

## Fighting Against Forced Labour and Child Labour in Supply Chains Act Background

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On April 22, 2022, Canada enacted the [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#), which became effective January 1, 2024. The Act imposes an obligation on certain government institutions and private-sector entities to report on the measures taken to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains.

Under this Act, Carquest Canada LTD must report on the steps it has taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. In addition to filing the report with the Canadian government, the company must make the report available to the public, including by publishing it in a prominent place on its website.

## Business Structure, Activities and Supply Chain Risks

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Advance Auto Parts, Inc., Carquest Canada LTD's parent corporation, is a corporation in the Retail Trade sector. The company is a leading automotive aftermarket parts provider that serves both professional installer and do-it-yourself customers. As of December 30, 2023, 4,935 stores and branches were located in 48 U.S. states and two U.S. territories (Puerto Rico and the U.S. Virgin Islands), and 172 stores and branches were located in nine Canadian provinces. As of December 30, we employed approximately 40,000 full-time team members and 29,000 part-time team members.

The Company is not listed on the Canadian stock exchange. It has a place of business in Canada, does business in Canada, and has assets in Canada. It has at least \$20 million in assets for at least two of its most recent financial years. It has generated at least \$40 million in revenue for at least two of its most recent financial years. It employs an average of at least 250 employees for at least one of its two most recent financial years.

The company does not produce goods. The company sells goods within Canada. We import into Canada goods produced outside of Canada. We do not control any entity engaged in producing goods in Canada or outside Canada or importing into Canada goods produced outside Canada.

Our supply chain consists of a network of distribution centers, hubs, stores and branches that enable us to provide same-day or next-day availability to our customers.

We source the products we sell from a wide variety of domestic and international suppliers. In 2023, we purchased merchandise from over 750 vendors.

The company has identified parts of our activities and supply chains that carry a risk of forced labour or child labour being used, and we will continue to strive to identify emerging risks. Based on the nature of our business and where we operate, our risks



for forced labour and child labour are generally related to retail operations for Carquest Canada, LTD. Specifically, our risks are related to the potential activities of our suppliers or their subcontractors, particularly in countries at higher risk for human rights abuses, such as China. About 75% of the products, we sell in our stores or branches are “direct import,” or sourced from common suppliers used by Advance Auto Parts in our US-based operations. The rest of our products are purchased from distributors or manufacturers that are locally sourced in Canada.

## Annual Report

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This report is filed for the financial reporting year January 1, 2023 to December 30, 2023. It is an individual report for Carquest Canada, LTD. The company is subject to reporting requirements under supply chain legislation in another jurisdiction (California, USA).

In the reporting fiscal year, Advance and its subsidiaries, have taken the following steps to prevent and reduce the risk that forced labour or child labour is used in any step of the production of goods imported into Canada for resale.

**Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of force labour and/or child labour in our activities and supply chains.** Specifically, we use a third party to conduct a social and safety audit prior to engaging Direct Import Suppliers that operate in countries that could be at higher risk for human rights abuses.

**Auditing.** For Direct Import Suppliers who are subject to and pass due diligence, we conduct a social and safety audit at least every two years. These audits are conducted by an independent third party. Audits are typically announced prior to commencement at a supplier location. However, we reserve the right to audit without notice, and suppliers are required to provide access to the auditors within 30 minutes of their arrival.

**Developing and implementing anti-forced labour and/or child labour contractual clauses.** Our Master Purchasing Agreement (MPA) requires our goods for resale suppliers to ensure that products they sell to us comply with all applicable laws, which would include laws relating to human trafficking and slavery. Our [Supplier Code of Conduct](#) also states our expectation that suppliers respect human rights.

**Developing and implementing anti-forced labour and/or child labour standards, codes of conduct and/or other compliance checklists.** Advance communicates its expectations regarding slavery and human trafficking in its [Code of Ethics](#) and [Supplier Code](#).

**Developing and implementing grievance mechanisms.** The company offers multiple methods for individuals to report an actual or potential violation of our [Code of Ethics](#),



**Supplier Code**, Corporate Standards, or relevant laws or regulations. The company promptly and thoroughly investigates all complaints of human rights violations.

The company has not identified any forced labour or child labour in our activities and supply chains. As the company has not identified any forced labour or child labour in our activities and supply chain, we have not taken any measures to remediate these human rights abuses. Additionally, the company has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

## Additional Activities

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The company has policies and due diligence processes in place related to forced labour and/or child labour. As described above, we have a Code of Ethics and Supplier Code of Conduct, and we have due diligence process in place for targeted suppliers.

While we do not have specific policies and procedures in place to assess our effectiveness in ensuring that forced labour and child labour are not being used in our activities or supply chains, we are comfortable that our practices involving Direct Import Supplier due diligence and audits, noted above, accomplish this objective.

Advance Auto Parts requires our team members to follow our **Code of Ethics**, which covers human rights, and we require training on the Code for new hires and then annually.

### Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Rob Speranza President, CarQuest, Canada 24 May 2024	I have the authority to bind CarQuest Canada, LTD. 
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