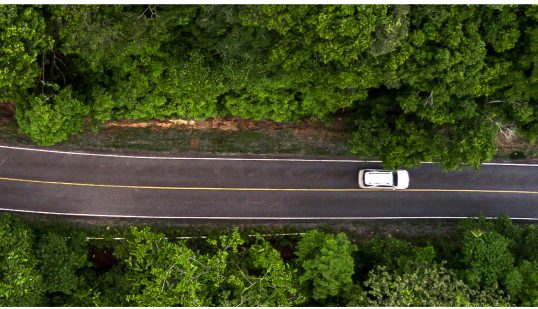




OUR COMMITMENT TO A SUSTAINABLE FUTURE

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



EXPECT
SOMETHING
MORE™

**OUR COMMITMENT TO
ENVIRONMENTAL, SOCIAL
AND GOVERNANCE
EFFORTS IS AN ENDEAVOR
TO IMPROVE THE WORLD
IN WHICH WE LIVE — FOR
MEMBERS AND EVERY
PERSON — CREATING A
SUSTAINABLE FUTURE FOR
ALL TO ENJOY.**

At The Auto Club Group, we're committed to serving our members when they need help most. We've been doing it for over 100 years – from our founding, we've made it our purpose to provide a voice for our members when it comes to traffic safety and corporate social responsibility.

When we say, “we help AAA Members enjoy life’s journey,” we mean that we are there for our members in all aspects of their lives – not just when they’re stranded on the roadside. We aspire to be a vital part of our members’ lives with our entire portfolio of products and services, from banking and travel to advocacy and innovative solutions.

But, in order to improve the world in which we live, we have to push ourselves. As the world rapidly changes and the need for transparency, equity and environmental action grows just as quickly, our commitment to our members must evolve in response. How? By cultivating a more diverse and equitable workplace culture. By investing in the communities we serve. By doing business efficiently. And by reducing our environmental impact.

Every day, we expect something more from ourselves, so that the world to which we contribute is one where our members feel welcome.

**BECAUSE DOING WHAT’S RIGHT
IS AT THE HEART OF WHO WE ARE.**



Letter from the CEO, Joe Richardson



Joe Richardson
President and CEO,
The Auto Club Group

We are excited to share The Auto Club Group's first sustainability report to highlight some of our recent successes and to communicate our priorities for the road ahead. While the report is new, our sustainability journey began decades ago, built throughout our rich history of advocating for our members.

Every day, our team focuses on helping our members on life's journey. Our Connected Member Vision and our commitment to *Do What's Right* guide us to advocate for sustainability, always treat people with dignity and respect, and lead with best practices to deliver long-term, sustainable profitable growth.

Whether we are rescuing a member on the roadside, protecting them from life's uncertainties, repairing their car, saving them money or helping them plan a dream vacation, we always put the member first.

It's this member-centric commitment, along with our corporate value, *Do What's Right*, that paved the way for a brand that's been trusted by consumers for over a century. Fast forward to the present, which is undeniably a time of rapid change, and we find reassurance, satisfaction and empowerment in continuing to be a brand that our members can rely on. While we still welcome member interaction through our traditional channels – such as in person or via phone – our members may also choose to connect with us via modern digital options that are convenient, easy to use and more sustainable.

Thank you for taking the time to review this report. As you read these pages, we hope you are inspired by our employee involvement, impressed by the progress we've made and ready to join us in our pledge to sustainability. It is through our shared commitment and collective actions – including those of our employees and members – that we thrive for generations to come.

Letter from the Office of Sustainability, Gene Boehm



Gene Boehm
Senior Vice President,
Office of Sustainability

With growing concerns about climate change, an understanding that diversity fosters a better world and an ever-increasing focus on safeguarding information, The Auto Club Group (ACG) recognizes that we must continue to adapt in order to ensure our members, employees and the communities we serve are protected now and in the future.

With this in mind, we established our Office of Sustainability in 2021 to focus attention on our commitment to the environment, social impacts and best-in-class governance practices. Working across ACG, we saw tremendous enthusiasm from our employees who provided dozens of innovative ideas and suggestions through an online crowdsourcing event called Idea Jam, which was our most successful one to date! This engagement from employees and members will help ACG lead and innovate across all operations and offerings.

We developed our formal Sustainability team and partnered with a leading firm to assess our baseline greenhouse gas inventory and establish our sustainability priorities:

1. Creating Member Value Through Sustainability Leadership

Taking action to enhance the Connected Member Vision and supporting a transition to emission reductions, increased revenue, decreased costs and membership growth.

2. Managing Enterprise Risk from Climate Change

Assessing and preparing for climate change impacts through materiality assessments to limit exposure and potential profitability loss.

3. Efficiently Providing Appropriate Reporting & Disclosures

Developing standard and automated reporting to prepare for future regulatory requirements, leveraging marketing materials and participating in Environmental, Social and Governance rating exercises.

Building on the momentum from our team, we also plan to strengthen our employee Ambassador program to make a larger impact through volunteerism and employee giving to promote sustainability. This report is only the beginning as we dynamically adjust to the changing needs of our members and the new insights across the landscape to position The Auto Club Group to be there for our members for the next 100 years.

ENVIRONMENTAL / SOCIAL / GOVERNANCE

**A SUSTAINABLE FUTURE
IS BUILT THROUGH
INITIATIVES AND POLICIES
THAT PROTECT PEOPLE
AND OUR PLANET.**

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WHAT SUSTAINABILITY MEANS TO US.

At ACG, we have sustained a reputation as a business leader through our commitment to always being there for our members.

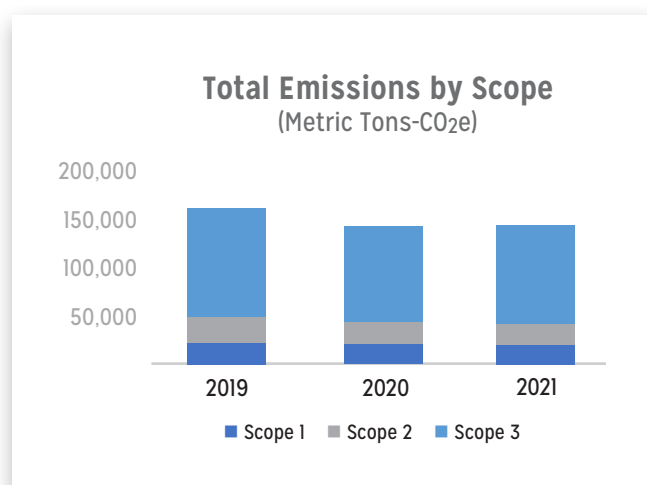
Our approach to leading in Environmental, Social and Governance (ESG) is rooted in our commitment to always be there for our members – while realizing it's time to challenge current processes, foster a rich culture of diversity and solicit new ideas for a more sustainable future.

DOING WHAT'S RIGHT FOR THE PLANET.

ACG is committed to making sustainability a core business principle at all locations throughout our footprint and to reducing our environmental impact by fostering best practices in design, operations and construction projects. To ensure that we are implementing our environmental policy effectively and achieving our overall commitment, ACG fully complies with the letter and spirit of all applicable environmental laws and regulations and strives for continual improvement in our environmental performance.

Greenhouse Gas Inventory

In 2021, ACG took steps to begin calculating its greenhouse gas (GHG) emissions footprint. Steps included collecting electricity and natural gas usage from all the facilities ACG operates and tracking the miles traveled by our vehicles. These activities can be broken down into scope 1, 2 and 3 emissions. Scope 1 emissions are direct GHG emissions that occur from sources controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces or vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.



ACG's 2021 scope 1, 2 and partial scope 3 emissions.

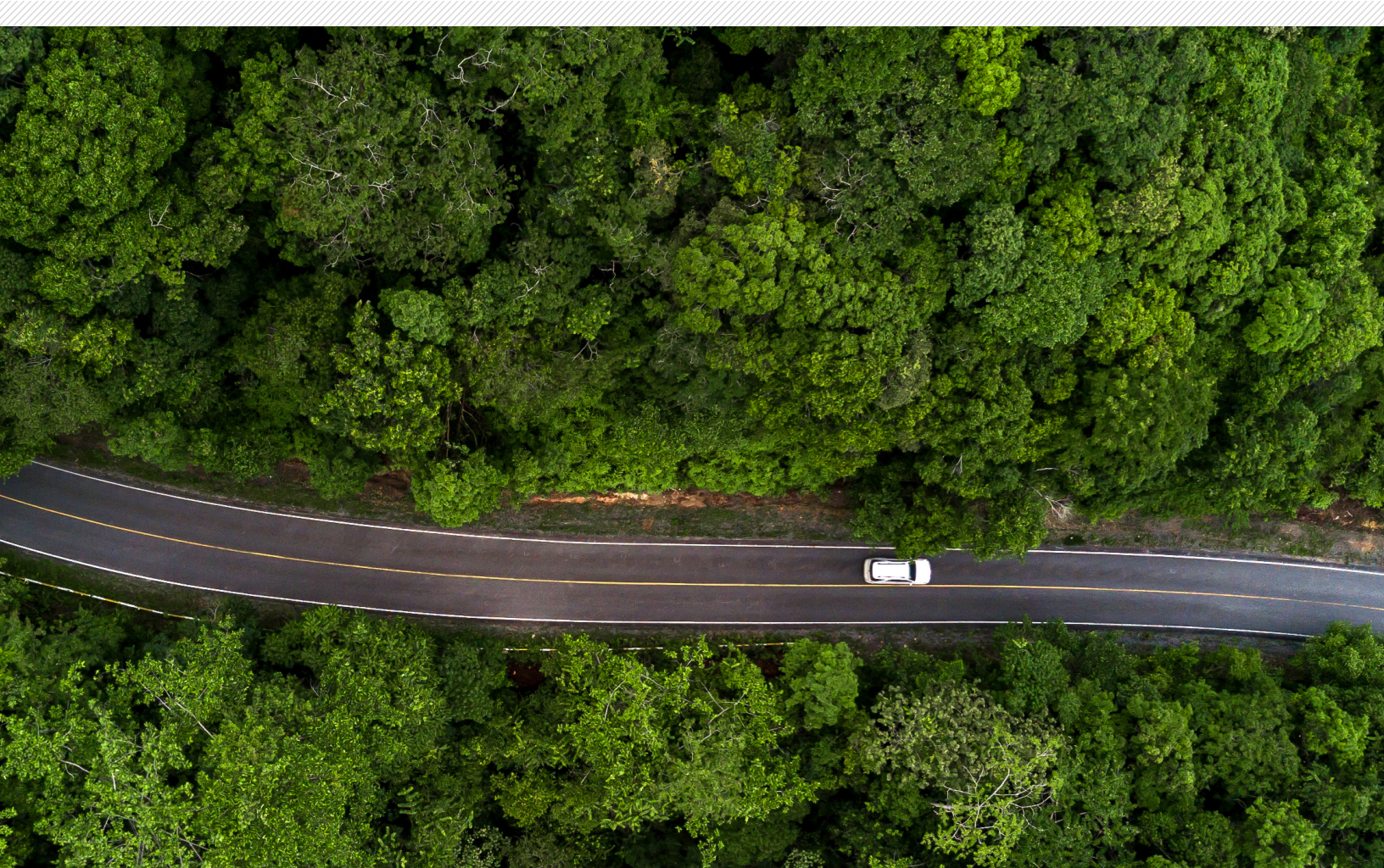
ACG's GHG Inventory scope, method, calculation and output are verified by an accredited 3rd party, independent firm. This verification was prepared using the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD)'s The GHG Protocol Corporate Accounting and Reporting Standard (revised 2004) and its associated amendment. No evidence of material errors, omissions or misstatements was found within the boundaries of ACG's inventory scope.

Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.

ACG also began calculating some of our scope 3 GHG emissions. These emissions are the result of activities from assets not owned or controlled by ACG, but that the organization indirectly impacts in its value chain. Scope 3 emissions include all sources not within an organization's scope 1 and 2 boundary. The scope 3 emissions for one organization are the scope 1 and 2 emissions of another entity.

Scope 3 emissions are also referred to as value chain emissions. Scope 3 emissions fall within 15 categories, though not every category is relevant to ACG. In 2021, third-party ERS vehicle miles were tracked, and the corresponding scope 3 greenhouse gas emissions were calculated.

This is not the complete scope 3 profile and work in 2022 will focus on calculating other sources of scope 3 emissions for the organization.

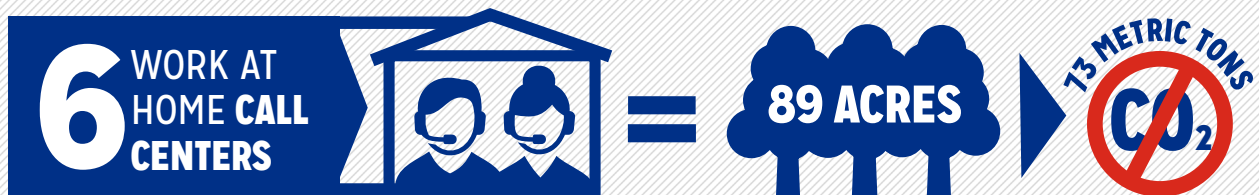


Sustainability in Our Facilities



ACG has a Green Initiatives Real Estate Services (RES) Policy that defines standard operating procedures for managing operational and waste stream activities at all ACG facilities exceeding 25,000 square feet. The policy outlines initiatives to clearly define performance objectives as they pertain to recycling and sustainability, and to help our employees translate the policy into everyday actions.

Practices in the RES policy to conserve energy include recommendations of: setting back programmable thermostats during unoccupied times by a minimum of 10 degrees Fahrenheit; installing motion sensors in conference and activity rooms not regularly occupied; and replacing incandescent bulbs with more energy efficient options such as light emitting diode (LED) bulbs. The conversion to LED bulbs at the Dearborn Administrative Office Building (AOB) resulted in a 10 percent reduction in that facility's electricity usage. In new construction builds and renovations, LED lighting is a standard specification.

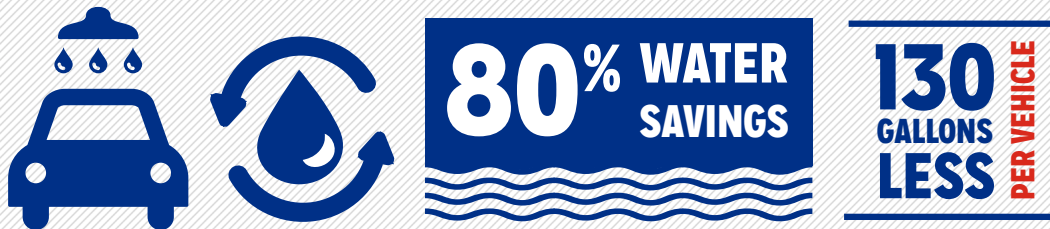


During the height of COVID-19, many employees who typically worked in an office setting shifted to a work-from-home environment. One of the benefits of this change was that these workers no longer needed to drive to and from work each day. On a weekly basis, it was estimated that having employees from six of our call centers work from home avoided roughly 73 metric tons of CO₂. In other words, this would be equivalent to the CO₂ sequestered by more than 89 acres of U.S. forest in a year. We expect these impacts to increase as remote work continues for our call center employees.



WATER

Water is a precious natural resource, and we've established practices and procedures to lower our water use. Our Green Initiatives RES policy recommends using water-saving devices like low water flush valves in new builds and major renovations. At ACG's Administrative Office Building in Tampa, we've installed drought-resistant landscaping. Our Fins car washes feature environmentally safe soaps and a system that recycles 80 percent of water used during a wash. And even more, visiting our car wash will save about 130 gallons of water compared to washing your car at home. Any hazardous materials collected during the wash are separated and disposed of properly.



WASTE

Our facilities range from traditional office buildings to Car Care locations where vehicles are serviced. All of these types of facilities have different methods and procedures for reducing, reusing and recycling the waste streams that are generated. For starters, the Green Initiatives RES Policy ensures that all bidders for waste hauling contracts have (and use as standard practice) facilities that segregate waste streams by material types like plastics, paper, cardboard, metals and glass. Steps like using a trash compactor at the Dearborn AOB Café have reduced the volume of waste being generated while removing foam to-go containers reduced the amount of waste that is more challenging to recycle.

At our Car Care locations, we properly dispose of oil, gasoline and other vehicle fluids to reduce pollution. As an example, ACG's battery program completes a half a million replacements on an annualized basis. When batteries are beyond their useful lives, they are returned to a company that breaks down the old batteries into their individual components like metal, plastic and lead acid. These materials are then recycled and used to build new vehicle batteries, making this a closed-loop process.

When electronic equipment like laptops, monitors and printers are no longer usable for ACG's purposes, these items are recycled by a vendor.

Sustainable Travel

ACG is a member of Tourism Cares, a nonprofit dedicated to the travel industry's long-term survival by advancing its positive social, environmental and economic impact to help people and places thrive. Since its inception, Tourism Cares has been a valuable resource for bringing together the most prominent names and companies in the travel industry to help in disaster relief efforts and to plan for the travel industry's future. ACG is on the Board of Tourism Cares and has engaged the AAA Federation for increased impact across the country.

With many employees working remotely in 2021, business travel was greatly reduced as employees opted for virtual participation in training and conferences. We will continue to seek opportunities for virtual event participation as much as possible given the benefit of reduced greenhouse gas emissions related to reduced business travel.

Electric Vehicles

ACG believes that automobiles are vital as an essential and primary component of transportation systems and a mainstay of the economy. While ACG recognizes the strong impact of automobile use on climate change, we also see the potential benefits of alternative use vehicles (such as electric vehicles). ACG encourages further research into sustainable and renewable fuels, fuel cell and battery technology and other low or zero emission vehicle technologies.

As the electric vehicle market continues to grow, we anticipate that members will adopt them and acknowledge our need to support those members and our communities in this transition. As such, ACG is proud to offer charging stations at multiple locations.

Our AAA Roadside Assistance offers amenities to members driving electric vehicles who may run low on their battery charge. One of these services is Blink Mobile EV charging stations. These support 240-volt AC charging and provide up to 9.6kW of charge anywhere. The mobile plug-in charging unit can deliver up to one mile of charge per minute, allowing drivers to reach the nearest charging station or their home.



One AAA Member took the shift to electric vehicles into her own hands. While pursuing a second bachelor's degree at the Colorado School of Mines, she led a team of 15 students in a capstone project called "Re-Volt" to convert her family's 1979 Volkswagen bus into a fully electric vehicle. This involved removing the engine, gas tank and need for oil changes. Instead, the vehicle is now powered by 18 batteries, a cutting-edge electrical system and custom components, and had plenty of room for passengers and camping gear.

ACG is also taking steps to move away from traditional gasoline and diesel-powered vehicles. In 2021, we announced a partnership with New Day Hydrogen to lead the way in bringing hydrogen-powered trucks and consumer vehicles to Colorado.

Under the agreement, ACG plans to introduce America's first hydrogen-powered tow trucks and other emergency rescue vehicles. New Day Hydrogen will provide the fuel to support these vehicles by designing and constructing stations to create hydrogen fueling by electrolysis, a process that creates emissions-free hydrogen from water and renewable energy, such as solar and wind power. Hydrogen fuel cell electric vehicles, like battery electric vehicles, produce zero greenhouse gas emissions out of the tailpipe. Unlike battery electric vehicles, hydrogen fuel cell electric vehicles take only minutes to fuel up, are largely unaffected by cold temperatures and can scale efficiently – allowing for both consumer trucks and heavy-duty vehicles, such as tow trucks.



Digital Transformation

As part of our digital transformation, ACG continues to offer more digital self-service options. For example, all 2021 tour books are offered in a digital format to our members. When printing is necessary, the ordering of paper products with a minimum of 30% post-consumer, recycled content is encouraged. The option of an electronic membership card through the mobile app reduces the use of plastic.

Some IT practices reduce both energy and our storage footprint. Through the use of solid-state drives, ACG has been able to reduce energy use and the physical space required to house drives. Another project that reduces energy consumption is removing the firewalls at approximately 200 of our branch locations and switching to cloud-based firewalls.

DOING WHAT'S RIGHT FOR OUR MEMBERS, EMPLOYEES AND BEYOND.

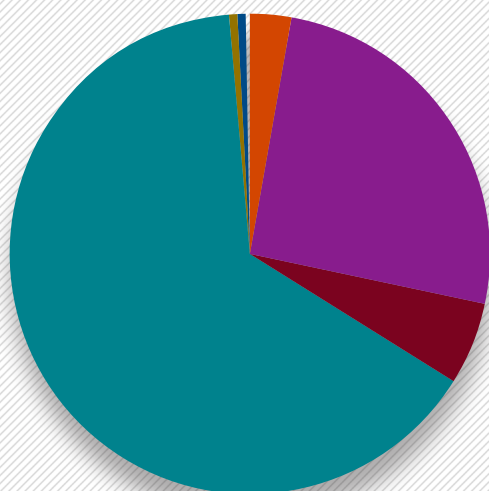
The Auto Club Group is committed to building and sustaining a diverse workforce at all levels of the organization along with inclusive strategies that promote the successful growth of diversity, equity and inclusion.

Employees

ACG is proud of its highly-dedicated workforce of over 9,400 employees. Together we create a member-centric enterprise focused on a commitment to always do what is right for our members, customers, employees and the local communities in which we live and work.

Employees with diverse perspectives and backgrounds create value for our community, members and the company as a whole. We provide a rewarding and safe working environment that values teamwork and enables employees to collaborate in ways that transform differences into strengths, and develop each person's potential.

OUR EMPLOYEES REPRESENT A DIVERSE WORKFORCE



Total Workforce # and Across Geographic Areas: Workforce Representation by Level:

1. Total Workforce 2021 and 2020 (M-43.50%, F-56.5%), (People of Color-35.3%, White/Other-64.7%)
2. Vice President and Above (1.0% of Total Workforce; M-75.5%, F-24.5%), (People of Color-32.0%, White/Other-68.0%)
3. Middle Management (12.5% of Total Workforce; M-53.3%, F-46.7%), (People of Color-40.6%, White/Other-59.4%)
4. Non-Managers (87.0% of Total Workforce; M-42.0%, F-58.0%), (People of Color-36.5%, White/Other-63.5%)

Total Workforce by Race/Ethnicity 2021 and 2020

- | | |
|--------------------------------|--------------------------|
| ■ Asian/Asian American-2.9% | ■ White-64.7% |
| ■ Black/African American-25.6% | ■ Other-0.6% |
| ■ Hispanic/LatinX-5.6% | ■ Two or More Races-0.6% |

Everyone is valued for their unique contributions to the company. ACG regards the diversity of our workforce as a key asset and does not tolerate any form of discrimination.

To achieve the company's objectives, ACG supports robust processes designed to secure the talent required by the business and provide employees with opportunities during their entire career, from recruiting to retirement. ACG also considers succession management to be an integrated and systematic approach to identifying, developing and retaining high-potential employees to support future-oriented business objectives while simultaneously supporting employees' personal objectives.



Ambassador Program

As a representative of The Auto Club Group, a AAA Ambassador is an employee who volunteers their time and skills to help local communities and organizations. ACG partners with several organizations and projects, which offer employees a choice of volunteer opportunities. Ambassador events are designed to help individuals who are less fortunate, to improve communities and the environment, and otherwise promote the public good by supporting nonprofit organizations.

Idea Jams

Employees have the opportunity to periodically participate in idea generation activities called Idea Jams. The event on Sustainability was our most successful ever, generating over 100 ideas across five main categories – Sustainable Real Estate, Employee Engagement, Electric Vehicles, Digital Transformation, and Sustainable Travel. Our Travel organization conducted an additional Idea Jam on Sustainable Travel and we are leveraging these ideas in our overall strategy.

Diversity, Equity and Inclusion

At ACG, we embrace a culture of diversity, equity and inclusion that supports our desire to constantly push ourselves ahead, leading to excellence through collaboration and dynamic change.

The Office of Diversity, Equity & Inclusion's Strategic Plan reflects the vision of our Board and executive leadership team to promote DE&I across our organization for the benefit of our members, insureds, employees and local communities. Our DE&I efforts support our corporate values by aiming to make certain that all voices and perspectives are heard in the organization.



6

**primary objectives
have been established
to strive for a culture
of diversity, equity
and inclusiveness:**

- Organizational Commitment
- Workforce Diversity
- Workplace Inclusion
- Supplier Diversity
- Sustainability
- Corporate Social Responsibility

Strategic Plan

We aim to cultivate a workplace culture where employees are empowered to innovate, enhance organizational effectiveness and embrace our unique talents, ideas and cultural experiences. To help drive this wide-reaching initiative, our strategic plan incorporates numerous factors, including employee development, communication, succession planning and cross-functional collaboration.

Vision and Mission

The vision and mission of Auto Club Group's DE&I Strategic Plan is to build a successful and sustainable foundation that represents the diverse perspectives of our employees and members. The Auto Club Group will promote a culturally inclusive environment that energetically connects our vibrant workforce, our members and the communities we serve.



DE&I Objectives

ACG's Office of Diversity, Equity & Inclusion aims to enable employees with different backgrounds, ideas, mindsets and ways of thinking to work together in an environment where their perspectives and approaches are respected and valued.

DE&I Council

The DE&I Council is a group of employees, executives and leaders that act on behalf of our company to openly engage in strategic and tactical discussions. By implementing our current initiative, the Council has the power to shape and modify organizational culture, improve organizational performance and increase the demographic diversity of employee populations to energize diversity, equity and inclusion in the workplace. Key attributes include:

- Diversity strategies that are linked to the overall business strategy
- Diverse representation and collaborative discussions
- Use of metrics and measurements to monitor progress
- Consistent communication of goals and efforts

Supplier Diversity Program

The mission of the Supplier Diversity Program is to contribute to the economic growth of the company and the communities we serve by establishing business relationships with enterprises owned by people of color and women (minority and women-owned business enterprises, or MWBEs).

The Supplier Diversity Program is committed to creating an environment where MWBEs have equal opportunity in the procurement process by assisting all areas of ACG with authority to diversify their supplier base. In addition, the Supplier Diversity Program is dedicated to maintaining strong relationships with MWBEs while supporting their development to enhance ACG's ability to purchase high-quality products and services at competitive prices.

Employee Resource Groups

We are proud to support a total of nine Employee Resource Groups (ERG) at The Auto Club Group to help make our workplace inclusive for all employees. ERGs are voluntary, employee-led groups that foster a diverse, inclusive workplace aligned with our organizational mission, values, goals, business practices and objectives. The mission is to build a successful and sustainable foundation that represents the diverse perspectives of our employees and members.

ERGs are comprised of employees who collectively share characteristics or life experiences with other employees similar to themselves. The comparative nature may include race, gender, religion, sexual orientation, veteran status, age, individuals with disabilities, etc. ERGs are open to all employees who want to make a difference in the workplace and the communities we serve. Throughout the year, employees are encouraged to participate in initiatives and programs offered by the ERGs.



Corporate Social Responsibility

The Auto Club Group upholds the dignity and value of all people regardless of race and ethnicity. We stand committed to promoting racial equity and equality for individuals adversely impacted in our communities. ACG's Social Justice Initiative is dedicated to address profound racial injustice, socioeconomic disparities and inequitable outcomes that exist in our institutions and our communities.

These inequities are most prevalent in the communities of African Americans and other people of color. Three strategic goals have been defined:

Social & Economic Disparities

Promote racial equity and equality for individuals adversely impacted in our communities.

Racial Injustice

Support initiatives that address socioeconomic disparities and advocate for equal justice for African Americans and other people of color.

Education and Literacy

Promote initiatives that help ensure access to quality education.



DOING WHAT'S RIGHT TAKES ALL OF US.

ACG's governance supports how we do business on a daily basis, enabling us to pursue sustainable growth and create value while respecting the interests of our members and employees.

The foundation of ACG's governance model are the Code of Conduct and our Board of Directors. While ACG is a privately held company, we leverage many of the controls, guidance and rigor to which publicly-traded companies adhere. Our bank is regulated by the Office of the Comptroller of the Currency, and the Federal Reserve has supervisory authority over ACG/Auto Club Insurance Association.

In 2021, AM Best upgraded the Financial Strength Rating (FSR) to "A" (Excellent) from "A-" (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) to "A" from "A-" of the Auto Club Insurance Association and its wholly owned subsidiaries:

- Auto Club Insurance Company
- MemberSelect Insurance Company
- Auto Club Property-Casualty Insurance Company
- Meemic Insurance Company and Fremont Insurance Company

The outlook of these Credit Ratings has been revised to stable from positive. Concurrently, AM Best has upgraded the FSR to "A" (Excellent) from "A-" (Excellent) and the Long-Term ICR to "A" from "A-" of The Members Insurance Company (Charlotte, NC). At the same time, AM Best has upgraded the FSR to "A" (Excellent) from "B+" (Good) and the Long-Term ICR to "A" from "BBB" of Universal Insurance Company (Winston-Salem, NC).

The outlook of these ratings is stable. Additionally, our financial statements are audited annually by a third-party to ensure accuracy, safeguard member assets and ensure that we lead with integrity. The results of these audits are presented to the Board's Finance and Investment Committee.

Code of Conduct

ACG's Code of Conduct (Code) pertains to all personnel employed by The Auto Club Group of companies, including its subsidiaries, affiliates and joint ventures at any location where they perform work. The Code demonstrates the ethical accountability and personal integrity we place in our commitment to our employees, consumers and community.

As a key component of our Compliance program, the Code contains critical corporate policies to ensure that employees understand important expected behaviors and directives, such as conflict of interest disclosure, security awareness training, privacy protection, workplace safety, social responsibility and sustainability. Our Diversity, Equity and Inclusion initiative, together with our employment policies, creates a workplace environment built on honesty and respect.

ACG promotes a number of avenues in which management, employees and vendors can ask questions or make reports of actual or suspected misconduct. The Special Investigations Unit investigates any and all allegations of wrongdoing or acts against the company. As such, they maintain the Fraud & Ethics Reporting Line where they receive reports of alleged misconduct from employees, customers and vendors. A summary report of the findings from the Fraud & Ethics Reporting Line is also reported to the Board of Directors.

ACG requires biennial Code of Conduct training for all employees starting at the time of hire or engagement. Compliance Spotlight messages are shared with employees to periodically reinforce different aspects of the Code as well as discuss trending compliance-related topics. Well-trained and credentialed Compliance personnel provide ethics and compliance guidance throughout the corporation. Independent firms are periodically engaged to evaluate the effectiveness of both our Code and our Compliance program.

The ACG Code for Vendors, Contractors and Consultants describes the professional standards expected of our third-party partners. It also communicates an overview of behavioral requirements that vendors are expected to follow to ensure a business relationship that consistently aligns with ACG standards of conduct and ethics.

ACG's Code of Conduct and Code for Vendors, Contractors and Consultants are available to all employees via the ACG intranet site and to the public via AAA.com.

Board of Directors

ACG is governed by a Board of Directors and committees of the Board that meet throughout the year. The Board of Directors, which is comprised of 14 external members plus the CEO, consists of industry leaders with different backgrounds, experiences and expertise ranging from a former CEO of an energy company to entrepreneurs and those who work in academia. Board members play a critical role in setting ACG's strategic direction in cultivating a workplace culture that values diversity, equity, and inclusion for the benefit of our employees, members and the communities we serve.

The current Board is the most diverse in the organization's history with four female (29%) and five African American (36%) directors. It is led by two African American women who serve as Board chair and vice-chair, representing a notable first for the enterprise. Three of the Board's five standing committees are chaired by African American directors (60%), and one is chaired by a woman (20%).

All of the Board members are also members of the National Association of Corporate Directors (NACD), a community of directors driven by a common purpose to be "trusted catalysts of economic opportunity and positive change – in business and in the communities we serve."* The NACD offers ongoing professional development and self-assessments on how the Board is performing.

**From "About NACD," www.nacdonline.org/about.*

Enterprise Risk Management

ACG's understanding of its risks lies at the core of its organizational success. Enterprise Risk Management (ERM) helps to optimize outcomes and weave risk considerations throughout the fabric and culture of the organization.

The ERM team's mission is to help ensure the success of ACG by developing and enhancing risk management strategies and promoting a culture that manages risk and opportunity when executing and planning enterprise activities. ERM's main objectives include:

- Alignment with ACG's values and Code of Conduct
- Providing objective, transparent and independent views of risk and opportunities
- Serving the organization as trusted advisors and thought partners

ERM Governance

Led by the Chief Audit and Risk Officer, the ERM team reports directly to the CEO and to the Board via the Audit, Compliance & Ethics Committee (ACE). The team works closely with the ERM Steering Committee (ERM SC), Management Risk Committee (MRC) and Board Committees regarding the review and oversight of:

- ERM strategy
- The approach to managing major risk categories across the enterprise
- Monitoring of key and watch list risks and capital adequacy consistent with the organization's risk appetite

ERM takes an enterprise-wide view of risk. ERM facilitates annual risk assessments with the ERM SC and MRC to identify the key and watch list risks for the company, ERM also performs independent assessments of the company's capital requirements and adequacy focused on risk exposures.

ERM encompasses many layers of stakeholders and incorporates the "Three Lines of Defense" model comprising risk-taking and management, risk control and oversight, and independent assurance.

First Line of Defense: Risk-Taking and Management

- Takes and manages risk exposures in accordance with the risk appetite, mandate and limits set by the Board
- Identifies and reports the risks that ACG is exposed to and those that are emerging
- Promptly escalates any limit breaches or any violations of risk management policies, mandates or instructions
- Identifies and promptly escalates significant emerging risk issues
- Manages the business to ensure full compliance with the ACG policies

Second Line of Defense: Risk Control and Oversight

- Assists the Board to formulate the risk appetite and limit framework, risk management plans, risk policies, risk reporting and risk identification processes
- Reviews and assesses the risk-taking activities of the first line of defense, providing risk opinions and challenging the actions being taken to manage and control risks, where appropriate

Third Line of Defense: Independent Assurance

- Provides independent assurance on the design, effectiveness and implementation of the overall system of internal control, including risk management and compliance

Among the many advantages, ACG ERM has three direct benefits:

- **Reduce financial volatility and protect capital** – Prevent or reduce negative performance (or shocks) that can result from an unexpected risk
- **Improve returns on investment** – Better preparation leads to better decision-making within a risk-informed culture
- **Satisfy regulatory requirements** – A strong ERM program will allow ACG to improve its standing with key regulatory and rating agencies

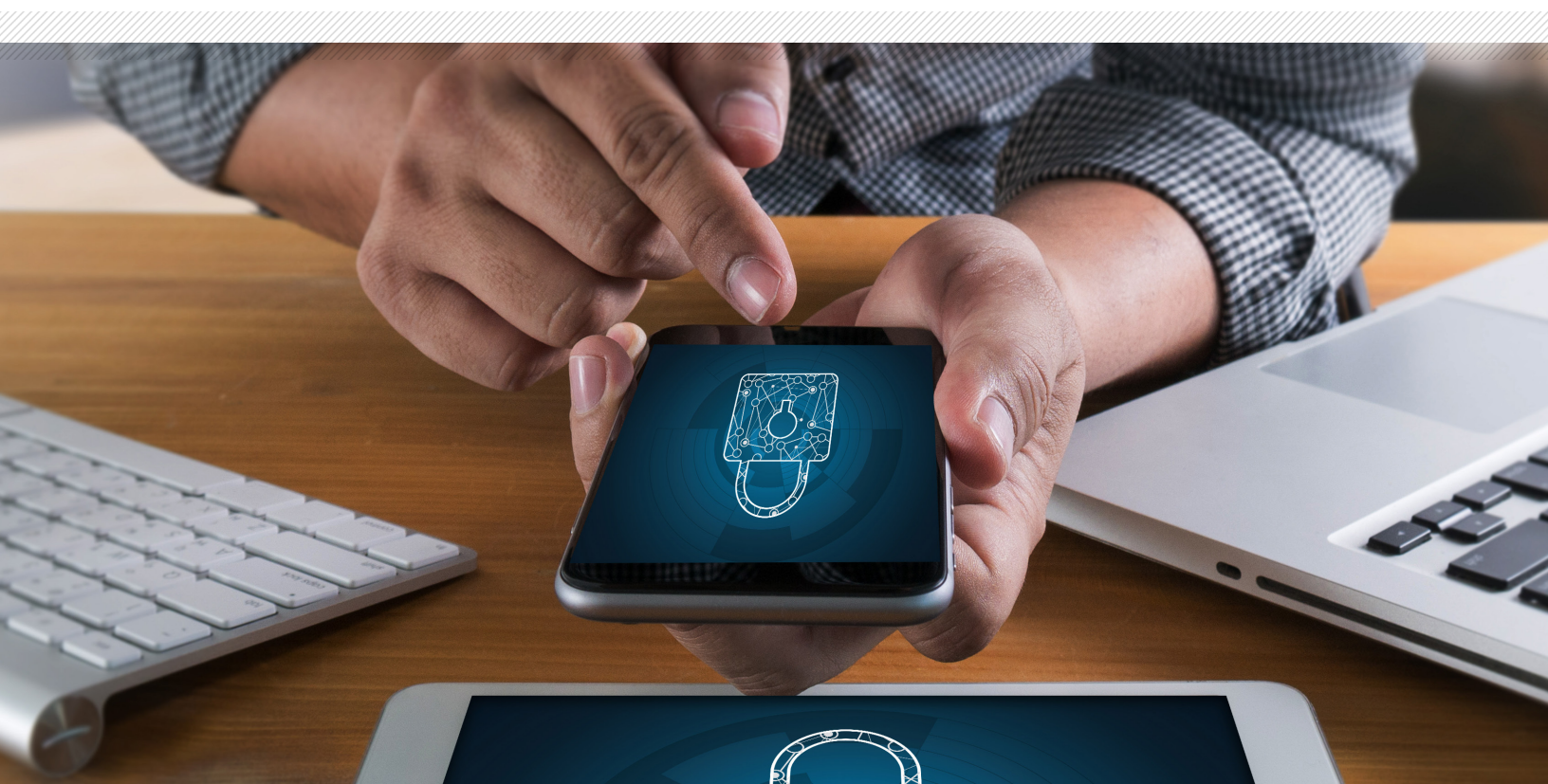
While the primary focus areas of ERM are key risks to ACG's operations, solvency, reputation and/or capital adequacy, ERM also serves as thought partners and trusted advisers to the organization on all risk matters.

Cybersecurity and Data Privacy

Cybersecurity, or information security, efforts ensure the confidentiality, integrity and availability of information. Our cybersecurity program includes a range of policies, from education and consumer awareness to insurance programs, corporate governance and international relations.

Cybersecurity best practices are the cornerstone of ACG's business model. Every day, our way of life is threatened by malicious hackers looking to cause disruption, destruction or make a quick buck selling our personal data on the dark web. Protecting society by first and foremost protecting consumers' data not only promotes a culture of trust and accountability, it can greatly improve society.

The solution to protecting data lies in a sustainable cybersecurity program and paralleling the environmental movement to continuously protect information and mirror the digital environment.



ACG has a responsibility to protect employee, member, customer and business partner information and to ensure sharing, processing, collection, storage and transmittal in accordance with company policy.

To evaluate the effectiveness of our program and compliance with applicable rules, regulations and laws, we have internal and external resources assess our environments, systems and processes on a regular basis.



ACG leverages four critical areas of cybersecurity:

- 1.** National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) to improve our overall cybersecurity maturity with people, process and technology.
- 2.** MITRE Adversarial Tactics, Techniques, and Common Knowledge (ATT&CK) Framework for improving our cybersecurity readiness on an incremental and continuous basis.
- 3.** Best practices from psychology and human behavior studies in improving the human element in cybersecurity.
- 4.** Overall data protection and privacy framework based on classifying all assets on their criticality and risk to the enterprise and its stakeholders.

The key elements of ACG's Sustainable Cybersecurity program:

- Comprehensive security program for the enterprise
- Focusing on people, process and policy, with technology as an enabler
- Data security becomes the cornerstone of the cyber sustainability program
- Continuous cybersecurity monitoring
- Transparency
- Privacy-driven approach
- Improving cyber-safe behaviors with the organization, its customers, stakeholders, and the community
- Secure by design philosophy

Government Relations and Political Activities

The Auto Club Political Action Committee (ACPAC) is a voluntary, bipartisan political action committee that is not affiliated with any political party, candidate or organization. It is supported solely through voluntary donations. The mission of ACPAC is to encourage participation in the political process and to support candidates who share our company's concern on key issues.

ACPAC is an important way in which employees can help advocate for ACG and our members in the policy and political space. By focusing our efforts in the political process and supporting candidates who share our interests, our collective voice is amplified. With a unified voice we strengthen our advocacy efforts and enhance our members' experience. In 2021, ACPAC tracked 2,586 bills. Of those, 14 were related to "energy," 318 were related to "automotive" and 112 were related to "transportation funding."

ACG's advocacy team works to ensure states are adopting and considering public policies that improve traffic safety and keep our company and our industry safe. One example of the type of legislation that ACPAC formally tracks is Slow Down/Move Over legislation. To increase awareness, ACG observed Slow Down/Move Over Week to promote laws across all 50 U.S. states that promote the safety of our tow operators while on the roadside.

ACG's highway heroes take to busy, congested roads each and every day with one mission: to rescue our members. And each time they do, their lives are on our shoulders. ACG has renewed its commitment to keeping our tow operators safe by pledging to always move over and/or slow down when approaching emergency vehicles on the side of the road.



NEXT STEPS

As we move forward, we'll improve upon our Environmental, Social and Governance processes and practices to continue our journey of doing what's right for our members and beyond.

Sustainability Priorities

<i>Creating Member Value Through ESG Leadership</i>	<i>Managing Enterprise Risk from Climate Change</i>	<i>Efficiently Providing Appropriate Reporting & Disclosures</i>
• We will change the way we work by supporting digital transformation and operational effectiveness • We will innovate our products & services to create a more sustainable future for our communities by first understanding the needs of our members • We will engage employees by providing an environment where they can make an even greater impact with the organizations that they care about most	• We will create a more sustainable footprint by reducing the emissions that we generate across all of our locations • We will buy alternative energy vehicles to minimize our climate impacts from internal combustion vehicles • We will actively work to understand climate change impacts on our members and to our business	• We will strengthen transparency by adhering to standard reporting frameworks, communicating frequently with key stakeholders and providing information on actions we are taking to create a positive ESG organization • We will provide sustainability guidelines to our partners & invest in sustainable companies to help further sustainability progress outside of our company



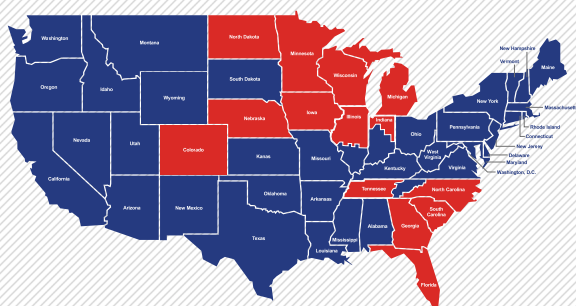
ABOUT US

AAA was founded over 100 years ago for the purpose of advocating for driver and passenger rights, fair laws and safer vehicles – all to better promote the love of the open road and the adventure of driving. Since then, AAA has grown to over 62 million members strong, while providing valuable membership services such as roadside assistance. Additionally, AAA has broadened its horizons to offer travel services, insurance products, car repair and car washes.

Today's AAA is comprised of 30 individual clubs throughout the United States and Canada. Whether you're traveling around the world or to the corner grocery store; planning a honeymoon or weekend road trip; learning to drive or in need of a battery boost; the best way to begin your journey is with AAA.

Our story for the Auto Club Group (ACG) all began as individual AAA motor clubs, serving local communities across the Midwest and South. Together we transformed these former separate businesses and regions into a unified, member-centric group. Today ACG serves over 14.7 million members with a network of offices and centers throughout 14 states, two U.S. territories and Quebec, Canada.

14 STATES



TWO U.S. TERRITORIES

Puerto Rico and
U.S. Virgin Islands

AND



Quebec

Our ACG Values

These serve as guideposts for all our activities.

- **We Serve Our Members** by making them our highest priority and striving to create legendary experiences with every interaction
- **We Lead in Everything We Do** by offering best-in-class products, benefits and services to our members
- **We Do What's Right** by advocating and taking action on issues that affect our communities
- **We Value Employees** by offering opportunities for personal growth and professional development in a diverse and inclusive environment
- **We Are OneACG** dedicated to helping our members and each other

Connected Member Vision

We help AAA Members enjoy life's journey with peace of mind by providing innovative solutions, advocacy, and membership benefits wherever and whenever they need them.



Every word serves a purpose.

- When we say, “we help AAA Members enjoy life’s journey,” we mean that we are there for our members in all aspects of their lives – not just when they’re stranded on the roadside. We aspire to be a vital part of the member’s life with our entire portfolio of products and services, from banking to travel.
- “Peace of mind” refers to the trust our members have in us, whether it’s rescuing them on the roadside or delivering on the promise we make to them when they buy our insurance.
- “Innovative solutions” speaks to our desire to offer products and services that others simply cannot, with the goal of making our members’ lives easier.
- “Advocacy” is something we’ve been doing for over 100 years – providing a voice for our members when it comes to traffic safety, corporate social responsibility and doing what’s right.
- “Membership benefits” reminds us all that we are a membership organization; everything stems from membership.
- And finally, “wherever and whenever they need them” recognizes that we must offer a seamless customer experience 24/7 through all of our customer touchpoints, whether it’s mobile, online, by phone or in-person.

Our Lines of Business



Membership

Whether a Classic, Plus or Premier Member, there's a membership product that's right for everyone's needs. As a member of AAA, you have access to a full range of automotive, travel, entertainment and financial services, as well as auto, home and life insurance products – not to mention many discounts and rewards.



Emergency Roadside Service

An important promise we make to our members is to provide timely, courteous expert assistance in the event of a vehicle breakdown. To further assist motorists, we also maintain a robust network of approved auto repair facilities and battery services.



Property & Casualty

Our property and casualty insurance operations include three brands: AAA for the broad-based motoring public, Meemic Insurance for educators and their families, and Fremont Insurance in rural markets and through independent agents. In addition, we are affiliated with the Automobile Touring Club of Quebec, which serves our members in that province. Through these brands we underwrite, market and service auto and home insurance products to provide peace of mind that we will be there wherever and whenever members need us.



Travel Services

AAA Travel helps design amazing vacations and creates memories through tours and cruises with exciting itineraries, engaging experiences and AAA Member exclusive values.



Life Insurance

The Auto Club Group is part owner of AAA Life Insurance Company and offers a wide range of life and annuity products.



Banking/Financial Services

ACG offers a full array of retail banking products through a modern digital platform, including checking and savings accounts in addition to auto and home loans to members and non-members. ACG offers our members discounted mortgage rates, special offers and credit card rewards.



Car Care Centers

ACG operates 48 Car Care centers, which apply AAA quality and reliability to everyday vehicle maintenance and repair.



Car Wash

ACG operates Fins Car Washes, an automatic car wash focused on providing fast and remarkable washes. They differ from other car washes because of their state-of-the-art, low stress loading system that eases and enhances motorists' car wash experience. Fins opened its 13th car wash location in 2021.

