

Catalysts for Change

People,
Planet,
Progress,
Performance

2022 Sustainability Annual Report



Connected
Automotive
Solutions





TABLE OF CONTENTS

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX



INTRODUCTION

Letter From Our President & CEO	1
Our Sustainability Year in Review	2
Sustainability at ATD	4




WHO WE ARE

At-a-Glance Statistics	7
Purpose, Vision, and Values	8
Strategic Capabilities	9
 Torqata: Collaborating on Sustainability Innovation	10




ENVIRONMENTAL

Electricity, Waste, and Water	13
Recalibration of GHG Emissions Baseline	14
Energy and Carbon Management.....	15
Fleet Sustainability and Efficient Logistics	16
 Recycling to a “Happy Ever After” for Tires	17
 Going Electric!	18

SOCIAL

Connected Culture	21
Associate Health and Wellbeing	21
People-First in Action	22
Learning and Development	25
Operational Safety	26
Distracted Driver Awareness	27
 Employee Engagement Strides Lead to National Recognition	28
 New Benefits Signal Focus on Health and Wellness	29
Serving Our Communities	30
 Helping Our Associates During Time of Hardship	31
 Donations Soar for the Gary Sinise Foundation	32
 ATD Expands Commitment with Equal Justice Works	33

GOVERNANCE

Security and Compliance	36
Leadership	37
 Unified Cyber Warriors	38
 Strategic Investing and Divesting for Sustainability Advantage	39
 Expanded Code of Conduct Adds Clarity	40
ATD, Industry Catalyst for Positive Change	41

APPENDIX

GRI Index	43
UN Sustainable Development Goals	48
SASB	49
TCFD	50
Risks and Opportunities	52
Memberships and Associations	60
Governance Performance	61
Forward-Looking Statements	62



Look for our feature articles!





A LETTER FROM OUR PRESIDENT & CEO

Dear ATD Team and Valued Partners,

We are moving in impressive ways to enhance our triple bottom line of people, planet, and profit. Our teams are aligned on building not only a stronger company for our stakeholders, but also leading our industry toward positive and collective change.

As we progress along this ambitious journey, we encounter developments that challenge us as well as momentum that motivates us. Through it all, we've demonstrated focus, commitment, and endurance – attributes I'm grateful to see from every vantage point in our company.

When we reflect on 2022, it's easy to see how it inspired this year's report theme, Catalysts for Change. On the following pages, you will learn more about decarbonization strategies that are delivering

promising results across our network. You'll see how our connected culture catapulted us to Newsweek's Top 100 Most Loved Workplaces® list. And you'll read why the acquisition of Monro, Inc's Tires Now wholesale distribution assets and divestiture of National Tire Distributors (NTD) have strengthened our capabilities and improved our greenhouse gas (GHG) emission efficiency.

As catalysts, we are working to pioneer a better future. We are doing what we dreamed of doing just a few years ago. That should make you both immensely proud and absolutely optimistic about what lies ahead.



Stuart Schuette
President & CEO



INTRODUCTION

- Letter From Our President & CEO
- Our Sustainability Year in Review
 - Sustainability at ATD

WHO WE ARE
ENVIRONMENTAL
SOCIAL
GOVERNANCE
APPENDIX

OUR SUSTAINABILITY YEAR IN REVIEW

American Tire Distributors (ATD) made notable progress in 2022 on its journey to become the most connected automotive solutions provider to the automotive market against the backdrop of a very challenging and volatile operating environment.



Compared with 2021, a high-performance year that saw us outpace the overall tire market, 2022 presented challenging macro and market dynamics: slower retail foot traffic; shrinking industry demand, with industry shipments down year-on-year for 9 consecutive months; 40-year-high inflation levels; a rising interest rate environment; supply chain volatility; a tough year-over-year comp reflecting the wrap effect of stimulus and margin expansion from pricing tailwinds; the Russia-Ukraine war's effect on supply chains; and more.

Despite these challenges, ATD continues to demonstrate organizational grit and resilience while advancing our strategic agenda. By our best estimates we held relative market share of the overall replacement tire market. Through 2022, our overall measure of financial performance and value creation, Economic Profit or Δ EVA, improved by \$120 million since 2018, coupled with improved economic performance and growth these past four years.

2022 HIGHLIGHTS:



Improved supply chain systems implemented
Read more on page 9



Economic Profit (EVA) declined \$15M YOY, but still up cumulatively \$120 million since 2018
Read more on page 3

TIRE PROS

Love the drive



We anticipate that acquisitions and divestitures will result in lower carbon emissions
Read more on pages 15, 16, 39

FLX→FWD

Enhanced margin growth through platform expansion
Read more on pages 9, 16



Dynamic routing platform improved performance with fewer miles driven
Read more on pages 16, 17



Introduced a tire recycling solution
Read more on page 17

In addition, we advanced the strategic assessment of our distribution network, developing a network optimization blueprint that leverages our current capabilities, like our partnership with a technology-driven last-mile delivery innovator that extends our last-mile delivery and logistics services beyond replacement tires into the automotive aftermarket. As we implement this optimized platform over the next three years, we expect to expand our competitive moat, drive incremental revenue, lower operating costs, improve product availability to our customers, reduce miles driven per unit delivered, and lower our carbon profile.

INTRODUCTION

- Letter From Our President & CEO
- Our Sustainability Year in Review
 - Sustainability at ATD

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX



ATD delivered remarkable performance in 2022 against the backdrop of a challenging and volatile operating environment.

OUR SUSTAINABILITY YEAR IN REVIEW, *Continued*

We fully implemented our AI-driven GHG emissions data platform, enabling us to measure, simulate, and optimize carbon performance for ATD and our ecosystem partners.

We have completed a science-based blueprint for decarbonizing our operations, too. We have successfully launched our commitment to electrification of our fleet, with the initial delivery of EV's and infrastructure slated for mid-2023. Our overall decarbonization strategy and roadmap features fleet electrification, virtual power purchase agreements (VPPA), on-site solar, and the adoption of low global warming refrigerants and heat pumps across our operations – all critical to achieving our 25% reduction by 2030 decarbonization goal.

Finally, in the high-volume/high-degree-of-difficulty year that was 2022, we continued to invest, advance, and earn recognition for our People-first Agenda, and our multi-faceted, strategic approach to sustainability, with Morningstar Sustainalytics recognizing ATD as a Top-Rated ESG Companies Industry performer.

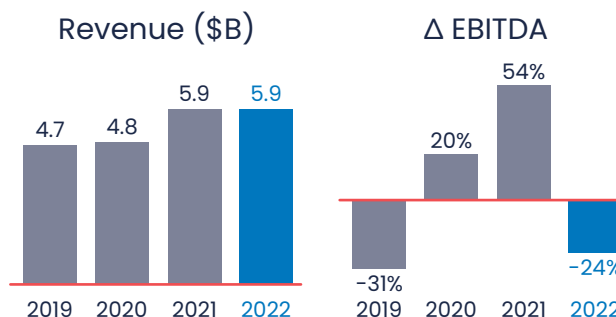
Dr. Martin Luther King, Jr. once wrote that our ultimate measure is not where we stand in moments of comfort and convenience, but where we stand in times of challenge and controversy. Difficult times reveal true character. 2022 was one of those years. Amid formidable market challenges, we delivered performance and demonstrated resiliency. We accelerated and built differentiated capabilities to create value for our critical constituencies. We are a catalyst for positive change, which will enable our customers to thrive and drive into the future.



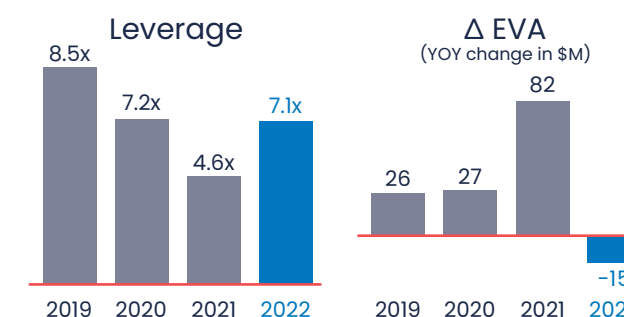
Bill Williams
Chief Financial and Sustainability Officer

Sustainability Balanced Scorecard

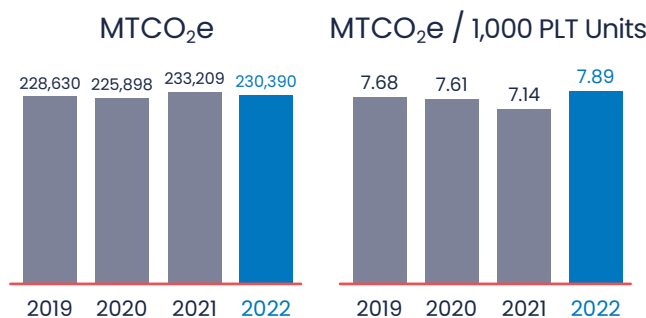
OPERATING



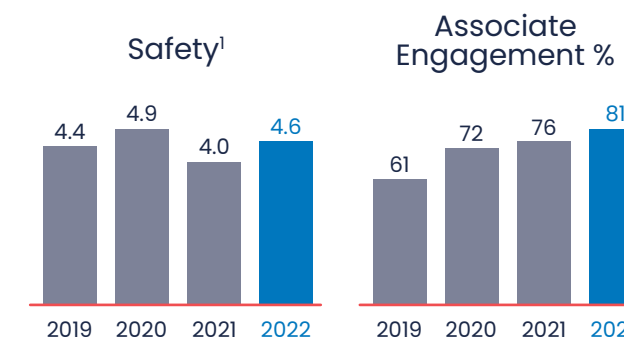
INVESTOR



ENVIRONMENTAL



SOCIAL



(1) OSHA Recordable Incident Rate

INTRODUCTION

- Letter From Our President & CEO
- Our Sustainability Year in Review
- Sustainability at ATD

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

SUSTAINABILITY AT ATD

No matter what you may want to call it, climate change is real and we're experiencing the effects of it all over the world in many ways.

We get that and we understand the role tires play in impacting the environment. That is why we're a persistent catalyst, intent on accelerating the circular tire economy. We've done the research and are figuring it out – a better way to recycle tires for other uses. And we're helping others in our industry follow our lead.

The very essence of our business is distribution – trucks on roads delivering products. That, too, represents a significant environmental impact. We know it, and we're making moves to drive our emissions down through improved logistics, decarbonizing our fleet, and capital investments.

It would've been easy to set aside our sustainability work in the midst of so many uncertainties last year. But we didn't. That's because these commitments and goals are integral to our business. We believe that doing our part to improve the environment, our communities, and our governance increases our value for our key stakeholders – associates, leaders, customers, suppliers, investors, and shareholders – and for the world at large.

This report tells the story of our extraordinary year. It shows how we're making strides on the six material topics identified in our 2021 materiality assessment.



ATD compiled this report in accordance with the Global Reporting Initiative (GRI) Standards for the period of January 1, 2022, through December 31, 2022 and in recognition of the [17 Sustainable Development Goals](#) (SDGs) outlined by the United Nations' 2030 Agenda for Sustainable Development. This represents our 2022 annual sustainability report which we will continue to publish annually. We included forward-looking statements [explained here](#). Data includes Environmental, Social, and Governance (ESG) metrics from NTD of Canada during the eight months before we divested NTD on September 7, 2022.

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

INTRODUCTION

- Letter From Our President & CEO
- Our Sustainability Year in Review
 - Sustainability at ATD

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX



We understand the role tires play in impacting the environment. That is why we're a persistent catalyst, intent on accelerating the circular tire economy.



American Tire Distributors supports the Sustainable Development Goals



MORNINGSTAR SUSTAINALYTICS

MORNINGSTAR SUSTAINALYTICS

#18 of over 500 companies for retail	#6 of over 30 companies for distribution	11.8 low-risk rating as of April 2022
---	---	--

In March 2023, ATD received an ESG Risk Rating of 11.8 and was assessed by Morningstar Sustainability to be at low risk of experiencing material financial impacts from ESG factors.

Who We Are



INTRODUCTION

WHO WE ARE

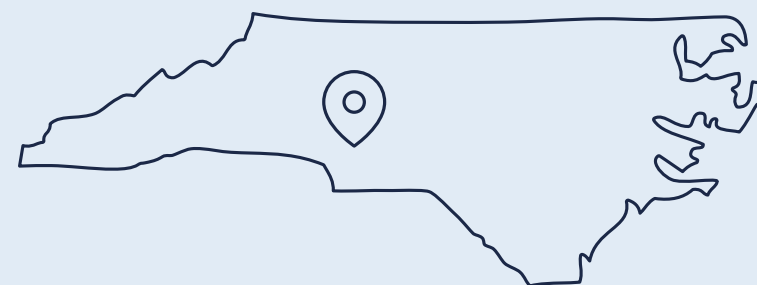
- At-a-Glance Statistics
- Purpose, Vision, and Values
- Strategic Capabilities

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

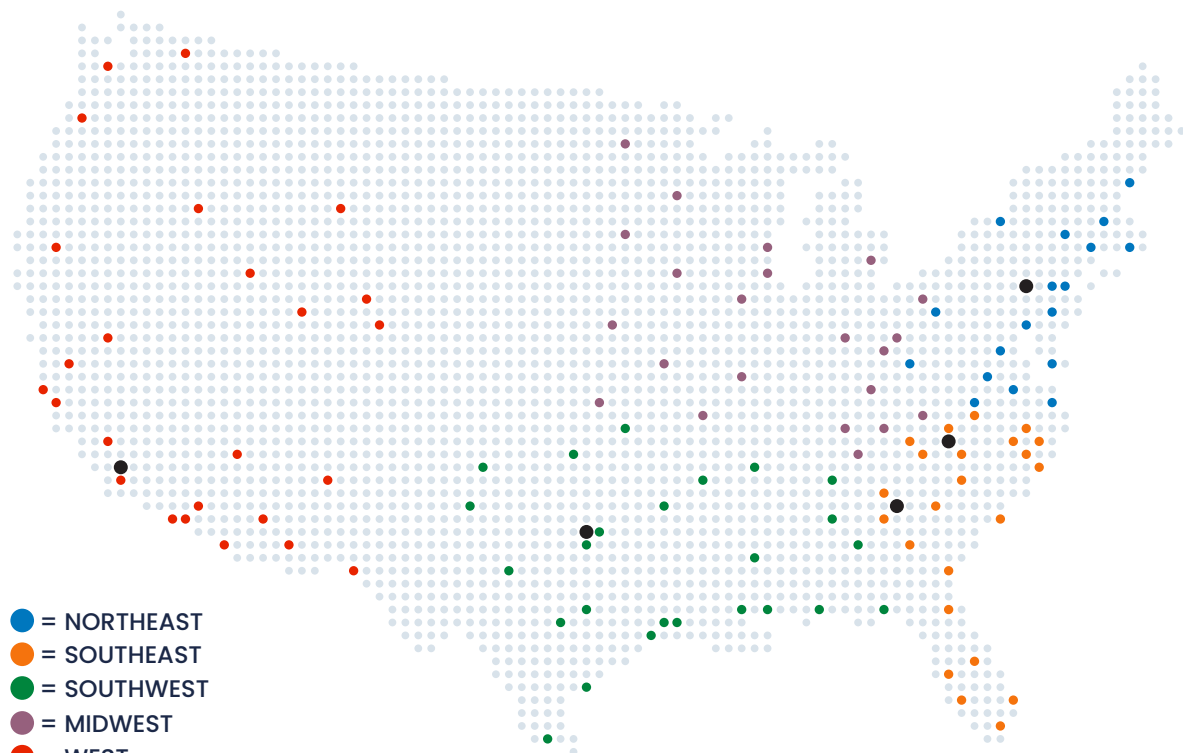


Headquartered in Huntersville, N.C., ATD is North America's largest replacement tire distributor offering the broadest assortment of tires, wheels, and automotive products to the automotive aftermarket and replacement tire market. We offer same or next-day delivery of more sizes, styles, and options than anyone else in the United States and Canada. And our advanced digital tools give retailers an edge that translates into greater efficiency and customer service. In 2022, we expanded our third-party (3PL) and fourth-party logistics (4PL) services, providing warehousing, transportation, and final-mile delivery for both vendors and customers.



AT-A-GLANCE STATISTICS, AS OF 12.31.22

LOCATIONS* + DIVISIONS



- = NORTHEAST
- = SOUTHEAST
- = SOUTHWEST
- = MIDWEST
- = WEST
- = CORPORATE

4
MIXING CENTERS (MCs)
FOR INTERNATIONAL
IMPORTS

53M+
MILES DRIVEN
ANNUALLY

8M+
ANNUAL
DELIVERIES

95k+
DELIVERY
LOCATIONS

\$5.9B
2022 NET
REVENUE

5k
ASSOCIATES

1,400
DELIVERY VEHICLES
ON THE ROAD

80k
CUSTOMERS

\$1B
PRODUCTS
ON HAND

120
DISTRIBUTION
CENTERS (DCs)
Down from 141 in 2022

90k
SKUS OFFERED

- INTRODUCTION
- WHO WE ARE**
 - At-a-Glance Statistics
 - Purpose, Vision, and Values
 - Strategic Capabilities
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE
- APPENDIX

7

OUTSIDE RECOGNITION



FORBES MID-SIZED
BEST EMPLOYERS

* Please see page 39 for more information on the 2022 divestiture of NTD in Canada.

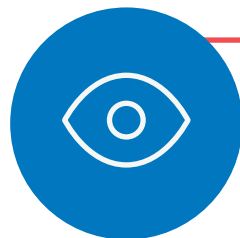
PURPOSE, VISION, AND VALUES

We thread our purpose, vision, and values throughout our actions and communications every day. These foundational elements manifest a unified culture that propels our performance and strategic progress. In short, our vision and values are the catalysts that drive us toward excellence every day.



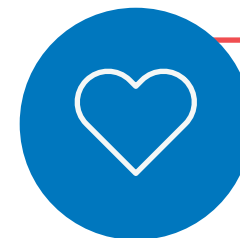
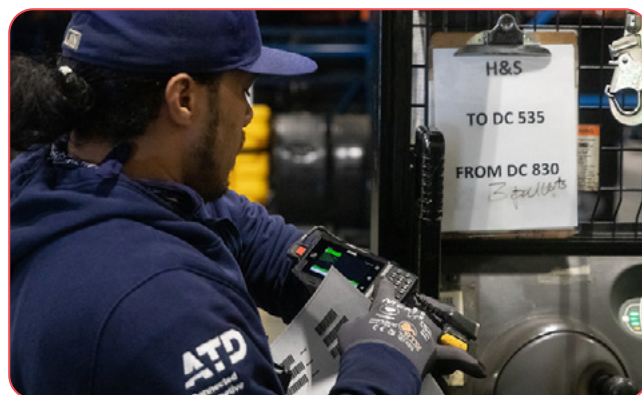
Our purpose

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



I Innovative — A big thinker
C Collaborative — A team player
A Accountable — An owner
R Respectful — Humble
E Excellent — Our best

INTRODUCTION

WHO WE ARE

- At-a-Glance Statistics
- Purpose, Vision, and Values
- Strategic Capabilities

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX



We're a more robust business than we were a year ago and we're laying new tracks toward profitability and environmental progress.



STRATEGIC CAPABILITIES

Change is inevitable and the automotive aftermarket is no exception. Over the past year, industry disruption persisted and even accelerated in several areas, driving different consumer preferences, retailer needs, supply chain structures, and business priorities at every level of the marketplace.

These evolving dynamics will impact the tire industry and the roles that industry participants will play in the future. Consolidation, competitive pressures, supply chain redesign, electrification, and vehicle connectivity all represent both challenges and opportunities for ATD and our industry partners.

That's why we continue to build our core distribution business for replacement tires while also developing a comprehensive portfolio of new automotive aftermarket solutions that involves buying, moving, and warehousing other related products.

In 2022, we advanced our logistics as a service offering (FLX FWD), providing industry participants an unrivaled suite of services spanning warehousing, middle mile transportation, tire recycling, and last-mile delivery. In tandem, we began integrating our high-value digital assets into an extensive platform of intelligent, interactive commerce that connects the tire ecosystem to product supply and demand as well as automotive aftermarket services.

This interactive, digital platform is how we believe we can better meet the needs of today while powering the path to tomorrow. The more we connect all of these strategies, the more valuable we'll be to our retail and manufacturing partners—particularly as market conditions shift and consumer preferences change.

All in all, we're a more robust business than we were a year ago and we're laying new tracks toward profitability and environmental progress.

INTRODUCTION

WHO WE ARE

- At-a-Glance Statistics
- Purpose, Vision, and Values
- Strategic Capabilities

ENVIRONMENTAL

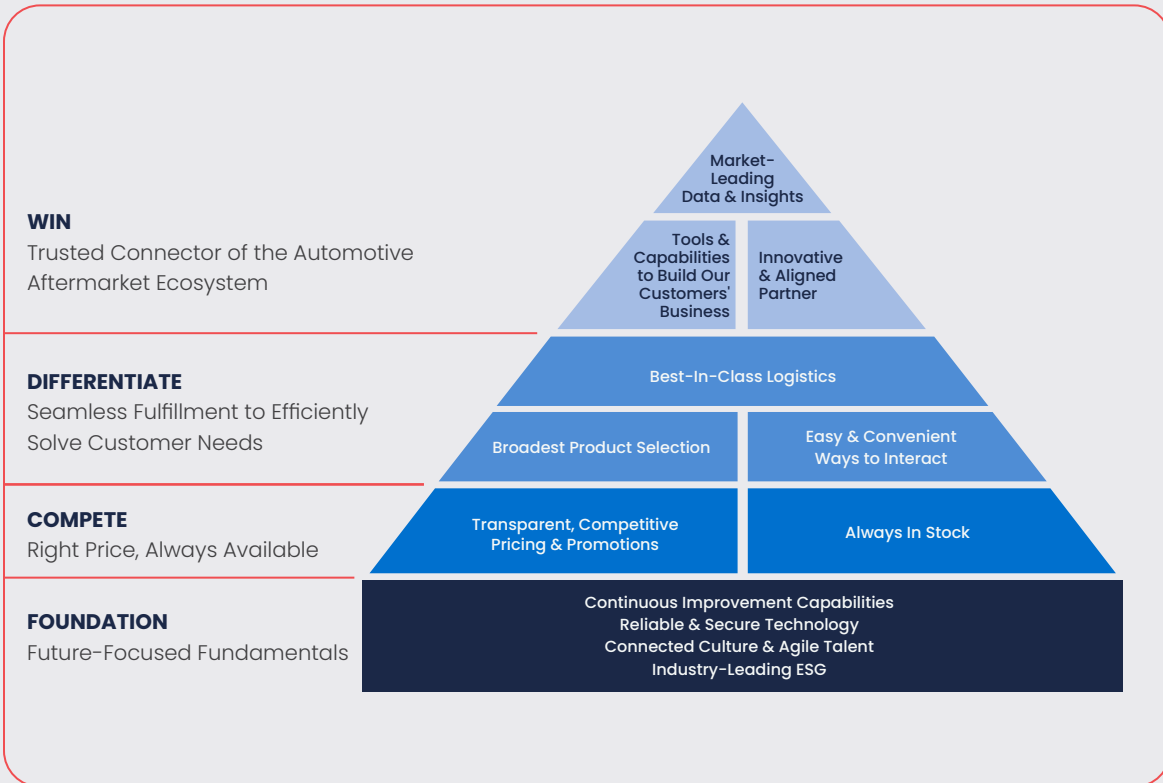
SOCIAL

GOVERNANCE

APPENDIX



Customer experience is an ongoing monitor we use to continuously improve. Our 2022 Customer Experience (CX) index goal was 8.0, which we achieved, showing improvement over our performance in 2021.



Our Digital Strategy:

A diverse set of assets and capabilities focused on solving the industry's most challenging problems.

Demand Generation & Installation (incl. Mobile)

Grow demand by expanding into B2C/eCommerce and Fleet markets through Treadsy solutions. Improve demand conversion through ease of search, ordering, and installation experience (in-store and mobile)

Enablement Solutions & Services

Expand product, solution and service offerings for retailers, distributor and OEs through Torqata, Activate, APEX, IPG, and other digital value-added services and solutions.

Aggregated Sourcing/ Supply

Diversify and aggregate sourcing of tires, autoparts and other automotive supplies to create a sourcing platform for retailers, distributors to buy or sell products

ATD Online

- Ordering platform
- Fully customizable

ATD Mobile

- Personalized mobile app
- Full product catalog
- Full search, location, quote and purchase features

ATD CONNECT

Fully customized, branded websites and mobile applications

traction

- Self-service order visibility
- Fully-digital, mobile-first
- Modernizing Delivery of products and services

TireSeller

- B2B2C solution
- Provides e-commerce capabilities
- Aimed for smaller customers

tirebuyer
driven by service.

- E-commerce platform
- Direct to consumer
- Offer tires and wheels

Logistics-as-a-Service

- Aggregated last-mile delivery
- 3PL – 5PL services
- Tire recycling
- DIFM mobile tire installation service

TORQATA

- Optimizes operations for OEs and retailers
- Largest data source in the industry

spark

- Micro-learning tool
- Behavioral science, artificial intelligence
- Performance and knowledge growth

HERCULES TIRES
Ride on our strength.

- Proprietary tire brand
- Exclusive dealer distribution
- Programs & rewards

- At-a-Glance Statistics
- Purpose, Vision, and Values
- Strategic Capabilities



Torqata: Collaborating on Sustainability Innovation



One of the ways we're leading the industry toward change is by cosponsoring the annual "Reinvent the Wheel Data Hackathon" with Google Cloud, Continental, and other sponsors.

The 24-hour competition invites data science students and professionals to develop sustainable solutions for the tire and automotive industry.

In 2022, we upped the game, hosting more than 100 individuals organized in 21 teams at ATD's headquarters. We posed a timely challenge: how to forecast the inbound U.S. supply of scrap tires and minimize the environmental impact of transporting them to recyclers.

Team Bib from Michelin won the grand prize of \$3,000, creating machine learning forecast models and sophisticated optimization methods. Runners up were The Huskies from Northwestern University and the Database Avengers from The University of North Carolina at Charlotte.

We were proud to welcome these emerging engineers and data scientists to our home turf.



Environmental



INTRODUCTION

WHO WE ARE

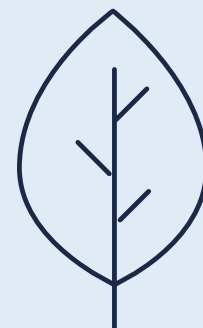
ENVIRONMENTAL

- Electricity, Waste, and Water
 - Recalibration of GHG Emissions Baseline
- Energy and Carbon Management
 - Fleet Sustainability and Efficient Logistics

SOCIAL

GOVERNANCE

APPENDIX



As we've traveled around the country and engaged with other corporations involved in sustainability initiatives, we've heard that our plans have been embedded into our business strategy faster than usual. That always surprises us. We see our work as imperative – and urgent.

Tires are one of the biggest issues that the automotive industry creates for the environment. We believe it's our responsibility to the future to push for change. Our logistics and advanced data analysis are providing insights to help our industry partners become changemakers, too.

You can't manage what you don't measure, right? So, in 2021 we expanded our sustainability reporting framework in accordance and alignment with the Global Reporting Initiative (GRI) standards. Since 2021, we've implemented standardized processes and controls, while achieving third-party assurance for our environmental data. For us, this includes accounting for every tire we handle and measuring every mile our drivers travel while conducting business.

Environmental data was assured by Lloyd's Register Quality Assurance (LRQA). For further details and results, access the [2022 Assurance Statement](#).



ELECTRICITY, WASTE, AND WATER

ENVIRONMENTAL

- Electricity, Waste, and Water
- Recalibration of GHG Emissions Baseline
- Energy and Carbon Management
- Fleet Sustainability and Efficient Logistics



ELECTRICITY

Wherever it's feasible, we're transitioning to renewable energy. In the first full month of operation after installing solar at our Field Support Center (FSC), we slashed our external electricity needs by one-third. Just goes to show that making new choices does make a difference.

Long-term we're assessing the best way to deploy renewable energy at ATD. Solar is one consideration, and we're also studying other renewable energy investments.

Read more about how we are improving our FSC headquarters on pages 15 and 29.

	Electricity (kWh)	
	CONSUMPTION	EMISSIONS (MT CO₂E)
2019	49,421,251	18,316
2020	44,994,869	15,534
2021	41,406,623	14,301
2022	39,983,139	13,759



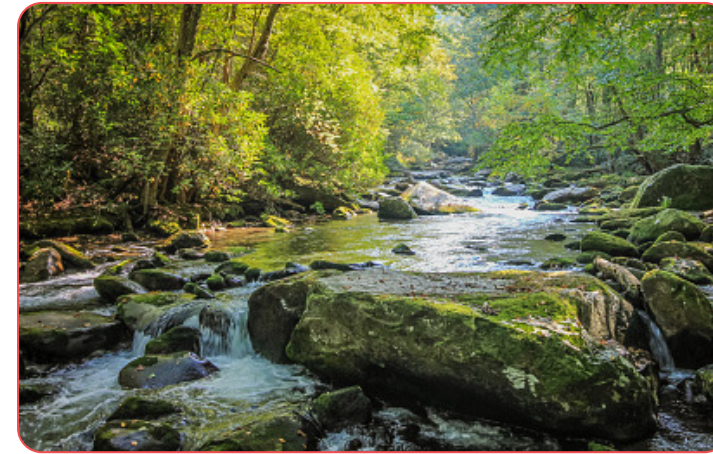
WASTE

Cutting out waste is now engrained across our departments and our teams are actively engaging in feasible ways to be daily stewards of our resources.

For example, our procurement team initiated an effort to recycle oil through third-party partners for our customers. An average dealer will have 300-400 gallons of used motor oil each month from customer oil changes in their vehicles. Our recycling program takes that oil and recycles it at a refinery so it can be sold back into the market for reuse. In 2022, roughly 500,000 gallons of oil were repurposed for our dealers.

As a distribution company, our waste is mainly municipal solid waste, office waste, and construction and demolition debris. We encourage, through example and education, all efforts to reduce, reuse, and recycle waste whenever possible.

	Waste to Landfill (Short Tons)	
	CONSUMPTION	EMISSIONS (MT CO₂E)
2019	1,694	882
2020	2,339	1,212
2021	1,921	952
2022	2,543	1,222



WATER

While water is not a material focus for us, it's too important to ignore. In 2022, we completed our annual water risk analysis and will constantly consider ways we can use less or recycle this precious resource. We continued to utilize the World Resource Institute (WRI) Aqueduct Water Risk Atlas to assess risks at all ATD locations.

Read more about our support of an Equal Justice Works Fellow who is tackling water issues in Michigan on page 33.

	Water (Gallons)
	CONSUMPTION
2019	30,521,102
2020	37,063,511
2021	40,075,206
2022	72,126,108

Data provided for 2019-2021 has been recalculated due to company structural changes; see page 14 for details.



RECALIBRATION OF GHG EMISSIONS BASELINE

During 2022, ATD had two material structural changes. The first change occurred June 17, 2022, with the acquisition of the wholesale tire distribution assets of Monro, Inc., previously operated under the Tires Now name. The second change occurred September 7, 2022, with the sale of ATD's Canadian subsidiary, National Tire Distributors (NTD). As such, ATD's emissions have been recalculated.

ATD uses 2019 as the baseline for GHG emission calculations and targets. To ensure accurate tracking, consistency, and relevance of our GHG emissions and progress to target(s), ATD has a policy¹ for recalculating base year GHG emissions inventory. GHG emissions requires recalculation when specific structural changes occur. ATD retroactively recalculates base year emissions

when both of the following conditions are met: 1. The company experiences structural changes, such as mergers, acquisition, or divestments 2. The change alters ATD's total base year emissions inventory in an increase or decrease in total GHG inventory of five percent² or greater.

Table 1 reports ATD's 2022 emissions by sector. Table 2 (on next page) reports the recalculated GHG emissions data for the base year (2019), current year (2022) and intervening years (2020 and 2021) as they now exist post 2022 structural changes, without NTD. All years have been recalculated for their full year. The data shown in table 2, represents ATD's new baseline following 2022's structural changes. Both tables have been provided for transparency.

TABLE 1: Energy and Emissions
2022 ATD energy and emissions by sector

SCOPE	ATD	NTD	TIRES NOW	TOTAL	UNIT
Scope 1					
GHG Emissions	72,617	6,970	5,889	85,476	MT CO ₂ e
GHG Biogenic Emissions	149	3	-	152	MT CO ₂ e
Scope 2					
GHG emissions (Location-based)	12,387	1,340	1,372	15,099	MT CO ₂ e
GHG emissions (Market-based)	12,807	1,340	1,315	15,462	MT CO ₂ e
Scope 3					
GHG emissions: Business Travel (Air & Vehicle)	1,418	53	-	1,470	MT CO ₂ e
GHG emissions: Upstream Transportation and Distribution (Logistics) ^{3,4}	100,851	5,547	414	106,811	MT CO ₂ e
GHG emissions: Downstream Transportation and Distribution (Logistics) ^{3,5}	33,729	7,737	330	41,795	MT CO ₂ e
GHG emissions: Waste Generated in Operations: Waste to Landfill	1,121	69	101	1,291	MT CO ₂ e
GHG emissions: Waste Generated in Operations: Recycling	157	2	5	164	MT CO ₂ e
Energy Use (Fuel and Electricity)	331,621,921	37,192,833	28,438,574	397,253,328	kWh
Waste to Landfill	2,340	133	203	2,676	US Short Tons
Waste to Recycling	1,528	55	60	1,643	US Short Tons

1. ATD's Recalculation of GHG Emissions Baseline policy was created in alignment with the World Resources Institute/ World Business Council for Sustainable Development Greenhouse Gas Protocol: GHG Protocol Corporate Standard Revised (2015) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 2. The 5% variation is considered a materiality threshold by the Science Based Target initiative (SBTi) criteria. 3. Upstream and Downstream Logistics reported for operations in the United States and Canada (ATD and NTD). Logistics from Monro, acquired in June 2022, were not available and therefore not included. 4. Upstream logistics are emissions from ton-miles from upstream transport of product. 5. Downstream logistics consists of emissions from ton-miles from transport of product and vehicle miles traveled by courier services. 6. LRQA verified the "Total" column, and did not verify the ATD, NTD and Tires Now Columns. Therefore, only the total column is included in the assurance statement.

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

- Electricity, Waste, and Water
 - Recalibration of GHG Emissions Baseline
- Energy and Carbon Management
 - Fleet Sustainability and Efficient Logistics

SOCIAL

GOVERNANCE

APPENDIX



ENERGY AND CARBON MANAGEMENT

When we set our 2030 goal to reduce GHG emissions by 25%, we knew that we'd have to tackle progress in multiple ways. And we're doing that, pacing well toward our target, less than eight years away.

First, our ambitious tire circularity initiatives are increasingly attracting companies like Bridgestone, Carvana, Firestone, Jiffy Lube, TirePros, Pirelli, Rivian, Sun Auto, Valley Tire, Manheim, and Meinke with almost half of our DCs involved. By facilitating high-integrity tire recycling with like-minded recyclers, we're reducing the GHG emissions and waste sent to landfills while improving safety by eliminating used tires for re-sale. We're on track to a tire recycling run rate of 2 million tires by the end of 2023.

Second, we're reducing emissions in our daily operations by increasing the use of biofuels and electric vehicles (EV) in our fleet and introducing energy-saving initiatives like LED lighting, centralized climate controls in our facilities, and EV charging stations for associate vehicles at our FSC headquarters. In servicing our customers, our emissions intensity has increased largely driven by growth, supply chain disruptions, and service level requirements to meet the demands of our customers and a competitive marketplace. We own our increase and we will continue to implement our decarbonization and efficiency initiatives. We believe that the expansion of FLX FWD, dynamic routing and fleet electrification will reverse that trend.

Our third strategy employs integrated logistics and collaboration across the tire ecosystem to curb the amount of driving required by our manufacturing and retail partners in reducing our scope 3 emissions. We're already orchestrating change that we believe will reap dividends for us all in the future.

Looking ahead, our teams are working on processes to reduce our proprietary tire brands' impact and we'll begin scenario planning to further our climate commitment as we continue to measure, monitor, and expand the initiatives already underway.

TABLE 2: Energy and Emissions
Recalculated emissions

	2019		2020		2021		2022	
	CONSUMPTION	EMISSIONS (MT CO ₂ e)	CONSUMPTION	EMISSIONS (MT CO ₂ e)	CONSUMPTION	EMISSIONS (MT CO ₂ e)	CONSUMPTION	EMISSIONS (MT CO ₂ e)
Scope 1	8,224,013	91,780	7,311,186	80,877	6,937,232	78,177	6,888,452	78,506
Diesel (Gallons)	7,843,877	80,904	6,543,005	67,488	6,243,151	64,396	6,071,885	62,753
Gasoline (Gallons)	31,793	265	281,516	2,474	222,342	1,954	347,527	3,055
Natural Gas (MMBtu)	150,543	7,996	141,511	7,516	158,699	8,429	182,841	9,712
Propane (Gallons)	196,072	1,141	343,284	1,971	310,846	1,788	284,602	1,655
Refrigerant (Lbs)	1,728	1,473	1,870	1,427	2,194	1,610	1,597	1,331
Scope 1 Biogenic	820	27	-	-	6,004	57	15,648	149
Biofuels (Gallons)	820	27	-	-	6,004	57	15,648	149
Scope 2	49,421,251	18,316	44,994,869	15,534	41,406,623	14,301	39,983,139	13,759
Electricity (kWh)	49,421,251	18,316	44,994,869	15,534	41,406,623	14,301	39,983,139	13,759
Scope 3	2,215,824,108	118,535	2,421,987,245	129,487	2,463,652,273	140,731	2,381,393,050	138,125
Air Employee Travel (Miles)	9,624,869	987	3,162,064	366	3,418,524	369	8,075,661	1,418
Upstream Logistics (Ton-Miles)	2,077,728,220	89,318	2,286,529,313	99,758	2,266,389,120	98,103	2,200,292,744	101,265
Downstream Logistics (Ton-Miles)	128,468,819	27,301	132,293,143	28,114	193,841,538	41,193	173,020,513	34,058
Waste to Landfill (Short Tons)	1,694	882	2,339	1,212	1,921	952	2,543	1,222
Recycling (Short Tons)	505	47	387	38	1,171	114	1,588	162



The team is executing our operations emissions reduction plan - including considerations for increases in electricity for fleet.

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

- Electricity, Waste, and Water
- Recalibration of GHG Emissions Baseline
- Energy and Carbon Management
- Fleet Sustainability and Efficient Logistics

SOCIAL

GOVERNANCE

APPENDIX

FLEET SUSTAINABILITY AND EFFICIENT LOGISTICS

Our May 2022 acquisition of Tires Now is another good example of how we're driving efficiency across our geographic footprint. We began the process of integrating their distribution facilities with ours, allowing us to consolidate operations and reduce facility emissions. This strategic acquisition also reduces the number of trucks and miles driven on the road as we add Tires Now inventory and routes to our system.

On a broader scale, ATD's business strategy moved us into inventory warehousing and delivery for our customers through our FLX FWD 3PL and 4PL services since 2019. We have the scale, the fleet, the routing capabilities, and the talent to help wring excess out of the entire ecosystem and we're doing more and more of it every day.

Globally, our team is making progress on a near-shoring strategy, moving our inventory importation closer to our distribution network by shifting from Asia to Eastern Europe and Mexico, for example. While those steps may feel far removed from our immediate goals, they are critical solutions that we expect will reduce our scope 3 emissions from ocean shipping.



AFFILIATED BRANDS:



- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL**
 - Electricity, Waste, and Water
 - Recalibration of GHG Emissions Baseline
 - Energy and Carbon Management
 - Fleet Sustainability and Efficient Logistics
- SOCIAL
- GOVERNANCE
- APPENDIX



Recycling to a “Happy Ever After” for Tires



There are other tire companies touting their recycling efforts, but we believe our program stands apart due to the high-integrity approach that defines it.

At ATD, we view scrap tires as valuable material rather than waste. We’ve worked diligently to collaborate with like-minded partners and reputable recyclers who support high-value, end-of-life outcomes. They – and we – want to find innovative ways to reimagine the rubber and other tire elements into new products. We see this as a triple win. Tires recycled through ATD’s service are not allowed to be resold, boosting highway safety. Our movement of tires to high-value recycling creates avoided emissions and converts these tires to productive end-of-life uses.

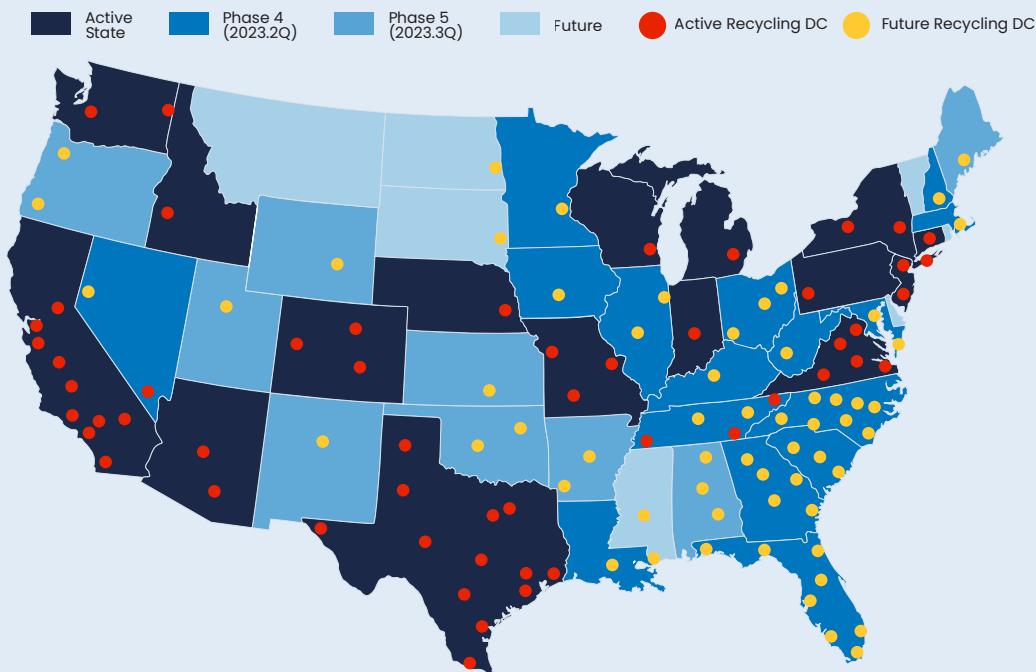
Our team spent countless hours researching various state and local regulations, ensuring that we have proper permitting to expand our tire recycling service, so it eventually covers our entire footprint. We’ve already activated almost half of our DCs and we believe we’ll be live across the entire U.S. by the end of 2023.

Our differentiated service starts when we pick up scrap tires during our regular deliveries. As we drop off new products, we backfill our specially modified trucks using our Tire Alley™ process, which enables separation of fresh and scrap tires for efficient tire delivery. This efficiency loop reduces the number of trucks on the road and keeps properties clean of scrap tires for our retail partners.

According to the U.S. Tire Manufacturers Association, there were 274M scrap tires in the U.S. in 2021. A high percentage of those are tossed into dumping grounds where they can release harmful chemicals into the soil and pollute our waterways. That’s why we want to be a catalyst facilitating responsible end-of-life use for tires – like rubber modified asphalt and new tires. ATD is prioritizing processes with multiple recycling opportunities, such as moving scrap tires towards new tires, rubber modified asphalt, remolded tires, and new industrial products.

It’s safe to say that ATD is already a catalyst for tire circularity creating tremendous impact. We’re making it easy for our retail partners who want to do the right thing. We’re optimizing our load and route density to run full trucks outbound and inbound. We’re positively impacting highway safety by taking used tires off the road. But most of all, we’re taking this valuable material and reusing it for new products.

Tire Recycling: Phased Launch Map



Modified delivery truck showing Tire Alley™ process

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

- Electricity, Waste, and Water
- Recalibration of GHG Emissions Baseline
- Energy and Carbon Management
- Fleet Sustainability and Efficient Logistics

SOCIAL

GOVERNANCE

APPENDIX



We’ve been part of the program since it was announced. We no longer have huge stacks of tires that attract pests and look ugly. The program is a good idea—I want to leave the world better than I found it.”

Roger Fecteau

Route 10 Tires,
Connecticut



Going Electric!



Distribution miles – delivering tires and picking up tires to recycle – are one of our largest GHG impacts.

The daily act of product fulfillment requires energy. Today that energy produces carbon, so we're focused on deliberate change to drive that footprint down. Decarbonizing operations – through electric vehicles and alternative fuels – is a critical priority.

Electrifying our fleet is not as easy as turning on a switch. Industry competition for electric delivery vans is fierce, and supply chain issues are exacerbating the situation. The patchwork of regulations and incentives, which vary from region to region, also makes rolling out EVs across our network more challenging.

So, we're taking a phased approach – focusing on innovations that are doable now. Those include electric last-mile delivery vans for our DCs and yard tractors for our yard.

In 2022, we began expanding the EV pilot we started in 2019. Here's a snapshot of what we accomplished:

- Identified locations to pilot electric van use
- Ordered 10 electric delivery vans for use in Chicago, IL and two California locations
- Acquired and installed electric yard tractors at each of our large MCs

Our electric yard tractors are impressive and offer many advantages operationally. They're more cost effective, quieter, safer, and more comfortable, and will help us decrease the emissions attributed to the diesel tractors we had before.

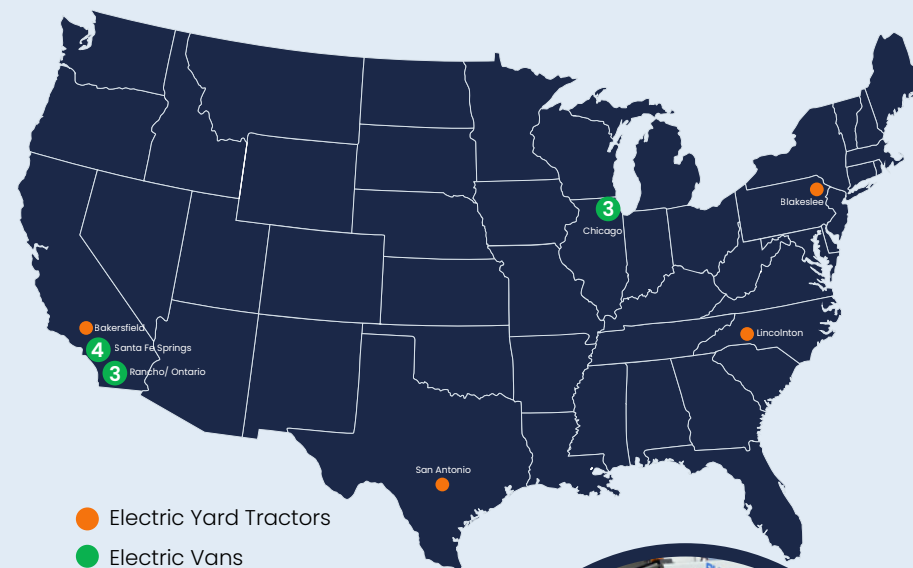
The vehicles use a one-pedal driving style with a regenerative braking system. When the driver slows down or stops, the electric motor acts as a generator, converting the kinetic energy from the vehicle's forward motion into electricity, recharging the battery.

We estimate that the yard tractors driven by our "yard jockeys" will decrease our GHG emissions by 159.2 MT CO₂e – the same effect as taking 35 gasoline-powered passenger vehicles off the road.

By the middle of 2023 we expect to integrate the 10 new electric delivery vans into operations at three of our DCs. We expect these newcomers to make for healthier driving by eliminating diesel exhaust.

Our goal is to electrify at least 45% of our fleet by 2030 and continuously utilize biofuels where possible.

Putting EVs to Work



Test driving Brightdrop EVs in McCook

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

- Electricity, Waste, and Water
- Recalibration of GHG Emissions Baseline
- Energy and Carbon Management
- Fleet Sustainability and Efficient Logistics

SOCIAL

GOVERNANCE

APPENDIX



Our goal is to electrify at least 45% of our fleet by 2030 and continuously utilize biofuels where possible.

Social



INTRODUCTION

WHO WE ARE

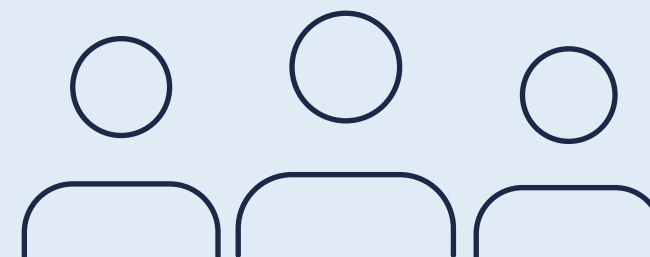
ENVIRONMENTAL

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



We've been architecting our people-first culture for several years, long before the pandemic-induced disruption. In 2022, we were thrilled to see our strategy making a difference across the company as we reunited in person and shared our stories of success.

CONNECTED CULTURE

ATD’s connected culture stems from our iCare values, all rooted in respect. They – along with other intentional elements – are inspiring enthusiasm and opportunities like we’ve never seen before. Associate engagement scores are gathered through pulse surveys and an annual engagement survey. Scores increased by 20 points in 2022 showing a positive reflection of how our associates feel about ATD’s culture and our company. We’ve implemented a best-in-class onboarding experience for our new associates and continue to invest in our leaders, so they’re equipped to generate team engagement and retention.

Average Tenure



Engagement Metrics

	2018	2020	2021	2022
Engagement Score	61%	71%	76%	81%
Percent Increase			7% over 2020	14% over 2020

2022 Employee Turnover Rate

	2020	2021	2022
Overall	33%	48%	59%
FSC	16%	21%	18%
Sales	10%	16%	19%

ASSOCIATE HEALTH AND WELLBEING

Feeling good about your work means feeling safe, healthy, and trusted. Our adoption of a hybrid work model at the FSC contributed to all these sentiments, putting more flexibility and control in the hands of our people.

We placed considerable emphasis on wellness in 2022 in at least four ways:



- 1** An enhanced open enrollment experience for our associates
- 2** A focus on preventive care
- 3** The opening of our free, state-of-the-art fitness center at our FSC
- 4** Doubling our free Employee Assistance Program (EAP) consultations from three to six per associate, per incident annually

INTRODUCTION
WHO WE ARE
ENVIRONMENTAL

- SOCIAL**
- Connected Culture
 - Associate Health and Wellbeing
 - People-First in Action
 - Learning and Development
 - Operational Safety
 - Distracted Driver Awareness
 - Serving Our Communities

GOVERNANCE
APPENDIX



PEOPLE-FIRST IN ACTION

The face of our company today is different than it was even just a few years ago and we believe that makes us better.

Our diversity numbers are trending upward with notable improvements in gender equity. You can see the difference across our business – from finance to strategy to sales. Going into Q4 of 2022, 56% of our hires were from under-represented groups, further boosting the diversity of our teams.

Celebrating diversity, equity, and inclusion – through events and education – was a continued priority in 2022. We conducted quarterly diversity training and presented monthly programming to raise awareness of cultural observations and celebrations. In addition, we advanced the belief that even though we may have different experiences and come from different backgrounds, we have a shared humanity that shows there’s more in common than not.

In 2023, we expect even more progress and celebration to underscore the benefits of inclusion. One area of focus will be increasing our recruiting outreach to Everyday Heroes (active military, veterans, and first responders) to fill logistics and leadership roles.



INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



The face of our company today is different than it was even just a few years ago and we believe that makes us better.

Supporting Our Diverse Suppliers

Our commitment to DEI extends to our partners as well. In 2022, ATD increased the number of diverse contracted suppliers by 457%, far surpassing our goal to increase diverse contracted suppliers by 300%. We've set a long-run goal of sourcing 15% of our addressable, indirect spend from diverse suppliers. Thus far we've increased our spend to 6.4%, up from 2.9% in 2020.

Through a strategic partnership with the Carolina Virginias Minority Supplier Development Council (CVMSDC), ATD has made a commitment to supporting a scholarship initiative targeted at Minority Business Enterprises (MBEs). This program aims to empower diverse suppliers by providing them with the necessary resources to elevate their businesses. The program is conducted at the University of Richmond's Robins School of Business and covers a wide range of crucial topics including marketing, business acumen, accounting, sales, and other relevant areas.

In 2022, we proudly sponsored Image360, a local business, enabling owner Anthony Hargrave to participate in this program. In 2023, we plan to partner with the National Minority Supplier Development Council and their program at the Tuck School of Business at Dartmouth. These programs not only grant access to the invaluable mentorship, training, and corporate matchmaking services offered by the Council but also assist them in advancing their entrepreneurial ventures

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

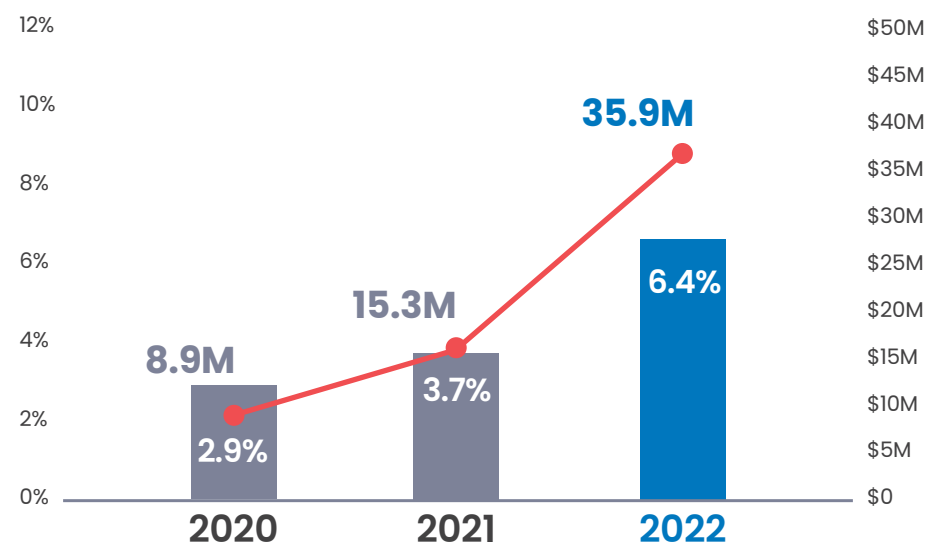
- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX

2022 Supplier Diversity Spend

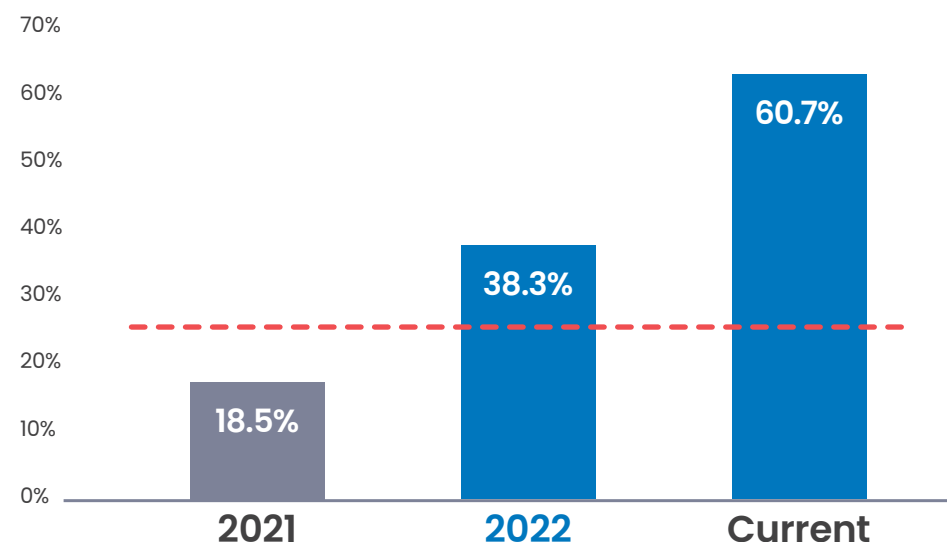
6.4% diverse spend in 2022, goal is 15% by 2024



■ = Diverse Supplier % of Total Spend — = Diverse Supplier Spend Total \$

2022 Supplier Diversity Program

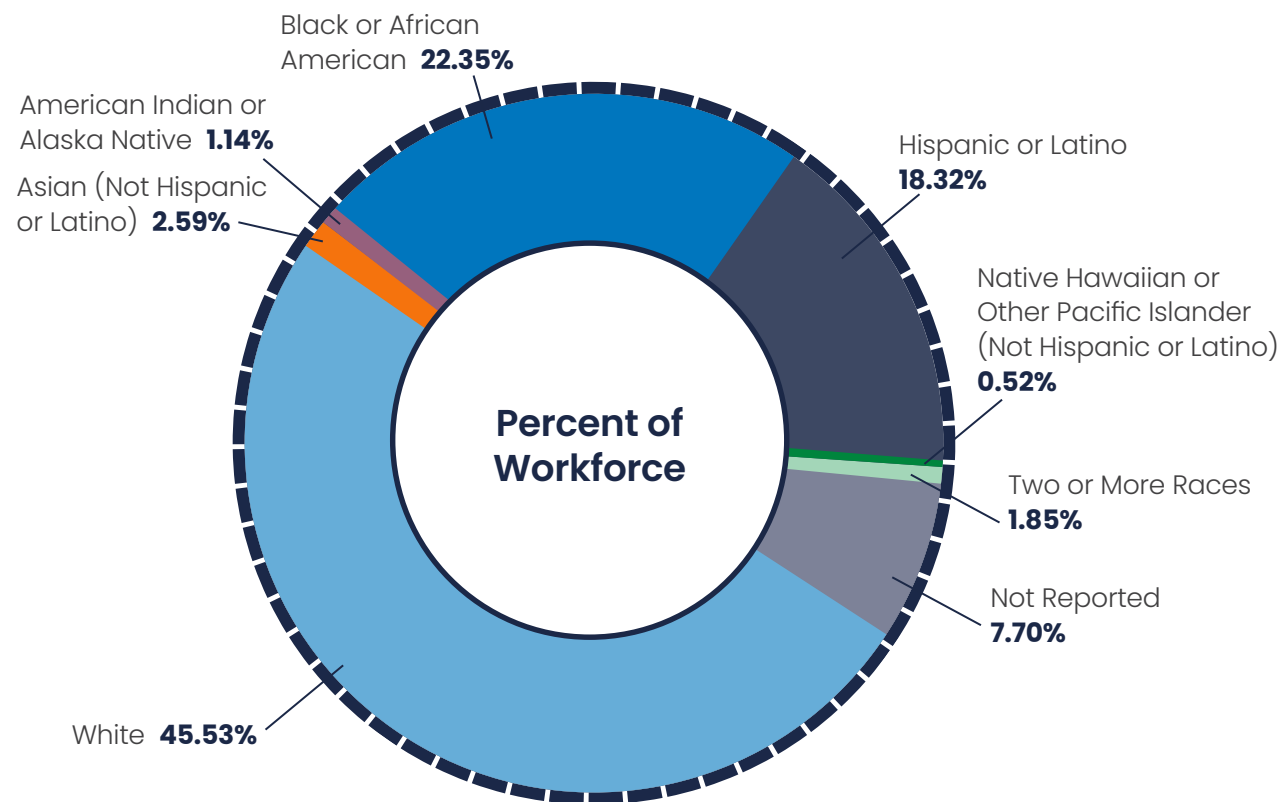
RFP diversity participation rate, well above 25% target



■ = Participation Rate - - - = 25% Target

ATD Associate Diversity

The Changing Face of ATD



Leadership by Gender

	2021		2022	
	Women	Men	Women	Men
Chief Executive Officer		1		1
Executive Vice President	2	4	1	4
Senior Vice President	2	18	4	19
Vice President	9	28	13	31
Senior Director	14	51	14	53
Director	21	52	26	57
Senior Manager	6	11	11	11
Manager	59	228	51	246
Supervisor	6	153	12	171
Individual Contributor	390	3,268	475	3,624
Total	509	3,814	607	4,217

Associate Diversity

Our overall associate diversity increased from **41%** in 2021 to **45%** in 2022.

	Women		Diverse	
	2021	2022	2021	2022
Promotions	19%	18%	37%	38%
Lateral Moves	-	2.5%	45%	51%

Our overall women in leadership increased from **12%** in 2021 to **13%** in 2022.

Total Associate Count by Gender

	Women	Men	Total
Full-time	602	4,189	4,791
Part-time	4	27	31

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



LEARNING AND DEVELOPMENT

INVESTING IN OUR ASSOCIATES

Continuous improvement drives just about everything that we do. And that starts with learning. Knowledge is core to who we are at ATD and providing unparalleled access to each associate is where we start. We invest in our people because when they thrive so does their commitment to ATD.

At ATD, learning begins during the associate onboarding phase and continues daily. In 2022, ATD improved our new associate training and onboarding experience through enhanced standard procedures, refreshed instruction materials, and new coaching methods. New hire training – offered digitally on-demand – includes content about ATD’s strategy, values, and internal communications along with a safety orientation, Power Industrial Truck (PIT) training, and additional defensive driving training content for our fleet operators.

We offer a myriad of learning opportunities specific to job functions. From supply chain and sales to leadership and customer service, we offered 43 different skills development trainings, many of which are mandatory by function.

On average, associates at all levels received about 46 hours of training in 2022 with managers, directors, and senior directors completing even more.


ATD is also investing in strategic partners to add proprietary learning content that aligns with our leadership strategy. Through this thoughtful mix of internal original content and external proprietary content, ATD is bringing exceptional thought leadership and intellectual property together to help our associates and leaders succeed and exceed in the pace of today’s business.


Gender	Annual Average Training Hours
Women	58.64
Men	44.39
Other	43.34
Grand Total	46.18


Level	Annual Average Training Hours
Senior Vice President	40.55
Vice President	40.26
Senior Director	55.93
Director	53.45
Senior Manager	47.32
Manager	83.86
Supervisor	67.82
Individual Contributor	42.43
Grand Total	46.18


- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL**
 - Connected Culture
 - Associate Health and Wellbeing
 - People-First in Action
 - Learning and Development
 - Operational Safety
 - Distracted Driver Awareness
 - Serving Our Communities
- GOVERNANCE
- APPENDIX


“
We doubled down on training, investing \$64,000 in associate development for 2022.



101%
 increase YOY in training


\$1,280
 invested in formal learning per associate


672
 new training modules introduced in 2022


6
 months (up to) transition outplacement services, depending on level


28%
 knowledge growth across topics tracked by AI learning platform


100%
 of eligible associates received performance reviews in 2022

spark
6.6M
 questions answered by all associates in Spark in 2022

13
 days/month on average associates accessed Spark for daily learning (20 Day learning period)



OPERATIONAL SAFETY

Like most companies across the U.S., we saw instability among our hourly ranks, resulting in less-than-optimal workflow, practices, and safety scores in 2022. Our human resources (HR) team in partnership with the supply chain operations team responded with refined routines for onboarding and training and the addition of temporary workers to supplement peak demand periods in our warehouses.

We overhauled and relaunched our Back-to-Basics training, highlighting best practices in our highest-performing work teams. Then we created learning corners across our DCs and doubled down on leadership visiting with their teams during the day to reinforce personal connections.

THE NEW MEASURES WE IMPLEMENTED TO IMPROVE SAFETY INCLUDED:



The installation of additional **collision-avoidance technology** for new fleet vehicles



A pilot with Bridgestone Mobility Solutions Intellitire to **better manage tire pressure**



A \$100 stipend per associate to help defray the cost of **safety-toe shoes**



An electronic logging device (ELD) system to **improve Hours of Service management**



Additional **defensive driving content** to enhance driver training



Increased visual management and improved procedures to **increase PIT operator safety**

Our driver safety improvements paid off with 46 ATD drivers earning Ryder Driver of the Month Awards – a

300%

YOY Increase

As we look to 2023, our overall talent approach will continue to evolve with the introduction of success profiles by role to drive skill-based clarity for development and performance.



2,415
Safety Observations

2,540
Safety Orientation Completions

2,459
Order Picker & Forklift Certifications

2022 Employee Turnover Rate

	2020	2021	2022
Supply Chain	43%	62%	82%

OSHA-Recordable Injuries:

294 / Rate: 4.85
(up from 3.96 in 2021) ↑

Days Away, Restricted Duty or Transferred (DART) Cases:

Cases: 140 / Rate: 2.31
(down from 2.34 in 2021) ↓

Lost-Time Injuries:

46 / Rate: 0.76

High-Consequence, Work-Related Injuries:

10 / Rate: 0.16

12,128,404 collective hours worked by associates

Main injury types:
Strain/sprain, slip/fall, struck by something (such as objects being lifted, handled, or falling)

Disclosure note: An occupational health and safety management system has been implemented to provide a safe and healthful workplace, comply with federal (e.g., OSHA, FMCSA) and state safety regulations, covering all associates (including temporary and contract labor) in workplaces controlled by ATD. Injury rates are based on 200,000 hours worked within chart. Data includes ATD associates, temporary and contract labor. Excludes courier and other delivery services.

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

DISTRACTED DRIVER AWARENESS

ATD launched a Distracted Driving Awareness Campaign in 2022. This initiative aimed to educate our associates about the various types of distracted driving and provide practical tips for safer driving habits.

The initial campaign was launched in Spark as Broadcast Messages structured as a weekly series, covering the following topics:

<p>WEEK 1</p> <p>April 7: Introduction to distracted driving and what to expect from the series.</p>	<p>WEEK 2</p> <p>April 14: Understanding visual and manual distractions.</p>	<p>WEEK 3</p> <p>April 21: Exploring cognitive distractions.</p>	<p>WEEK 4</p> <p>April 28: Recap and introduction of ATD's Avoid the Distractions Pledge.</p>
---	---	---	--

Following the messaging campaign, we integrated safe driving topics into our daily training program. These topics were tailored to coincide with seasonal changes and other engagement campaign activities. Throughout the Q2 & Q3 (see list below), associates were presented with 4-5 educational videos and reinforcement questions.

The impact of these efforts was substantial:

More than
13,500
Broadcast Messages on Safe Driving we're viewed.

Over
39,000
safe driving videos were watched, amounting to over **3,050 hours** of viewing time.

We observed a
10%
increase in knowledge retention based on the topic reinforcement questions.



These initiatives underscore our ongoing commitment to promoting safe driving practices and fostering a culture of safety among our associates.

Q2 - 2022			Q3 - 2022		
<p>April</p> <p>Distracted Driving Awareness</p> <p>How to Prevent Distracted Driving</p>	<p>May</p> <p>Emotions and Driver Safety</p>	<p>June</p> <p>Driving in Inclement Weather: Rain</p>	<p>July</p> <p>Tips for Defensive Driving: Maintaining Space</p> <p>Tips for Defensive Driving: Maximizing Visibility</p>	<p>August</p> <p>Tips for Defensive Driving: Communicating Effectively</p>	<p>September</p> <p>General Highway Safety Tips</p>

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL**
 - Connected Culture
 - Associate Health and Wellbeing
 - People-First in Action
 - Learning and Development
 - Operational Safety
 - Distracted Driver Awareness
 - Serving Our Communities
- GOVERNANCE
- APPENDIX

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



Employee Engagement Strides Lead to National Recognition



ATD made three national recognition lists in 2022, affirming considerable progress against the HR strategy initiated in 2016.

We landed for the first time on *Newsweek's* 100 Most Loved Workplaces list, placing #88 behind well-known names like Dell, Wyndham Hotels and Resorts, e.l.f. Cosmetics, and Paramount Entertainment. The ranking was determined through research conducted by Best Practice Institute (BPI), measuring specific management practices that lead to associate motivation and satisfaction.

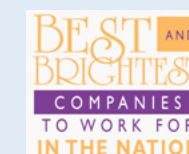
The methodology included associate surveys, leadership interviews, and external rankings. Questions ranged from how associates felt about their advancement to how well the company's values aligned with their own.

ATD also made the 2022 Best & Brightest Companies in the Nation® list, sponsored by the National Association of Business Resources. This recognition honors organizations that deliver exceptional HR practices and show a commitment to employee enrichment and education through communication, work-life balance, diversity, recognition, retention, and more. Prior to receiving this notification, ATD made the regional Best and Brightest Companies in Charlotte list, also for the first time.

In addition, *Forbes Magazine* included ATD for the second consecutive year on its America's Best Midsize Employer List.



OUTSIDE RECOGNITION





New Benefits Signal Focus on Health and Wellness



One of the key questions for ATD’s total rewards team is, “How can we make work work for more people?”

We believe strongly in enabling a culture where everyone feels empowered to bring their whole self to work. This mindset led to notable 2022 improvements in camaraderie, compensation, and benefits.

First came pay equity analysis and compensation adjustments to keep pace with a competitive market. All jobs were evaluated and benchmarked against market norms, and although the feedback for our pay competitive framework was strong, we made investments to understand and align against outliers to ensure overall fairness.

In May 2022, we introduced a new wellness incentive program through DarioHealth. DarioHealth works through a unified digital therapeutics platform that helps each associate monitor musculoskeletal, metabolic, and mental health wellness. After completion of a biometric screening and 30 days of monitoring through the app, associates receive a health analysis with options for improving chronic conditions like pain, mobility, obesity, and depression. Close to 30% of ATD’s DarioHealth adopters reported that the system uncovered health warnings that previously would have gone undetected.

Associates working near ATD’s FSC received an added perk in August when the 9,000-square-foot health center opened with state-of-the-art equipment and personal training. Open from 5 a.m. to 8 p.m. Monday-Friday, the center offers group and private fitness classes managed by Corporate Fitness Works. After attending an orientation, associates receive a badge for electronic access and can use equipment on a first come; first-serve basis. Additionally, ATD offers access to gym membership discounts across our network through our healthcare provider.

Perhaps the biggest achievement was shifting to a hybrid work environment in 2022 for associates at the FSC. The new headquarters building – under construction for most of 2022 –was designed with this trend in mind, adopting a desk reservation system that associates use to claim a workspace for days when they need to be at the office. The reimagined facility now includes a 150-person townhall auditorium, which supports connectivity with the field and hybrid associates as meetings are hosted there, and coffee-shop style commons areas that promote collaboration when teams are in the office.

Adding these programs has served as a catalyst to broaden and enhance our talent pool. Looking ahead, the HR team expects to continue enhancing our compensation and benefits portfolio, further reinforcing our commitment to whole person health and wellness.



Cumulatively, ATD invested more than **\$15M** in performance-based salary adjustments in 2022

INTRODUCTION
WHO WE ARE
ENVIRONMENTAL

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
 - People-First in Action
 - Learning and Development
 - Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



We believe strongly in enabling a culture where everyone feels empowered to bring their whole self to work.

SERVING OUR COMMUNITIES

ATD strives to be a catalyst for improved lives inside and outside our walls. We accomplish this by targeting our giving and volunteer efforts in three ways:

- 1** The weCare Associate Relief Fund for ATD associates facing unexpected hardships
- 2** Our partnership with the Gary Sinise Foundation (GSF) focused on active military, veterans, and first responders
- 3** Supporting Community Heroes – those organizations helping underserved and at-risk communities



534
associates gave
4,193 hrs
for weCare Volunteer Day
(Nearly doubling the 2021 totals of 288 associates giving 2,200 volunteer hours)



\$1.5M
donated through contributions made by associates, manufacturer partners and vendors, customers, and ATD



\$10k
in toys donated



10k
meals donated



\$25k
to support disaster relief efforts

\$25k
to establish ATD as a Ready 365 Giving Circle Member (host or sponsor blood drive, ATD associate volunteer training, and opportunities as needed)



\$150k
to Ukraine Relief Aid through:



Samaritan's Purse
\$50K



BStrong
\$50K



World Central Kitchen
\$50K

\$10k
for Hurricane Ian response



Helping Our Associates During Time of Hardship



One of the most inspiring ways that ATD advances its connected culture is through the weCare Associate Relief Fund.

We established this internal charity to help our associates get through unexpected hardships, such as extraordinary medical expenses or property damage. Associates have the option of payroll deductions to this fund or a lump-sum donation, both of which are tax deductible. In partnership with E4E Relief, a 501(c)3 nonprofit, we award financial assistance to coworkers with needs that match our program guidelines. The weCare fund topped \$140K in 2022 and ATD increased the grant levels for each of the fund categories. Unallocated funds from 2022 will be granted to associates in years to come.



\$140k
dollars donated
in 2022 (+12%)

708
associate
donors

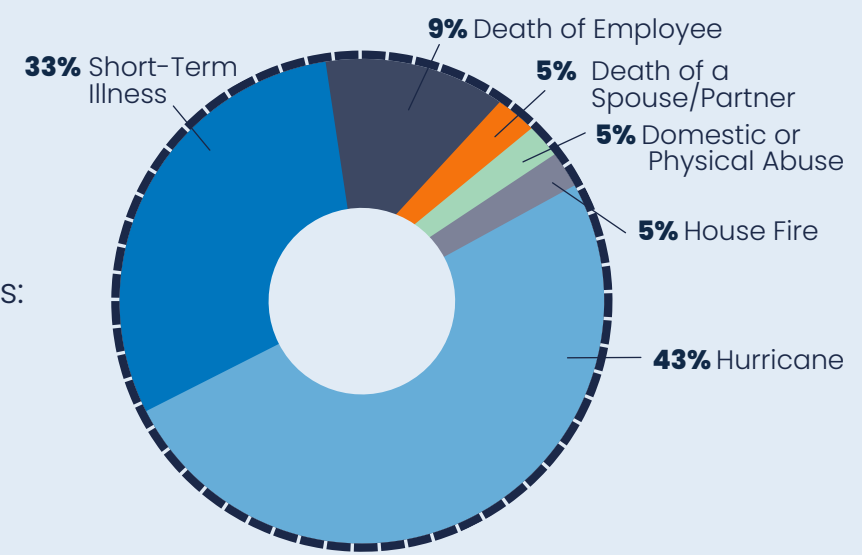
96
of total donors
are Warehouse &
Delivery associates =
\$3k+ in donations

\$120k+
funded by
607 associates
in professional
level roles

\$18k
donated for
May Matching
Month by
435 associates

\$7k
donated for
Hurricane Ian
Matching
(9.30.22 - 10.15.22)

21 grants awarded
in 2022 totaling
\$27k+ in granted funds:



INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
 - People-First in Action
 - Learning and Development
 - Operational Safety
- Distracted Driver Awareness
 - Serving Our Communities

GOVERNANCE

APPENDIX



Donations Soar for the Gary Sinise Foundation



We're extremely proud of our signature partnership with GSF. It's a perfect match for our goal of saluting and supporting the Everyday Heroes who keep us safe.

This year, our associates, manufacturers, customers, and vendors came together in a big way to **raise a record \$1.5M for the organization**. We were able to boost our giving through a variety of new promotional strategies, including:

- A payroll deduction option for associates during the Summer for Heroes Campaign
- Increased outreach to our DCs and supply chain leadership
- A joint promotion between Tire Pros, JR Motorsports, and professional race car driver Josh Berry, who added the Summer for Heroes logo to the hood and quarter panels of his car for two high-profile NASCAR events

ATD initiated our partnership with GSF in 2019. We started with an annual golf tournament and have grown our activities to include an online giving campaign, a 5K for Heroes Run/Walk event for associates, and a Gala for Heroes.

Inspired in part by his family of military veterans, the 9/11 tragedy, and his association with veterans' groups following his rise to fame as Lt. Dan in *Forrest Gump*, Gary Sinise, through the GSF, provides a variety of programs, services, and events for wounded veterans and first responders in the U.S.

ATD's 2022 GSF fundraising will help make these three focus areas possible:

RELIEF AND RESILIENCY

This includes post-traumatic growth therapy for affected veterans and events to support the families of fallen military heroes.

FIRST RESPONDERS OUTREACH

Providing equipment, personal protection equipment (PPE), and training to help first responders perform to the best of their abilities.

R.I.S.E.

Short for "restoring independence and supporting empowerment," this program provides specially adapted smart homes and vehicles, home modifications, and mobility devices for wounded heroes.



L-R: Mike Schlitz (GSF ambassador),
Cristin Bartter (Chief of Staff & VP of Marketing)
Rebecca Sinclair (Chief People & Corporate Affairs Officer),
Stuart Schuette (President & CEO)

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



As a U.S. Army veteran, I'm very proud that ATD is such a strong supporter of veterans both inside and outside the company. It's inspiring and motivates me every day to advance our company forward."

Rick Anthis

Region President



ATD Expands Commitment with Equal Justice Works



Our contributions to the Equal Justice Works Fellowship program allows us to support underserved and at-risk communities.

Based in Washington, DC – this non-profit supports law students and attorneys across the country as they use their expertise to advance social justice.

We've increased our commitment since sponsoring our first Fellow in 2020. In 2022, we sponsored five Equal Justice Fellows, adding three new lawyers, each serving two-year terms.

ATD is committed to our goal of championing gender equity and diversity as a catalyst for social change. We've intentionally selected Fellows who embody these goals.

We're proud to provide financial support to help further the volunteer work of these women as they seek to improve quality of life and social injustice in our communities.



NORREL HEMPHILL
Safe and Affordable Drinking Water
A graduate of Western Michigan University Cooley Law School, Norrel is providing legal representation and policy advocacy to ensure that low-income residents in Michigan have access to clean, safe, and affordable drinking water. This work hits close to home, as Norrel fights for fellow Detroit residents to have access to drinking water – in a city that provides water to over 40% of the population of Michigan.



MARY CLAIRE KELLY
Climate and Environmental Justice
A graduate of Harvard Law School, Mary Claire is assisting grassroots movements for climate and environmental justice in underserved communities across Massachusetts. Her work is aimed at affecting local and state efforts to adopt climate justice policies.



KATE MERLIN
Improving Housing Insecurity
A graduate of Wake Forest University School of Law, Kate is providing legal representation, policy advocacy, and post-eviction services to low-income residents facing housing insecurity in Western NC. Kate's firsthand knowledge of the impact of housing insecurity propelled her to help families to avoid the trauma of eviction.

2021-2022 FELLOWS:



MEGHAN LUCAS
Workers Rights
Charlotte, NC



SARAH HOFFMAN
Disability and Prisoner Rights
Raleigh, NC

INTRODUCTION
WHO WE ARE
ENVIRONMENTAL

SOCIAL

- Connected Culture
- Associate Health and Wellbeing
- People-First in Action
- Learning and Development
- Operational Safety
- Distracted Driver Awareness
- Serving Our Communities

GOVERNANCE

APPENDIX



Water is a human right! Every human being deserves access to clean, safe, affordable drinking water.”

Norrel Hemphill

Governance



INTRODUCTION

WHO WE ARE

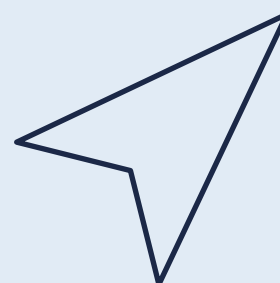
ENVIRONMENTAL

SOCIAL

GOVERNANCE

- Security and Compliance
- Leadership
- ATD, Industry Catalyst for Positive Change

APPENDIX



There's no doubt that our commitment to high standards and best practices is a key element of our success. And we have a dedicated board and governance committee that guide and direct us toward excellence. They're the check and balance to ensure that ATD acts in the best interests of all its stakeholders to deliver a future that is both ethically sound and fiscally sustainable.

ATD is privately held, and not required to adopt ESG principles. But we embrace the rigor of this discipline because of our unified belief in transparency and responsibility.

SECURITY AND COMPLIANCE

In 2022, our Enterprise Risk Management (ERM) governance completed a number of initiatives that enhanced our security and compliance. They:

 <p>Increased training and awareness related to data privacy, security awareness, and our Code of Conduct.</p>	 <p>Strengthened the physical security of our facilities through enhanced access control systems, monitoring, and alert systems.</p>	 <p>Embedded safeguards throughout our operations to meet governance risk and compliance best practices.</p>	 <p>Implemented regular business resiliency reviews, including quarterly crisis management exercises and annual disaster drills.</p>	 <p>Introduced a zero-trust security model with multi-factor identification so our associates could work securely at any of our facilities or remote locations.</p>
--	--	--	--	---

To establish more visibility within our ERM discipline, we merged the risk workstreams of functional leaders into an automated system for managing, monitoring, and measuring vulnerabilities. Our group of risk leaders convenes at regular intervals to ensure alignment and to devise pressure-testing strategies for high-risk areas. Risk updates to the board are communicated through the board's Audit Committee on a regular basis.

These reinforcements help bring clarity to planning and performance and give us the agility required for the uncertain geopolitical and macroeconomic trends that will continue to impact our business.



- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE**
 - Security and Compliance
 - Leadership
 - ATD, Industry Catalyst for Positive Change

APPENDIX



LEADERSHIP

The collective efforts of our board and governance team sharpen our performance as a company. The Board and Audit Committee formally reviews and approves ATD's annual sustainability report. Their efforts and those of our Audit Committee are also evaluated annually by Deloitte's Center for Board Effectiveness to assure that ATD always adheres to best practices. In Q4 2022, ATD began evaluating a formal Board and Audit Committee Annual Assessment program.

Read more about our Governance Performance on page 61.

BOARD OF DIRECTORS

Stuart Schuette, President and Chief Executive Officer, *ATD*

Puneet Bhasin, Chief Information and Digital Officer, *Unum*

Brady Schuck, Managing Director, 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*

COMPENSATION COMMITTEE

Adrian Jones, Chair, Vice Chairman, *Goldman Sachs*

Brady Schuck, Managing Director, Merchant Banking, *Goldman Sachs*

John Sherman, Portfolio Manager, *Polen Capital*

AUDIT COMMITTEE OF THE BOARD

James Micali, Chair, Senior Advisor and Limited Partner, *Azalea Capital LLC*

Brady Schuck, Managing Director, Merchant Banking, *Goldman Sachs*

Michael Kneeland, Non-Executive Chairman, *United Rentals*

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

Bill Williams, Chief Financial and Sustainability Officer

Rebecca Sinclair, Chief People and Corporate Affairs Officer

Murali Bandaru, Chief Information and Digital Officer

Chad Warpula, Partner, *Troutman Pepper*, Outside General Counsel

Moid Alwy, Chief Supply Chain Officer

Keith Calcagno, Chief Merchant and Strategy Officer

Owen Schiano, Chief Sales Officer

Tim Eisenmann, Chief Analytics Officer and Chief Executive Officer, *Torqata Analytics, LLC*

Michael Welch, Chief Executive Officer, *Tirebuyer*

SUSTAINABILITY PROGRAM LEADERSHIP

Bill Williams, Chief Financial and Sustainability Officer

Rebecca Sinclair, Chief People and Corporate Affairs Officer

Deborah Kalish, Vice President, Enterprise Sustainability

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

- Security and Compliance
- Leadership
- ATD, Industry Catalyst for Positive Change

APPENDIX



Unified Cyber Warriors



Data security is critical, especially for an enterprise like ours that is tethered to many connected partners. Digital details are part of our DNA, and we must protect them.

That’s why we initiated an integrated cyber security strategy in 2022, combining learning, leader coaching tools, and phishing simulations – all designed to mitigate potential cyber threats to our system.

By implementing a series of training modules and webinars, we provided all our associates with a deeper understanding of cyber threats, arming them with the knowledge they need to constantly safeguard our digital landscape. We reinforced this education with periodic assessments throughout the year to ensure that they recognized strategies used by real-world cyber criminals.

This comprehensive educational effort paid off with 95% of our associates now certified as “Cyber Warriors.” We will continue to evolve and reinforce our security training to keep ATD safe and resilient, guarding against the black hat hackers who seek to wreak havoc on American business.

Security & Compliance 2022 Highlights:

100%

of our new associates enrolled in “Cyber Warrior” awareness training

18

simulated phishing exercises completed

8

independent, third-party security reviews

2

annual industry-recognized accreditations:





Strategic Investing and Divesting for Sustainability Advantage



ATD leadership completed two transactions in 2022 that will help us realize operating efficiencies and a quicker path to meeting our ESG goals.

In May 2022, we entered an agreement to acquire Monro, Inc's Tires Now wholesale tire distribution assets. The purchase included seven Southeastern facilities that service 3,500 retail customers annually, giving ATD increased volume and geographic reach to enhance our supply chain network. By reducing route density and duplicity of trucks on the road, we're also elevating both ATD's and Monro's commitment to sustainability. The transaction included a long-term agreement to supply product to Monro, providing an additional revenue stream for ATD.

In September 2022, we sold our Canadian subsidiary, NTD, to Groupe Touchette in Quebec, Canada. The move was designed to bring more concentration to ATD's U.S. operations, freeing up resources to accelerate innovation. We continue to support NTD/Groupe Touchette through a commercial relationship, supplying proprietary Hercules and Ironman brand tires and sharing our advanced analytics software and productivity-enabling tools.

Both of these transactions represent significant value potential by reducing GHG emissions through distribution density and efficiencies. The Monro partnership will generate ~1,200-1,500 MT CO₂e emissions reductions, approximately 20-25% of Monro's baseline GHG footprint. We estimate the combination of Groupe Touchette and ATD's former Canadian subsidiary NTD, which creates the largest replacement tire distributor in Canada, will have an even bigger GHG impact driving ~4,300-5,500 MT CO₂e GHG emissions reductions, ~25-30% of NTD's scope 1 and 2 emissions baseline.

These recent business developments will help ATD continue to be a catalyst for change in the tire replacement industry.



INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

- Security and Compliance
- Leadership
- ATD, Industry Catalyst for Positive Change

APPENDIX

39



We are seeing real tire unit creation / gain with our partnership with ATD due to a better assortment of tires for our customer in the opening price point (Tier 4) segment.

Mike BroderickPresident and CEO,
Monro, Inc.



Expanded Code of Conduct Adds Clarity



In 2022, ATD updated its Code of Conduct. Associates across the company received the policy outlining new guidelines and will now be required to renew their commitment to the code annually.

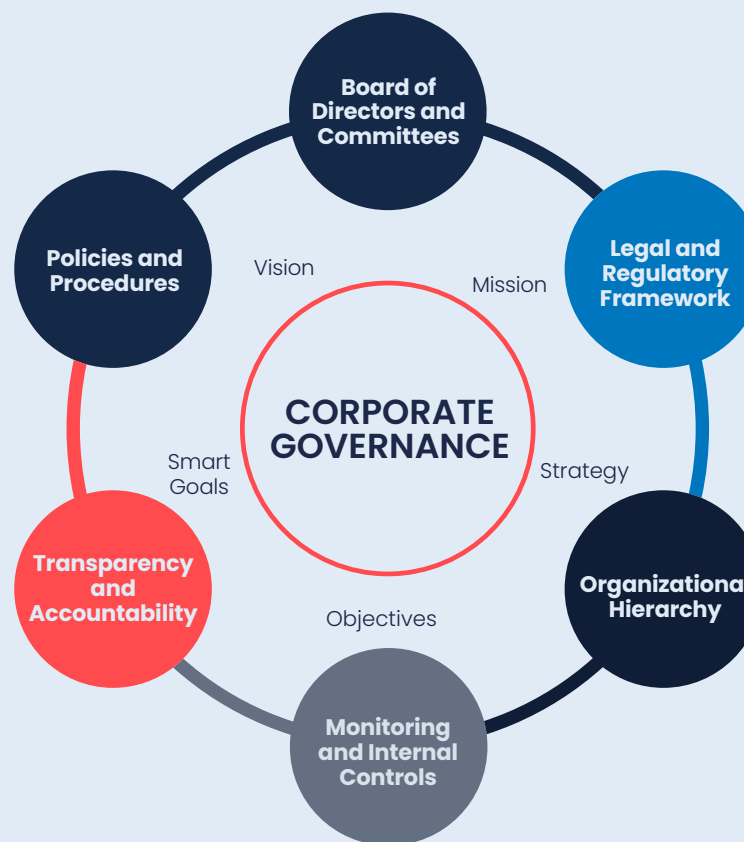
The new Code of Conduct now applies not only to ATD’s 5,000 associates, but also to any suppliers, vendors, customers, or business partners who engage with us.

Other additions to the Code of Conduct are detailed guidelines to help stakeholders understand the various scenarios that could present a conflict of interest. This section includes our policy on gifts and entertainment, business conflicts with family and close friends, bribes and corruption, and fair competition. For example, associates are informed not to share competitive information from their former employers.

Another new section cautions readers to be familiar with laws governing international trade and what constitutes insider trading.

In the spirit of reinforcing our commitment to diversity, equity, and inclusion, the expanded code details ATD’s stance on political representation, respect for individuals with disabilities, and our position on human rights.

ATD is committed to the highest level of integrity and strictly adheres to a non-retaliation policy for individuals who report complaints – either to our confidential ATD Alertline or through conversations with HR and legal associates.



96%

of associates completed code of conduct refresh training

100%

of eligible associates received performance reviews

ATD, INDUSTRY CATALYST FOR POSITIVE CHANGE

2022 was a momentous year for ATD on many levels. After unprecedented disruption, we came back together in a new way in a completely new FSC. This ushered in new opportunities to learn and connect with associates across the country.

We powered forward into the circular tire economy with our tire recycling service, and we rolled out broader fleet electrification. And we continued to strengthen our business with a strategic acquisition and divestiture along with commercialization of our logistics and data analysis expertise.

All of these developments are leading to remarkable changes – one might call it a catalytic conversion from where we were to where we’re going. Just a few years ago we were fighting so our company could survive. Today we’re fighting for something much bigger – a future where *everyone* can thrive.

The word catalyst is derived from the Greek word *kataúein*, meaning “to dissolve.” In that spirit, ATD is dissolving old practices that have impeded progress and is evolving into a transformative force, intent on forging a better way.



INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

- Security and Compliance
- Leadership
- ATD, Industry Catalyst for Positive Change

APPENDIX

Appendix





GRI INDEX

American Tire Distributors has reported with reference to the GRI Standards for the period January 1, 2022, through December 31, 2022. No GRI sector standards were used.

General Disclosures

Disclosure Number and Title

Location and Page Number

2-1 Organizational details	ATD is a closely held Delaware C Corp. Ownership information is disclosed in the company 10-k
2-2 Entities included in the organization's sustainability reporting	Report is for American Tire Distributors, Inc. and all associated entities as designated in our corporate organization chart.
2-3 Reporting period, frequency and contact point	4
2-4 Restatements of information	14, 15
2-5 External assurance	12 esg.atd.com
2-6 Activities, value chain and other business relationships	1, 6, 7, 14, 16, 39, 55, 58
2-7 Employees	7, 23, 24, 26
2-8 Workers who are not employees	16, 24, 26
2-9 Governance structure and composition	37
2-10 Nomination and selection of the highest governance body	37
2-11 Chair of the highest governance body	37
2-12 Role of the highest governance body in overseeing the management of impacts	6, 36, 37 See ATD 2021 ESG Report , pages 2, 5-6, 11-14, 31-39, 41, 50-53, 57-59, 62-64, 66
2-14 Role of the highest governance body in sustainability reporting	2, 3, 60

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

General Disclosures, *continued*

Disclosure Number and Title	Location and Page Number
2-18 Evaluation of the performance of the highest governance body	60
2-22 Statement on sustainable development strategy	1, 2, 3
2-23 Policy commitments	8, 40; ATD commits to responsible business conduct applying the precautionary principle
2-24 Embedding policy commitments	8, 40
2-25 Processes to remediate negative impacts	15 See ATD 2021 ESG Report , pages 8, 9, 14, 16, 43-47, 55, 67
2-26 Mechanisms for seeking advice and raising concerns	40
2-28 Membership associations	50
2-29 Approach to stakeholder engagement	4 See Materiality Assessment outcomes in ATD 2021 ESG Report , pages 9, 11-12, 16
2-30 Collective bargaining agreements	0%

Materiality

GRI 3: Material Topics 2021

Disclosure Number and Title	Location and Page Number
3-1 Process to determine material topics	ATD 2021 ESG Report , pages 10-14
3-2 List of material topics	4

APPENDIX

- GRI Index
- UN Sustainable Development Goals
 - SASB
 - TCFD
- Risks and Opportunities
- Memberships and Associations
 - Governance Performance
 - Forward-Looking Statements

Environmental

Energy and Carbon Management

Disclosure Number and Title**Location and Page Number**

3-3 Management of material topics	15 See ATD 2021 ESG Report , pages 12-15
302-1 Energy consumption within the organization	14, 15
302-2 Energy consumption outside of the organization	14, 15
302-3 Energy intensity	14, 15
302-4 Reduction of energy consumption	14, 15
302-5 Reductions in energy requirements of products and services	14, 15
305-1 Direct (Scope 1) GHG emissions	14, 15
305-2 Energy indirect (Scope 2) GHG emissions	14, 15
305-3 Other indirect (Scope 3) GHG emissions	14, 15
305-4 GHG emissions intensity	3
305-5 Reduction of GHG emissions	3, 39
305-6 Emissions of ozone-depleting substances (ODS)	14, 15
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	14, 15

Recycling and Circular Economy

Disclosure Number and Title**Location and Page Number**

3-3 Management of material topics	15 See ATD 2021 ESG Report , pages 12-15
306-1 Waste generation and significant waste-related impacts	13
306-2 Management of significant waste-related impacts	ATD generates only municipal solid waste and recyclables.
306-3 Waste generated	14, 15
306-4 Waste diverted from disposal	14, 15

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Environmental, *continued*

Fleet Sustainability and Efficient Logistics

Disclosure Number and Title	Location and Page Number
3-3 Management of material topics	16 See ATD 2021 ESG Report , pages 12-15
305-1 Direct (scope 1) GHG emissions	14, 15, 16
305-3 Other indirect (scope 3) GHG emissions	14, 15, 16

Water

Disclosure Number and Title	Location and Page Number
303-1 Interactions with water as a shared resource	13
303-5 Water Consumption	13, 14, 15

Social

Data Security and Privacy

Disclosure Number and Title	Location and Page Number
3-3 Management of material topics	15, 36 See ATD 2021 ESG Report , pages 12-15
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No breaches of customer privacy, nor loss of customer data in 2022.

Diversity, Equity, and Inclusion

Disclosure Number and Title	Location and Page Number
3-3 Management of material topics	22-24, 40 See ATD 2021 ESG Report , pages 12-15
405-1 Diversity of governing bodies and employees	24

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Social, *continued***Associate Health and Wellbeing****Disclosure Number and Title****Location and Page Number**

3-3 Management of material topics	21 See ATD 2021 ESG Report , pages 12-15
401-1 New employee hires and employee turnover	21
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	29
401-3 Parental leave	See ATD 2021 ESG Report , page 46
403-1 Occupational health and safety management system	26
403-2 Hazard identification, risk assessment, and incident investigation	26, 27, 51 See ATD 2021 ESG Report , pages 50-53
403-4 Worker participation, consultation, and communication on occupational health and safety	See ATD 2021 ESG Report , pages 51-52
403-5 Worker training on occupational health and safety	25, 26, 27
403-6 Promotion of worker health	21, 29
403-8 Workers covered by an occupational health and safety management system	26
403-9 Work-related injuries	26
404-1 Average hours of training per year per employee	25
404-2 Programs for upgrading employee skills and transition assistance programs	25

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX













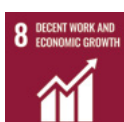

- GRI Index
- UN Sustainable Development Goals
 - SASB
 - TCFD
- Risks and Opportunities
- Memberships and Associations
 - Governance Performance
 - Forward-Looking Statements



UN SUSTAINABLE DEVELOPMENT GOALS



Our ATD work supporting the UN Sustainable Development Goals can be found in this report as noted in the table below.

Goal	Description	Page Number	Goal	Description	Page Number
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	30		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	17
	Ensure healthy lives and promote well-being for all at all ages	26, 29, 30		Reduce inequality within and among countries	33
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	25		Make cities and human settlements inclusive, safe, resilient and sustainable	17, 33
	Achieve gender equality and empower all women and girls	24		Ensure sustainable consumption and production patterns	15, 17
	Ensure availability and sustainable management of water and sanitation for all	33		Take urgent action to combat climate change and its impacts	3, 4, 12, 15, 16, 39
	Ensure access to affordable, reliable, sustainable and modern energy for all	33		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	33
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	23		Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	4, 48

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

SASB Topic	SASB Code	Accounting Metric	Disclosure
Energy Management in Retail and Distribution	CG-MR-130a.1	(1) Total energy consumed (Gigajoules), (2) percentage grid electricity, (3) percentage renewable	1,267,118 GJ. >99% grid electricity, <1% renewable (from on-site solar panels).
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	Described in ATD's Privacy Policy, available at www.ATD.com , and in the ATD 2021 ESG Report , page 67.
	CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	No data breaches in 2022.
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Not yet available; assessing reporting improvements.
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	See page 21 of this report.
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Not yet available; assessing reporting improvements.
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	See page 24 of this report.
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Not yet available; assessing reporting improvements.
Product Sourcing, Packaging, and Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	Not yet available; assessing reporting improvements.
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	The process used for evaluating and managing hazardous chemicals sold by ATD is the same as chemicals used in ATD's facilities: <ul style="list-style-type: none"> - Review available resources about the chemical, including safety data sheets (SDS). - Implement appropriate procedures and personal protective equipment (PPE) requirements for employees. - Review regulatory transportation requirements (e.g., FMCSA) and reporting requirements (e.g., EPCRA Tier 2) and adjust operating procedures and training to ensure compliance.
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Switched to corrugated boxes made with less material, reducing our raw material use and fuel use by reducing the weight of the products we move.
Company Information	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	120 distribution centers.
	CG-MR-000.B	Total area of: (1) retail space and (2) distribution centers in square meters (m ²)	Approximately 1.5 million square meters.

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Task Force on Climate-Related Financial Disclosures (TCFD) Recommended Disclosures

Governance	a) Describe the board's oversight of climate-related risks and opportunities.	<p>ATD employs continuous efforts to build the capabilities and capacity of the Board of Directors, Audit Committee and Senior Management to lead the Company's sustainability agenda and program. For example, the Board of Directors and Senior Management participated in training on GHG accounting, measurement, and reporting assurance, delivered by PwC and Boston Consulting Group.</p> <p>Comprehensive reviews of the company's sustainability program and performance are conducted quarterly at each Board and Audit Committee meeting, as well as during key leadership forums throughout the year. Sustainability is included in ATD's enterprise risk management process. This regular engagement enables the Board of Directors to review, shape, and actively manage strategies, action plans, performance, and progress towards targets established as part of ATD's strategic and annual operating plan.</p> <p>The Board of Directors and Senior Management are actively engaged in reviews and acceptance of ATD's annual ESG risk rating and assessment, performed by independent rating agency Morningstar Sustainalytics; ATD's annual sustainability/ESG report; and ATD's ESG Materiality Assessment, which was performed by Deloitte.</p>
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	<p>ATD has established several management positions dedicated to sustainability, including the Vice President of Enterprise Sustainability. This position reports to the Chief Finance and Sustainability Officer, who is a member of ATD's Senior Management team. ATD also has a Sustainability Steering Committee that meets at least quarterly and is comprised of members of ATD's Senior Management team, who report to the Board of Directors.</p> <p>In addition to the regular engagements about sustainability with the Board of Directors described in Governance Disclosure a), management receives monthly internal reports on key environmental indicators, including all GHG emission sources, and enterprise risk indicators. Management also monitors sustainability news outlets and participates in sustainability-focused organizations to keep the company apprised of topics that are relevant to ATD.</p> <p>Specific to water use, ATD recognizes the need to monitor and manage water use. Using the World Resources Institute (WRI) Aqueduct Water Risk Atlas, ATD conducts a risk assessment of all locations to identifying locations where ATD operates within water stress areas, as well as where there is risk for water scarcity. ATD will continue to monitor water use and identify ways in which we can improve water scarcity in water-stressed areas.</p>
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Through formal sustainability materiality assessment, ATD identified energy and carbon management as one of our highest-priority material sustainability topics. As such, we are incorporating GHG emission reductions into both our goals and, even more importantly, into our overall business strategy.</p> <p>This helped lead ATD to create a new Tire Recycling business service to collect scrap tires from retailers during the same visit that new tires are delivered. The service was created to address the challenges retailers face in receiving reliable, environmentally friendly beneficial scrap tire pickup from scrap tire haulers, such as irregular hours and additional fees. Operated by ATD, this new service reduces overall greenhouse gases in the ecosystem by utilizing delivery trucks to backhaul the scrap tires to recyclers. We deliver the tires to the best recycling benefit possible, lowering greenhouse gas emissions in the tires' end-of-life outcomes while providing material for new products, such as new tires and crumb rubber for use in rubber modified asphalt (RMA). These products are circular outcomes where the material can be used to make a product better, as is the case with RMA, or in the place of virgin materials.</p>
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>ATD's efforts to meet our greenhouse gas reduction target prompted us to begin transitioning our fleet to electric vehicles. We believe this will help us reduce our environmental impact and respond to the way vehicle transportation fuels are changing and could impact our future operations. The transition is also helping us stay ahead of and comply with new regulations in a cost-effective way.</p> <p>ATD's facilities team is adjusting the way it evaluates building upgrades and equipment to consider options to help us meet our greenhouse gas reduction target. This has led to additional engagements and partnerships with landlords and service providers on a variety of projects, such as installing solar panels and electric vehicle charging equipment.</p> <p>ATD's tire recycling service is another example of how we are seizing opportunities that arise when looking at our business through a sustainability lens. Using our trucks to backhaul tires reduces greenhouse gas emissions by cutting the number of truck trips required to transport used tires to recyclers. Our commitment to bringing used tires to the best possible recycling outcomes, including reusing the tires as new products, also helps lower emissions for the whole tire ecosystem. Finally, this service can help ATD be even more competitive for our customers' business.</p>
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>ATD's annual water risk assessment takes a 2°C scenario into account, and has not shown significant climate-related risk due to ATD's lack of process water use. More climate-related scenario planning is scheduled to be conducted in Q3 of 2023.</p>

TCFD, *continued*

Task Force on Climate-Related Financial Disclosures (TCFD) Recommended Disclosures

Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	ATD identified our most material sustainability topics through a formal materiality assessment. This is supplemented on an ongoing basis by regular monitoring by Management of trends in sustainability news outlets and organizations, such as trade groups. New topics are considered for inclusion in ATD's enterprise risk management process as part of regular collaboration between ATD's ESG and Internal Audit teams. ATD's Sustainability Steering Committee, comprised of members of ATD's Senior Management team, and the Board of Directors also review ATD's sustainability focus areas and provide input and guidance on key topics for management to work on.
	b) Describe the organization's processes for managing climate-related risks.	ATD has established several management positions dedicated to sustainability. These roles collaborate widely across the organization to manage and make progress on ATD's material sustainability topics. These roles take the lead on providing regular updates about sustainability to the Board of Directors, monthly internal reports on key environmental indicators to Senior Management, and aligning on enterprise risk indicators and management strategies. All of this work is managed by ATD's Chief Finance and Sustainability Officer, who is a member of ATD's Senior Management team and reports to the Board of Directors.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	ATD's performance on our highest-priority ESG topics, including our 25% greenhouse gas reduction by 2030 from a 2019 baseline, is included in our enterprise risk management (ERM) process. This is informed by ATD's sustainability materiality assessment and through regular consultations between ATD's ESG and Internal Audit teams team to ensure the most appropriate ESG-related risks are captured in the ERM process.
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	ATD uses our environmental data to assess climate-related risks and opportunities (see data table on page 15 of this report). This data is used to conduct scenario planning in our emissions platform to evaluate the impact of changes we could make to our business.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1, 2, and 3 greenhouse gas emissions can be found in the environmental data table on page 15 of this report. Related risks are discussed in the disclosures above and throughout the report.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	ATD has a target of reducing greenhouse gas emissions from our operations (scopes 1, 2, and 3) 25% by 2030 from a 2019 baseline. Performance is reported monthly internally, and externally in the environmental data table in our annual ESG report (page 15 of this report).

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements



RISKS AND OPPORTUNITIES

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Cybersecurity</p>	<p>The failure of our information technology systems or breaches or lapses in the security of such systems, could disrupt our business operations and 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.</p>	<p>Security and data protection of our customers, associates, and valued business partners is a key priority of our company. We continue to deliver 24/7 protection services and advance our cybersecurity prevention and detection capabilities through our Security & Compliance programs including:</p> <ul style="list-style-type: none"> • Enhanced technical protections, business processes, and third-party services specifically in preparation against ransomware-based attacks • Enhanced ATD’s Business Continuity, Crisis Management and IT Disaster Recovery capabilities and programs • Expanded our Security Awareness programs through quarterly enterprise-wide education and enhanced phishing simulations • Increased end-point security and expanded CASB ingestion, widening data loss prevention protections • Implemented Zero Trust Access strategy and protections air-gapping access between end users and corporate networks against threat attacks • Continued attestation compliance for PCI-DSS (including ATDPay P2P3 expansion), and SOC 2 Type 2 for Torqata environment • Continued physical security enhancements for headquarters and distribution centers and supported TiresNow transition 	<p>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. Our unique position in the replacement tire industry necessitates that we promote stability, security, and system availability throughout the industry ecosystem.</p>

RISKS AND OPPORTUNITIES, *continued*

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Competition</p>	<p>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>	<p>We've been aggressively building on our company vision and mission by developing and executing various strategic initiatives to bring more value to others in the replacement tire industry ecosystem, from suppliers to customers.</p> <p>Key components of our strategies addressing industry competition include the following, of which we also drive continuous improvement:</p> <ul style="list-style-type: none"> • Marketing programs focused on driving growth through customer service, additional product placement, generating new business relationships, and market expansion. We continuously expand our critical suite of services which we believe enable our tire retailer customers to operate their businesses more profitably • Continued product development of our proprietary brands that enhance our differentiation, and exclusive product offerings • Continued investment and development in our sales organization to provide consultative service, grow existing accounts, and continuously develop new accounts • Continued development of our Tirebuyer.com® online consumer platform • A sophisticated, effective, and scalable distribution system to drive market penetration and share, and enable effective customer service with continuously growing number of replacement tire SKUs • Sophisticated pricing and margin measurement, monitoring, and usable intelligence • Connectivity between our sales, merchandising, and finance functions to drive optimal decision-making on service and operations • Aggressive and successful data development and analytics capabilities 	<p>As we started our journey to develop and grow our industry data and analytics capabilities several years ago, we also resolved to bring these rapidly advancing capabilities to a fragmented marketplace in the form of information and insights that are valuable everywhere in our replacement tire 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.</p> <p>Our commitment to reducing our GHG emissions has also led us to more recently develop sophisticated emissions measurement and modeling capabilities through data and analytics, and we are leveraging this new capability to forge new and stronger business relationships within the tire replacement industry. In fact, we are continuously increasing our capabilities to reduce emissions anywhere in and for the entire replacement tire ecosystem, and we are able to measure and prove GHG emissions reductions we accomplish on behalf of manufacturers and customers who desire this service we can provide.</p> <p>We believe that we're still just beginning to bring more value and new efficiencies to the replacement tire ecosystem.</p>

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

RISKS AND OPPORTUNITIES, *continued*

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Inventory Management</p>	<p>Our ability to manage our inventory could adversely affect our financial performance. The early stages of the global supply chain recovery coupled with continued global labor and raw material supply issues and softened consumer demand have all contributed to inventory stocking issues during 2022. As a result, we experienced both excessive and insufficient inventory levels between our product categories and throughout our vast SKU assortment.</p>	<p>We've been re-syncing our supply chain up and down stream to increase inventory velocity and ensure a healthier assortment and availability. Specifically, we are taking the following actions to reduce our inventory management risks:</p> <ul style="list-style-type: none"> • Enhancing end-to-end supply chain visibility to improve insights and reaction time • Developing and transitioning to inventory consumption model capabilities to improve inventory efficiency and our ability to manage demand fluctuations and mitigate potential market risk • Monitoring sales and reacting quickly to trends through forward-looking demand projections and scenario planning • Establishing and honing a new open-to-buy process to align purchase order levels with projected sell-out levels • Establishing ship limits for domestic and import suppliers to align receiving to order volumes • Rebalancing within and outside of our hub and spoke networks • Improving inventory health metrics to monitor and surgically address inventory needs • Balancing service levels to inventory depth decisions 	<p>We believe our ability to offer and efficiently distribute a broad assortment of tires across multiple industry tiers provides us with a competitive advantage by enabling us to service a broad range of price points in the replacement tire market. This is a competitive advantage that we recognize will require continuous improvement and innovation.</p>

RISKS AND OPPORTUNITIES, *continued*

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Product Availability</p>	<p>We depend on manufacturers to provide us with the products we sell. 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>
<p>Customer Consolidation</p>	<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>

RISKS AND OPPORTUNITIES, *continued*

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Financial Flexibility, Liquidity, and Availability</p> <p>Economic Value Added (EVA)</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.</p> <p>Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our indebtedness.</p> <p>During 2022, our net leverage ratio has trended up at a moderate pace along with a corresponding decrease in our excess availability under our Asset-Based Lending (“ABL”) facility since the end of the prior year. These negative trends have been due primarily to our soft financial performance and the net impacts of the acquisition of Monro’s internal tire distribution operations, sale of NTD, and strategic capital expenditures. The dynamics of the US and global economic conditions could continue to impose significant negative impacts on our business performance.</p>	<p>We continually identify and activate initiatives to reduce costs and increase effectiveness, agility, and efficiency through our continuous improvement program. Our initiatives have and will continue to target costs and opportunities pertaining to inventory, logistics and delivery, organizational structures, and technological capabilities.</p> <p>To drive EVA, we expect to continue to employ a selective acquisition strategy to increase our share in the markets we currently service as well as to expand our distribution into new markets, utilizing our scale, in an effort to realize significant synergies. Over the past 12 years we have successfully acquired and integrated over 20 businesses representing, in the aggregate, over \$2 billion in annual revenue. We believe our position as the largest distributor of replacement tires in North America, combined with our access to capital and our scalable platform, has allowed us to make acquisitions at very attractive post-synergy valuations.</p>	<p>On June 17, 2022, we acquired the wholesale and internal tire distribution operations of Monro, Inc. and Monro Service Corporation. During 2022 we substantially completed the integration of the assets acquired into our existing operations. We also entered a distribution agreement to provide everyday service and support to Monro retail stores. We believe this acquisition allows us to become an even stronger supply chain partner to our customers and manufacturers through added volume and an expanded distribution network. It will also allow us to generate substantial cost and revenue synergies by integrating distribution networks, increasing operating efficiencies, and enhancing working capital. In addition, we believe this acquisition provides benefits from an ESG perspective as we expand our efficiency initiatives and reduce emissions across our footprint.</p>
<p>Strategic Capabilities</p>	<p>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>	<p>Our transformational strategy began over five years ago. In that time, we’ve developed and evolved strategic, project and portfolio management, as well as tactical competencies that are delivering on our strategic and value proposition aspirations. Specifically, we’ve:</p> <ul style="list-style-type: none"> • Continually improved our project methodology, processes, and touchpoints with an increased direct business alignment to enable dynamic decision-making, prioritization, and alignment • Integrated robust measurements and change management assessments into our capital funding process • Conducted frequent and effective communications 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 ourselves to be the best in delivering on our strategic vision.</p>

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

RISKS AND OPPORTUNITIES, *continued*

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Geopolitical, Macroeconomic, Social Volatility, and Sustainability</p>	<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, 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>During 2022, our business and financial performance was negatively impacted by the effects of the following:</p> <ul style="list-style-type: none"> • Ongoing global supply chain issues coupled with the more recent corrections of individual supply chain issues • The Russia-Ukraine war, impacting the overall global macroeconomic environment and specifically, the carbon black supply • Inflation, impacting product and supply chain costs such as freight, fuel, and labor, and operating expenses together with rising interest rates are eroding consumer confidence. We expect softened replacement tire demand and consumer down-tiering to continue beyond 2022 	<p>We continue to monitor the world around us to identify specific actionable risk management techniques to help mitigate the impacts of uncontrollable events.</p> <p>Specifically, we've:</p> <ul style="list-style-type: none"> • Made significant investment in the development of a wholistic 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 and inventory planning and agility • Continuously enhanced our tactical planning capabilities to reduce performance volatility • Driven sales momentum with key accounts and supported core channel velocity with sales promotions and programs • Executed pricing actions along with various productivity and continuous improvement initiatives to offset and even decrease costs and inflationary pressures 	<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 will enable us to be resilient to uncontrollable events, which uniquely positions ATD in the replacement tire ecosystem to help our customers and suppliers thrive in unforeseen circumstances. Following are our more recent and key ongoing activities to drive opportunities in the environments we operate in:</p> <ul style="list-style-type: none"> • During the first quarter of 2022 we launched various rebranding initiatives for our proprietary Hercules® and Ironman® brands, focused on brand identity, brand positioning, and product innovation. Product development also remains top of mind, including executing on new product opportunities, including new products in new market segments. • We also continue to invest in and focus on strengthening our logistics platform and leveraging our advanced analytics platform, Torqata®, in decision making to optimize supply chain efficiency, provide an integrated customer experience, and widen our competitive advantage and digital differentiation.

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

RISKS AND OPPORTUNITIES, *continued*

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Credit Risk</p>	<p>Our exposure to the credit risks of our customers may make it difficult to collect accounts receivable and could adversely affect our operating results and financial condition. The economic conditions have brought significant challenges to certain customers during 2022. As a result, we may encounter difficulty collecting on certain accounts and we could see increases in uncollectible accounts.</p>	<p>We have a dedicated credit team closely partnered with our sales leaders, and maintain proactive monitoring and communication with all stakeholders, including our key customer contacts.</p>	
<p>Human Capital</p>	<p>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>	<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 • Other people-centric strategies that help attract and retain talent, including our commitment to diversity, equity and inclusion, health and wellness, associate rights and safety, and community engagement 	<p>With formal strategic and operating processes for attracting, developing, and retaining our associates, we have the tools to attract and retain 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>

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
 - SASB
 - TCFD
- Risks and Opportunities
- Memberships and Associations
 - Governance Performance
 - Forward-Looking Statements

RISKS AND OPPORTUNITIES, *continued*

- INTRODUCTION
- WHO WE ARE
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
- SASB
- TCFD
- Risks and Opportunities
- Memberships and Associations
- Governance Performance
- Forward-Looking Statements

Risk	Risk Description and Impacts	Mitigation	Opportunities
<p>Sale of National Tire Distributors, Inc. (“NTD”)</p>	<p>The NTD sale transaction with Groupe Touchette (“GT”) may not achieve the intended benefits. On September 7, 2022, we completed the sale of NTD, our Canadian business to Groupe Touchette Inc. We have and will continue to incur, significant costs, expenses, and fees for professional services and other related transaction costs in relation to this transaction. In addition, this transaction exposes us to potential risks and uncertainties, including, among other things, in retaining and attracting employees; exposure to potential litigation in connection with the sale; risks and uncertainties with respect to customers, vendor partners and other business relationships; our ability to realize the anticipated benefits of any strategic alternatives we may pursue; the potential for disruption to our business and diversion of management’s attention from other aspects of our business; and the possibility that any strategic alternative will not be completed on terms that are advantageous to the Company or at all, all of which could disrupt and negatively affect our business.</p>	<p>We continue to work closely with the Groupe Touchette management team to ensure effective and proper completion of our obligations in support of the NTD sale transaction, as well as building and implementing the intended business synergies. We believe we are on track to a successful outcome of this transaction.</p>	<p>In connection with this transaction, we entered into a commercial relationship to supply the new combined Canadian company with our proprietary Hercules® and Ironman® brand tires. In addition, the combined company will use our advanced analytics software and productivity tools to help meet the growing needs of their customers and manufacturers across Canada. Similar to our transaction with Monroe, Inc., our agreement with GT represents a further development in ATD’s goal of reducing emissions by increasing supply chain efficiency. We plan to continue to be a strong partner to support the combined company’s success.</p>



MEMBERSHIPS AND ASSOCIATIONS

American Society of Safety Professionals

ASIS International

Association for Talent Development

AutoCare Association

BBB Charlotte

CFA Institute

Charlotte Area Compensation Council

CIO Business Council

FORBES Business Council

Gartner

Info Tech

International CIO Leadership Association

Mecklenburg County BAR

National Minority Supplier Development Council

National Retail Federation

New England Tire & Service Association

North Carolina Chamber of Commerce

North Carolina State BAR

NC State Board of Certified Public Accountant Examiners

North Caroline CPA Board

Practicing Law Institute

Society of Information Management

State Bar of Georgia

Texas Tire Dealers Association

Toastmasters International

Virginia Automotive Association

WV Board of Accountancy

WEBNC

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
 - SASB
 - TCFD
- Risks and Opportunities
- Memberships and Associations
 - Governance Performance
 - Forward-Looking Statements



GOVERNANCE PERFORMANCE

ATD's intent is to incorporate and implement learnings and recommendations to strengthen the effectiveness of ATD's governance and Board operations. Following are steps we take to sharpen our governance performance:

- We employ continuous efforts to build the capabilities and capacity of the Board of Directors, Audit Committee, and Senior Management to lead the Company's sustainability agenda and program.
- This team reviews ATD's sustainability program and performance at each Board, Audit Committee meeting and at key leadership forums throughout the year. Through these forums, the Board of Directors actively shapes and manages strategies, action plans, performance management, and gauges progress against targets. In addition, the Board and Audit Committee formally reviews and approves the Company's annual sustainability/ESG report.
- The Board was an active participant in the Company's ESG Materiality Assessment. The Board and Management participated in training delivered by PwC and Boston Consulting Group on GHG accounting, measurement, and reporting assurance.
- The Board of Directors and Management is actively engaged in reviews and acceptance of ATD's annual ESG risk rating and assessment performed by independent rating agency Morningstar Sustainalytics and in the 4th Quarter of 2022, ATD began evaluating a formal Board and Audit Committee Annual Assessment program.
- Effective for fiscal 2023, ATD formally adopted a structured assessment and development program to assess Board performance and effectiveness.
- ATD has retained independent advisor, Deloitte and its Center for Board Effectiveness, to perform the annual assessment, including participating in a Board Effectiveness Lab, benchmarking best Board practices, and Director education and development program.

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
 - SASB
 - TCFD
- Risks and Opportunities
- Memberships and Associations
 - Governance Performance
 - Forward-Looking Statements

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.

These risks and uncertainties, many of which are beyond our control, include, but are not limited to: (i) our ability to successfully execute and achieve the expected results of the strategies, programs and initiatives discussed herein; (ii) compliance with and changes to global and regional environmental laws, including related to greenhouse gas emissions and climate change; (iii) general economic issues, including supply chain disruptions and inflation; and (iv) pandemics (such as the COVID-19) pandemic, acts of terrorism, strikes or other extraordinary events and governmental and societal responses thereto. This list of risks and uncertainties is not intended to be exhaustive. Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found under “Risks and Opportunities” in this report.

Goals, targets, intentions, ambitions or expectations described in this report are aspirational and subject to change and are not guarantees or promises that all goals, targets, intentions, ambitions or expectations will be met. The UN SDGs are also aspirational in nature, and the analysis involved in determining whether and how certain initiatives may contribute to the UN SDGs is inherently subjective and dependent on various factors.

The information presented in this document is also subject to the accuracy of our data collection and analysis methods, which are subject to future evolution and calibration. Such information is subject to additional uncertainties since there are limitations inherent to ESG data collection and analysis methods.

The information included in this report is representative only as of the date of this report, and we undertake no obligation to update any information contained in this report.

Copyright ©2022 Morningstar Sustainalytics. All rights reserved. This publication contains information developed by Morningstar Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Morningstar Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

INTRODUCTION

WHO WE ARE

ENVIRONMENTAL

SOCIAL

GOVERNANCE

APPENDIX

- GRI Index
- UN Sustainable Development Goals
 - SASB
 - TCFD
- Risks and Opportunities
- Memberships and Associations
 - Governance Performance
 - Forward-Looking Statements



**Connected
Automotive
Solutions**

atd.com