# Where our tires go to die

Sustainability

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's why we're a persistent catalyst, intent on accelerating the circular tire economy. Sustainability is fully integrated with <u>our corporate purpose and strategy</u> – from the future-forward foundations of our strategic pyramid (including ESG) to best-in-class logistics, to the pinnacle of being the trusted connector of the automotive aftermarket through market-leading data and insights.

While organic growth and bringing to market new innovative logistics and data solutions result in more miles driven, and therefore, higher GHG emissions, we'll more than offset these effects through an array of sustainability initiatives such as

fleet decarbonization and full participation in the tire recycling ecosystem.

# Recycling to a "Happy Ever After" for Tires

In 2021, we worked to move 30 million + scrap tires to better end-of-life while expanding our capabilities and participating in the recycling ecosystem.

At ATD, we view scrap tires as valuable material rather than waste. We've worked diligently the last two years 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.

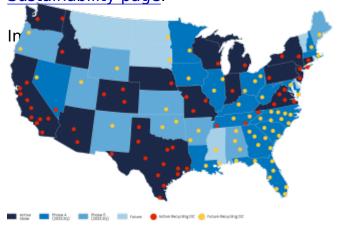
According to the U.S. Tire Manufacturers Association, there were 274M scrap tires in the U.S. in 2021. A high percentage of those are tossed into dumping grounds where they can release harmful chemicals into the soil and pollute our waterways.

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.

For more information about our ESG and sustainability reports or efforts, visit our Sustainability page.



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