, ATD donated 35,868 pounds of food items to Feeding America.



Apparo: This organization transforms the community and improves lives by connecting local nonprofits to technology expertise and resources that amplify their impact. ATD joined Wells Fargo, Crafted, and UNC Charlotte volunteers to team up with Apparo to identify a new software solution to track survivors and donors for Carolina Breast Friends (CBF). As a result of this solution, CBF anticipates

saving 1,000+ hours annually in staff time. The time saved will be spent cultivating new donors, working on events, and will allow CBF to increase the number of appointments with survivors. They will also experience a cost savings of \$26,000.



Toys for Tots: Since 1947, the mission of Toys for Tots has been to assist the U.S. Marine Corps in providing a tangible sign of hope to economically disadvantaged children at Christmas by collecting new unwrapped toys and distributing those toys to less fortunate children at Christmas. ATD donated hundreds of toys across the nation in 2021.



Movember: This annual event involves the growing of moustaches during the month of November to raise awareness of men's health issues, such as prostate cancer, testicular cancer, and men's suicide. This past Movember, ATD associates put down the razor for this good cause, generating a donation of \$5,000.

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Giving for our heroes

In 2011, to expand upon his individual efforts, actor and humanitarian Gary Sinise established the Gary Sinise Foundation with the mission to serve and honor America's defenders, veterans, first responders, Gold Star families, and others in need.

In 2019, ATD announced the Gary Sinise Foundation as our signature community cause and partnership. We're proud to support our nation's troops, veterans, and first responders with a focus on mental wellness. Last year, we were immensely proud to announce that our 2021 fundraising efforts doubled our \$500,000 goal, contributing \$1 million to the Gary Sinise Foundation. Contributions came from our associates, customers, manufacturing partners, and vendors.

The donation resulted from ATD's Summer for Heroes Giving Campaign fundraiser, 5K for Heroes, ATD's 31st Annual Charity Golf Classic, and Inaugural Gala for Heroes, together raising \$500,000. ATD doubled the amount raised to commit **\$1 million to the nonprofit.**

One hundred percent of the funds donated in 2021 will benefit the Gary Sinise Foundation Avalon Network. This cognitive health and mental wellness network provides transformative care to veterans and first responders experiencing post-traumatic stress, traumatic brain injuries, and substance abuse.

Through Invincible Spirit Festivals, Mentorship Retreats, H.O.P.E., Snowball Express, and Gary Sinise & the Lt. Dan Band programming, the Gary Sinise Foundation celebrates and honors our nation's heroes and helps their families find the strength to persevere and heal.

We're proud to be associated with this fine organization and its truly worthy cause.

We can't think of a better example of "it's all connected."



"We are proud to support our nation's troops, veterans, and first responders with a focus on mental wellness," said Stuart Schuette, ATD CEO. "We're thrilled by the support this campaign received from our partners in the tire industry, and we're grateful for the manufacturers, vendor partners, associates, and customers who generously gave to make this donation possible."

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Supplier diversity

At ATD, we believe that a diverse supplier base provides us with unique perspectives and solutions while helping grow the communities in which we live and work. Our approach to supplier diversity focuses on increasing diversity in suppliers and investing in fair and equitable opportunities for all.

This is more than just the right thing to do. We believe that providing a diverse supplier solution adds value as well as positively differentiating ATD from those that don't have the same level of commitment to diversity. We aspire to harness the power of difference to be a force for good and to contribute to the overall economic impact of a robust network of suppliers, promoting prosperity and growth. The creation of these relationships has a multiplier effect with a true economic impact, by increasing spending and consumption throughout the economy and promoting job growth. It also incites new ideas and ways of thinking about success, embracing and leveraging differences to drive value to our communities, customers, and our associates.

We're tracking five major areas in supplier diversity: minority-owned businesses, women-owned businesses, veteran-owned businesses, businesses owned by those that identify as LGBTQ+, and businesses with an owner who is disabled.

Scholarship program helps diverse suppliers within the Carolinas

In partnership with the Carolina Virginia Minority Supplier Development Council (CVMSDC), ATD has committed to fund a scholarship program that helps a diverse supplier take their business to the next level. This program, taught at the University of Richmond's Robins School of Business, helps them with marketing, business acumen, accounting, sales, and other business-related topics. In 2021, we sponsored a local business, Beyond Decadence, to attend. In 2022, we'll sponsor another, as well as sponsor the annual certification of up to five more companies, giving them access to the mentorship, training, and corporate matchmaking services of the Council.

Supplier diversity goals

We have established a series of goals that aim to increase the number of suppliers with diverse backgrounds and skills who work with ATD:

25%

inclusion: minimum of 25% of vendors invited annually to bid will be diverse suppliers

300%

increase in the number of diverse contracted suppliers by 300% by 2024

15%

increase diverse spend under management to 15% of addressable spend by 2024



Chef Maria: Beyond Decadence

"It's wonderful that ATD supports companies like mine — a business owned and operated by a minority woman of color," said Maria.

She's a great example of the diverse suppliers who set ATD apart.



Governance

Governance at ATD is not only a foundational principle but a way of doing business that facilitates the connection between transparency, legal compliance, and ethical conduct.

Our goal is to build on the existing strengths of our governance structures and processes and be a leader with some of the most respected and well-managed companies. This includes demonstrating transparency with our social and environmental metrics, ensuring compliance to legal standards, and practicing ethical conduct at all levels in the organization.

Our Sustainability and ESG framework includes a commitment to strong and effective oversight and control of the company.

ATD values a strong company culture that promotes clear expectations of ethical behavior, trust, and confidence between the company, its shareholders, and its communities. We reinforce this commitment through our Code of Conduct, training, and leadership messaging. ATD has a confidential ethics hotline, and associates are encouraged to report any behavior that conflicts with our Code of Conduct. Our culture is built upon ethics which will continue to be foundational through all that we do.

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Governance structure and practices include the separation of the CEO and Chairman roles. It also requires a Board that includes qualified independent directors who bring expertise and relevant experience to steer and shape ATD's strategic direction.

Governance at ATD also includes these components:

- **Alignment to Long-term Performance:** The company's Board is aligned to long-term performance and value creation with both our largest owners and independent members included in our Board composition.
- **Alignment to Management Compensation & Incentives:** The company aligns management compensation and incentives to promote and reward sustainable, long-term performance and value creation.
- **Board of Directors Reviews:** The ATD Board of Directors reviews and approves the company's five-year Strategic Plan annually, the Annual Operating Plan, and Talent and Human Capital Reviews. In addition, the Board receives quarterly performance reviews and oversees the articulation and deployment of the company's Vision, Values, and Purpose.
- **Board Governance Structure:** Our Board governance structure includes two fully functioning committees, the Audit Committee and Compensation Committee, whose purpose is to provide guidance and oversight of financial, economic and business risk management, and human capital development. Our Audit Committee is chaired by an independent Board member.
- **Investor & Stakeholder Reporting:** ATD is committed to accurate and transparent reporting to investors and stakeholders.
- **Internal Audit:** We operate a robust Internal Audit function that performs and administers a variety of operational, financial, and compliance audits, as well as SOX-based financial control reviews which help lead the company's Enterprise Risk Management (ERM) program. To promote



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independence, our Internal Audit function has a dual reporting line to both our CFO and the company's Audit Committee of the Board of Directors.

Enterprise risk management

Our Board has overall responsibility for risk oversight, with the Audit Committee receiving periodic updates from management. Our

senior leadership team is actively involved in all phases of our risk management program, from risk identification to mitigation actions. We believe that a fully functioning and effective ERM program is essential to realizing our highest potential value and sustaining our value as an organization. Through predictive and anticipatory intelligence about the future we're building capabilities to not only adapt and survive, but to create and exploit opportunities. Our ERM program ensures our vision, purpose, and values are the foundational drivers of how we maximize sustainable value.

Committee of sponsoring organizations structure

We developed our ERM process over the past five years with the intention to not only optimally manage risks, but also to integrate our risk management process with other key strategic and planning activities. We're currently in the middle stages of fully maturing our ERM program. We're developing our program through the five components of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk

Management, integrating it with the Strategy and Performance framework: Governance and Culture, Strategy and Objective-Setting, Performance, Review and Revision, Information, Communication, and Reporting. We're following this framework because we believe that ERM is best achieved through the integration with our strategy-setting process to drive performance, and will ultimately lead us to become what we strive to be – a risk-intelligent organization.

In defining ERM, we follow COSO's definition: The culture, capabilities, and practices, integrated with strategy-setting and performance, that we rely on to manage risk in creating, preserving, and realizing value. We furthermore apply our ERM work, in line with the COSO framework, to link and improve our governance, internal controls, and business operations.

We're also in the process of advancing our ERM program and capabilities to full maturity. We've developed an initial assessment of risks believed to be most impactful. We manage these risks at the enterprise level. The risks, along with our mitigation plans and associated opportunities, are detailed in the Risks and Opportunities section of this report.

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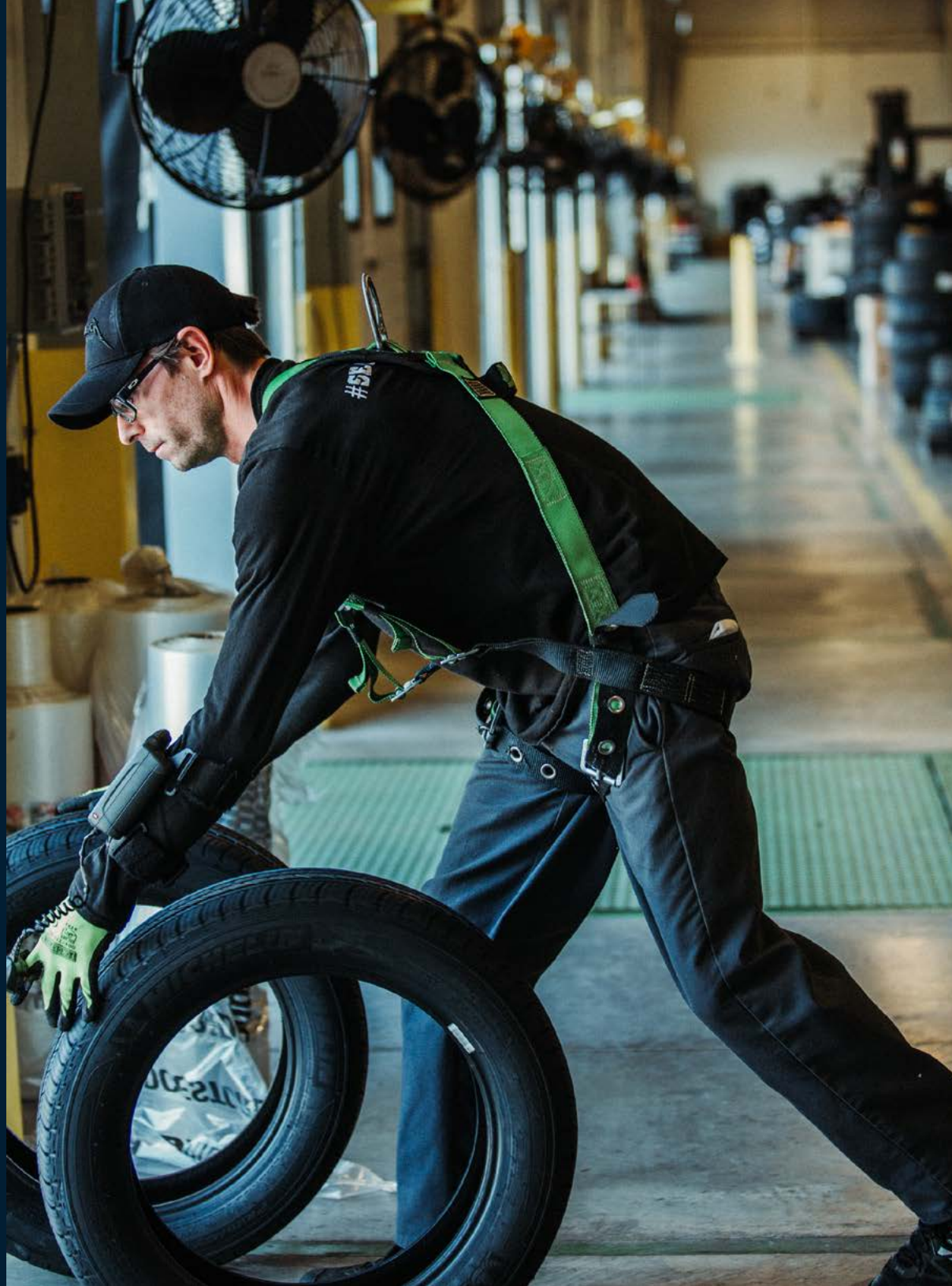
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While we work diligently in managing these risks, we have opportunities to improve our ERM program. Additional integration with our strategy-setting function and our day-to-day operations will provide further benefit. We're committed to improving specific areas of our ERM program for risk identification, monitoring, measurement, and predictive capabilities such as:

- Shifting our risk-identification from discreet tasks to a continuous process
- Increasing our risk monitoring frequency
- Improving the relevancy and measurability of our KRIs (Key Risk Indicators)
- Building more clarity and consensus around our risk appetite and tolerance levels

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Corporate Governance and Leadership

Board of Directors

Stuart Schuette

President and Chief Executive Officer, ATD

Puneet Bhasin*

Chief Information and Digital Officer, Unum

Matthew Baker

Vice President, Merchant Banking, Goldman Sachs

Adrian Jones

Vice Chairman, Goldman Sachs

Michael Kneeland*

Non-Executive Chairman, United Rentals

James Micali*

Senior Advisor and Limited Partner, Azalea Capital LLC

John Sherman

Portfolio Manager, Polen Capital

Leadership

ATD's leadership reports to our Board of Directors, who provides direction and evaluates their performance.

Stuart Schuette

President and Chief Executive Officer

Moid Alwy

Chief Supply Chain Officer

* Independent Board Member

Murali Bandaru

Chief Information and Digital Officer

Keith Calcagno

Chief Merchant and Strategy Officer

Tim Eisenmann

Chief Analytics Officer and Chief Executive Officer, Torqata Analytics, LLC

Owen Schiano

Chief Operating Officer

Rebecca Sinclair

Chief People and Corporate Affairs Officer

Chad Warpula

Partner, Troutman & Pepper
Outside General Counsel

Michael Welch

Chief Executive Officer
Tirebuyer

Bill Williams

Chief Financial and Sustainability Officer

Audit committee of the Board

James Micali – Chair

Senior Advisor and Limited Partner, Azalea Capital LLC

Matthew Baker

Vice President, Merchant Banking, Goldman Sachs

Michael Kneeland

Non-Executive Chairman, United Rentals

John Sherman

Portfolio Manager, Polen Capital

Compensation committee of the Board

Adrian Jones – Chair

Vice Chairman, Goldman Sachs

Matthew Baker

Vice President, Merchant Banking, Goldman Sachs

John Sherman

Portfolio Manager, Polen Capital

ESG program leadership

Bill Williams

Chief Financial and Sustainability Officer

Deborah Kalish

Vice President, Enterprise Sustainability

Abena Antwi

Vice President and Associate General Counsel

Rak-Joon Choi

Vice President, Commercialization, Sustainable Ecosystems

Glen Gustafson

Vice President ERM and Internal Audit

Dennis Hatchett

Senior Vice President, Operations

George McClean

President of National Tire Distributors

Brian Miller

Vice President, Operations, Sustainable EcoSystems

Rebecca Sinclair

Chief People and Corporate Affairs Officer

Kimberly Trapani

Vice President, CISO

ESG at National Tire Distributors

George McClean

President of National Tire Distributors

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Codes that guide us

ATD encourages a culture of ethical behavior and a commitment to compliance. Our Code of Conduct outlines the expectations and guidance for all associates and high standards of ethical business conduct, including workplace safety, harassment and discrimination, conflicts of interest, and gifts and entertainment.

In 2022, we'll be enhancing our Code of Conduct, expanding the code to give it more depth and to reach all associates and address the variety of situations they might face from the warehouse to the boardroom, recognizing that it's all connected. Training on the new, robust Code of Conduct will be offered via Spark, our online training tool, as well as in-person, interactive training to ensure the Code is brought to life and made relevant to each person's role and responsibility. This will allow ATD to receive feedback from the associates and then provide subsequent micro-learning in needed areas.

ATD trains each new associate on our Code of Conduct during onboarding to cover a variety of ethics and integrity categories including, but not limited to, antitrust, fraud, cybersecurity, conflicts of interest, ethical workplace, antibribery, and corruption. This mandatory training will be updated and repeated on an annual basis beginning in 2022. Associates are protected by a no-retaliation policy and encouraged to report all suspected violations by contacting management, Legal or Human Resources, or through a 24-hour third-party-managed alert line that provides anonymity.

We also seek to do business with suppliers, customers, and resellers who adhere to similar ethical standards. The Code of Conduct is periodically monitored and updated by our senior leadership team and reviewed by the Board of Directors. In addition, in 2021, we completed the groundwork for a Business Partner Code of Conduct to define our expectations for companies with which we do business, and plan to approve and implement this Code during 2022.

Current and new Codes of Conduct are, and will continue to be, fully available on our company intranet site and Human Resources Information System (HRIS).

Our Board

Directors are chosen by agreement of the majority of the stockholders. The Board includes independent directors that possess specific expertise related to the tire industry, corporate technology, finance, sustainability, social responsibility, and corporate governance.

For fiscal year 2021, we implemented a policy and practice of disclosures targeting Directors and Executive Officers to complete a Supplemental Questionnaire to assess potential related-party transactions in connection with the Board's annual approval or ratification of such transactions.

Our Directors engage in a broad range of professional experiences that support their knowledge of economic, environmental, and social concerns, apart from their participation on the Board. In addition, we provide periodic developmental opportunities covering environmental and social topics for the Board.

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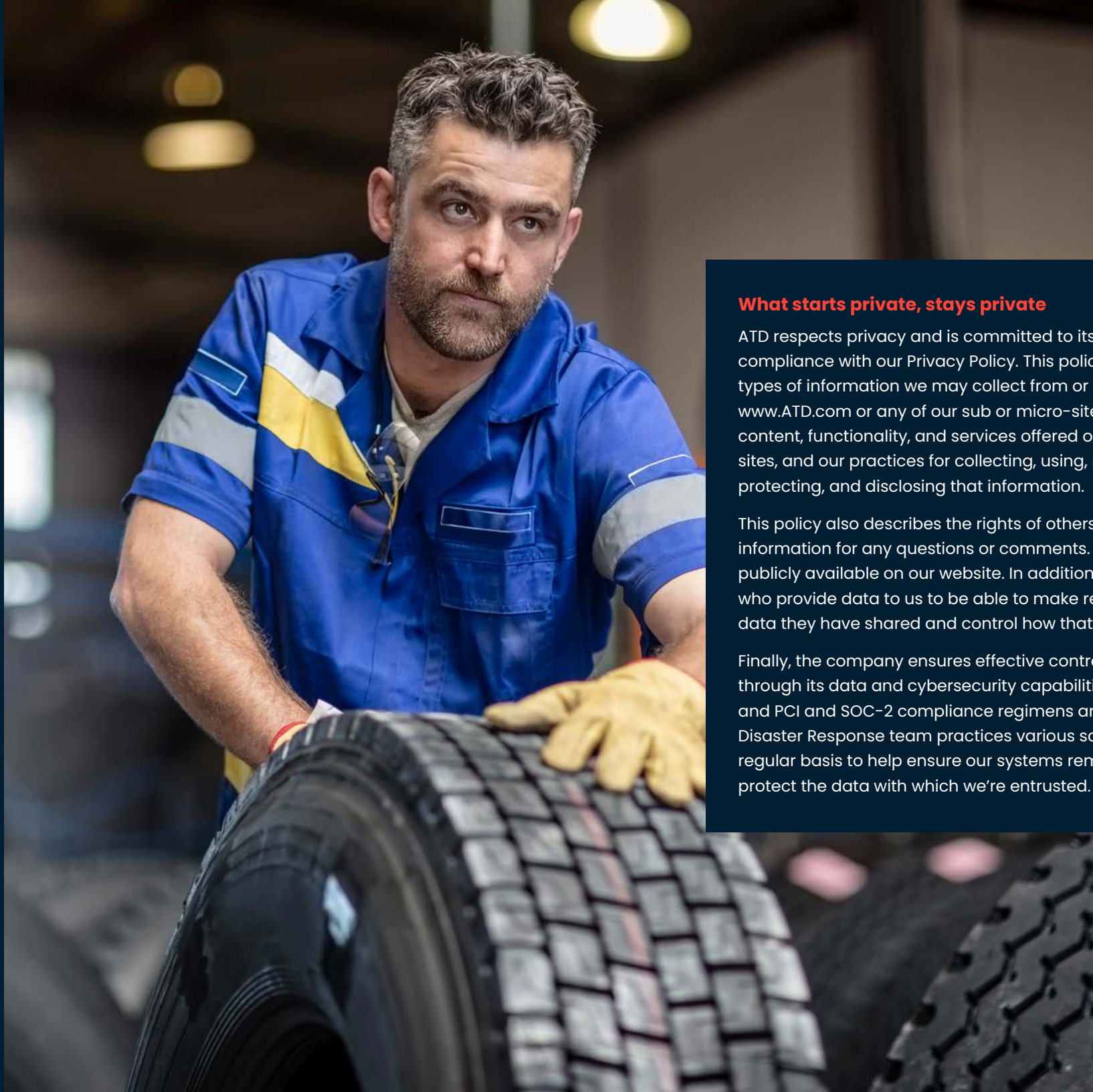
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What starts private, stays private

ATD respects privacy and is committed to its protection through compliance with our Privacy Policy. This policy describes the types of information we may collect from or through our website www.ATD.com or any of our sub or micro-sites, including any content, functionality, and services offered on or through such sites, and our practices for collecting, using, maintaining, protecting, and disclosing that information.

This policy also describes the rights of others and our contact information for any questions or comments. Our Privacy Policy is publicly available on our website. In addition, we empower those who provide data to us to be able to make requests about the data they have shared and control how that data is used.

Finally, the company ensures effective controls and data privacy through its data and cybersecurity capabilities and systems, and PCI and SOC-2 compliance regimens and protocols. A Disaster Response team practices various scenarios on a regular basis to help ensure our systems remain resilient to protect the data with which we're entrusted.



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This report has been prepared in accordance with the GRI Standards, Core Option. GRI Sustainability Reporting Standards 2020 were referenced to prepare this report. The index below provides the page reference, URL link, and/or comments to support each disclosure.

Disclosure	Description	Page/ Reference/ Comments
Organizational Profile		
102-01	Name of the organization	American Tire Distributors, Inc.
102-02	Activities, brands, products, and services	18
102-03	Location of headquarters	Huntersville, NC, United States
102-04	Location of operations	United States and Canada
102-05	Ownership and legal form	ATD is a closely held Delaware C Corp. Ownership information is disclosed in the company 10-K
102-06	Markets served	17
102-07	Scale of the organization	17, 40 Largest replacement tire distributor in North America. 137 distribution centers, serving 80,000 customers across the U.S. and Canada with same or next-day service
102-08	Information on employees and other workers	43, 49 5,000+ employees across North America
102-09	Supply chain	40-41, 61
102-10	Significant changes to the organization and its supply chain	33
102-11	Precautionary principle or approach	Precautionary principle is applied
102-12	External initiatives	57-59
102-13	Membership of associations	Membership appendix

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102-14	Statement from senior decision-maker	4
102-15	Key impacts, risks, and opportunities	28, 63 Risks and Opportunities Appendix
Ethics & Integrity		
102-16	Values, principles, standards, and norms of behavior	21
Governance		
102-18	Governance structure	6, 65-67 Risks and Opportunities Appendix
102-20	Executive-level responsibility for economic, environmental, and social topics	4, 6, 65
102-21	Consulting stakeholders on economic, environmental, and social topics	9-13, 16
102-22	Composition of the highest governance body and its committees	65-67
102-29	Identifying and managing economic, environmental, and social impacts	2, 5-6, 11-14, 31-39, 41, 50-53, 57-59, 62-64, 66
102-30	Effectiveness of risk management processes	62-63
Stakeholder Engagement		
102-40	List of stakeholder groups	10, 16
102-41	Collective bargaining agreements	0
102-42	Identifying and selecting stakeholders	11-12
102-43	Approach to stakeholder engagement	9, 11, 16
102-44	Key topics and concerns raised	12-15

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Reporting Practice		
102-45	Entities included in the consolidated financial statements	Report is for American Tire Distributors, Inc. and all associated entities as designated in our corporate organization chart.
102-46	Defining report content and topic boundaries	Organizational boundary uses the operational control approach. Operational boundaries in respect to direct and indirect emissions include Scope 1 and 2: GHG are determined by the use of the GHG Protocol Initiative guidelines.
102-47	List of material topics	12-15
102-48	Restatements of information	No restatement
102-49	Changes in reporting	9
102-50	Reporting period	9
102-51	Date of most recent report	9
102-52	Reporting cycle	9
102-53	Contact point for questions regarding the report	9, back cover
102-54	Claims of reporting in accordance with the GRI Standards	9, 69
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103-3	Evaluation of the management approach - Energy and Carbon Management	31-32
302-1	Energy consumption within the organization	31, 36
302-2	Energy consumption outside of the organization	31
302-4	Reduction of energy consumption	7, 31-32, 36-37
302-5	Reductions in energy requirements of products and services	33, 37
305-1	Energy direct (Scope 1) GHG emissions	31, 33
305-2	Energy indirect (Scope 2) GHG emissions	31, 36
305-3	Other indirect (Scope 3) GHG emissions	31, 39
305-4	GHG emissions intensity	7, 32
305-5	Reduction of GHG emissions	7, 31, 33
305-6	Emissions of ozone-depleting substances (ODS)	31
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	31

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103-2	The management approach and its components - Recycling and Circular Economy	14
103-3	Evaluation of the management approach - Recycling and Circular Economy	29
306-1	Waste generation and significant waste-related impacts	29
306-2	Management of significant waste-related impacts	7, 29
306-3	Waste generated	31, 34
306-4	Waste diverted from disposal	7, 31, 34 Waste sent to recycling annually (US short tons): 2019: 625, 2020: 499, 2021: 1,291
<i>Fleet Sustainability and Efficient Logistics</i>		
103-1	Explanation of the material topic and its boundary - Fleet Sustainability and Efficient Logistics	14
103-2	The management approach and its components - Fleet Sustainability and Efficient Logistics	14
103-3	Evaluation of the management approach - Fleet Sustainability and Efficient Logistics	37
305-1	Direct (Scope 1) GHG emissions	31
305-3	Other indirect (Scope 3) GHG emissions	7, 31
<i>Water</i>		
303-1	Interactions with water as a shared resource	35
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103-3	Evaluation of the management approach - Data Security and Privacy	15, 66-67, 76
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	15, 66 No breaches, nor loss of customer data in 2021
<i>Diversity, Equity, and Inclusion</i>		
103-1	Explanation of the material topic and its boundary - Diversity, Equity, and Inclusion	15, 55
103-2	The management approach and its components - Diversity, Equity, and Inclusion	43-47, 55
103-3	Evaluation of the management approach - Diversity, Equity, and Inclusion	43-44, 55-56
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405-2	Ratio of basic salary and remuneration of women to men	56

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103-2	The management approach and its components - Associate Health, Safety, and Wellbeing	16, 43
103-3	Evaluation of the management approach - Associate Health, Safety, and Wellbeing	43, 48-49, 53
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	46
401-3	Parental leave	46
403-1	Occupational health and safety management system	26, 50-53
403-2	Hazard identification, risk assessment, and incident investigation	51-53
403-4	Worker participation, consultation, and communication on occupational health and safety	50-52
403-5	Worker training on occupational health and safety	50, 52
403-6	Promotion of worker health	44, 46-49
403-8	Workers covered by an occupational health and safety management system	50-53
403-9	Work-related injuries	53
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Risk	Risk description and impacts	Mitigation	Opportunities
Cybersecurity	The failure of our information technology systems or breaches or lapses in the security of such systems, could disrupt our business operations and could expose us to liability, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, our business strategy relies increasingly upon online commerce. If our customers are unable to access any of our websites, such as ATDOnline®, or Tirebuyer.com®, our business and operations could be disrupted, and our operating results would be adversely affected.	Over a number of years, we've been advancing our cybersecurity prevention and detection capabilities through the advancement of a structured Security Risk Management and Governance Program. Specifically, we've: <ul style="list-style-type: none"> • Grown and developed our in-house talent and third-party technological capabilities • Implemented top frameworks, including CISA, NIST, and Homeland Security Ransomware standards • Implemented key access management improvements, notably multi-factor authentication for critical external and elevated applications • Implemented Cloud Security (CASB) capabilities • Continuously conducted phishing training campaigns • Implemented significant physical security improvements at many of our facilities 	We've taken the approach to secure our data, information, and processes at levels to exceed the expectations placed on us by our customers, business partners, owners, and lenders. We believe that our systems stability and uptime performance has earned trust and dependability with all of our stakeholders. In fact, during the onset of COVID, we rapidly developed and deployed a number of technological processes to help our customers navigate new and uncharted territory. We hold that our unique position in the replacement tire industry necessitates that we promote stability and success throughout the industry ecosystem.

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Competition	The industry in which we operate is highly competitive and our failure to effectively compete may adversely affect our results of operations, financial condition, and cash flows.	<p>We've been aggressively building on our company vision and mission through the development and execution of various strategic initiatives to bring more value to others in the replacement tire industry ecosystem, from suppliers to customers. Key components of our strategies include:</p> <ul style="list-style-type: none">• Sophisticated pricing and margin measurement, monitoring, and usable intelligence• Connectivity between our sales, merchandising, and finance functions to drive optimal decisioning on service and operations• Aggressive and successful development in data and analytics capabilities	<p>As we started our journey in developing and growing our industry data and analytics capabilities several years ago, we also resolved to bring these rapidly advancing capabilities to the marketplace in the form of information and insights that are valuable everywhere in our replacement tire industry ecosystem. Many companies, from suppliers and customers to other related businesses, have realized additional value from our new capabilities beyond our traditional role in distribution operations. We believe that we're still just beginning to bring more value and new efficiencies to the replacement tire ecosystem.</p>

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Product Availability	<p>We depend on manufacturers to provide us with the products we sell and disruptions in these relationships or manufacturers' operations could adversely affect our results of operations, financial condition, and cash flows.</p> <p>If we fail to timely and effectively obtain shipments of products from our manufacturers, our business, operating results, and reputation could be adversely affected.</p>	<p>We've long recognized the importance of maintaining healthy relationships with our suppliers, and as such have forged many strong partnerships, allowing us to:</p> <ul style="list-style-type: none">• Negotiate contracts with various protections and longer wind down periods• Establish committed fill rate agreements• Hold market share reviews with vendors to proactively address under-penetration	<p>Long-term strategic partnerships and our performance have been rewarding in terms of trust and recognition earned for the value we bring to our manufacturing partners. These partnerships are now engaging in our more recently developed service models, including our proprietary data and analytics services that help drive new efficiencies throughout the replacement tire ecosystem.</p>
Customer Consolidation	<p>Consolidation among customers may reduce our importance as a holder of sizable inventory, which could adversely affect our business and results of operations.</p>	<p>We've long recognized the importance of maintaining healthy relationships with our customers, and as such have forged many strong partnerships, allowing us to:</p> <ul style="list-style-type: none">• Continue strategic alliances with the key retailers who are driving consolidation• Leverage our inventory and service footprint to increase drop size with customers who have a high share of secondary supply• Leverage our proprietary data, analytics, and insight-rich applications to complement our distribution footprint to increase the value we provide	<p>Our responses to the changing replacement tire retail ecosystem have proven successful thus far, but we're continuing to invest in our corporate and strategic teams to continue growing our position and expanding the value and capabilities we bring to replacement tire retailers.</p>

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Strategic Capabilities	Our implementation of new technology initiatives could disrupt our operations in the near term, and our technology initiatives might not provide the anticipated benefits and/or adoption and success rate.	<p>Our transformational strategy began over five years ago. In that time, we've developed strategic, project and portfolio management, and tactical competencies that are delivering on our strategic and value proposition aspirations. Specifically, we've:</p> <ul style="list-style-type: none">• Evolved our enterprise project management office (ePMO), methodology, processes, and touchpoints to enable dynamic decision-making, prioritization, and alignment• Integrated a more intentional and robust measurement plan and change management assessment into the capital funding process for projects• Ensured effective communication of our strategic imperatives throughout our organization	<p>With the development of our strategic capabilities, we're continuously becoming more attuned to and able to predict the future needs and efficiency opportunities within the replacement tire ecosystem. Our role in this rapidly changing industry is clearer to us than ever before. We have a rich pipeline of strategic opportunities that we believe will be in great demand throughout our industry, and we have positioned ourself to be the best in delivering on our strategic vision.</p>

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Risk	Risk description and impacts	Mitigation	Opportunities
Geopolitical, Economic, Social Volatility, and Sustainability	<p>Market disruptions and other geopolitical or macroeconomic events could create market volatility that negatively impact our business, financial condition, and earnings.</p> <p>Our business requires a significant amount of cash, and fluctuations in our cash flows may adversely affect our ability to fund our business or satisfy our debt obligations particularly because:</p> <ul style="list-style-type: none">• The majority of our inventory is stored in our warehouse distribution centers. A disruption in our warehouse distribution centers could adversely affect our results of operations by increasing our cost and distribution lead times• Demand for tire products is lower when general economic conditions are weak, especially as a result of the COVID-19 outbreak and decreases in the availability of consumer credit or consumer spending which could adversely affect our business, results of operations, or cash flows• Currency exchange rate fluctuations may adversely affect our financial results• Pricing volatility for raw materials may affect our profitability• We could become subject to additional government regulation, which could cause us to incur significant liabilities that may decrease our profitability• We could be subject to risks related to corporate social responsibility and brand reputation	<p>We continue to monitor the world around us to identify specific actionable risk management techniques to help mitigate the impacts of uncontrollable events. Specifically, we've:</p> <ul style="list-style-type: none">• Made significant investment in the development of a holistic and strategic-driven Business Continuity Management program• Implemented effective and proven disaster recovery capabilities for our automated systems• Hedged our interest rate and diesel exposures with derivative instruments• Evaluated currency hedges to control foreign exchange risk and volatility• Continuously enhanced our forecasting capabilities to enable more robust business planning and agility• Continuously enhanced our tactical planning capabilities to reduce performance volatility	<p>As we continue to develop our capabilities to become more resilient from a financial and operational standpoint, we're also making significant investment in our sustainability program and ensuring that it's tied to our strategic planning and risk management processes. We believe that our current and future capabilities to be resilient to uncontrollable events uniquely positions ATD in the replacement tire ecosystem to help our customers and suppliers thrive in unforeseen circumstances.</p>

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Human Capital	Any interruption in the company's skilled workforce, or that of its suppliers or customers, could result in higher labor costs and earnings and operating results could suffer. Loss of key personnel or our ability to attract and retain key personnel could adversely affect our ability to successfully operate our business.	<p>We promote and constantly nurture a people-first culture. It's our belief that our people are the single most important input to our current and future success. Over the years we have developed a robust talent strategy that includes:</p> <ul style="list-style-type: none">• Formal planning and hiring for capabilities• Investment in the development of high potential associates• A connected leader/learner framework across the organization• A proven performance and development assessment process with frequent touchpoints, including individual development plans	<p>With formal strategic and operating processes for attracting, developing, and retaining our associates, we have the tools to have the best talent and drive the best possible performance from our talent. We're confident that our talent will continue to be a key differentiating factor to drive improved profitability and expanded business opportunities for ATD.</p>

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Following is a list of organizations in which ATD had memberships in 2021. Some organizations may have unintentionally been omitted.

- Carolina Virginia Minority Supplier Development Council
- Charlotte Area Compensation Council
- The Conference Board
- ERI Economic Research Institute Inc.
- Info-Tech
- International CIO Leader
- LCIP Owner's Association Inc.
- National Retail Federation
- New England Tire & Service Association
- New Jersey State Tire Dealers Association
- North Carolina Tire Dealers Association Inc.
- Ohio Tire and Automotive Associates
- Tire Dealers Association of Western PA
- Virginia Automotive Association

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Forward-looking statements

This report contains certain forward-looking statements, which are subject to various risks and uncertainties. These statements are typically accompanied by the words “believe,” “plan,” “expect,” “may,” “will,” or similar words. Such forward-looking statements include, among other things, sustainability commitments, programs and goals, as well as business strategies, expectations, and future growth. Our actual future results, including the achievement of our targets, goals, or commitments, could differ materially from our projected results due to changes in circumstances, assumptions not being realized, or other risks and uncertainties.

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