

1. Disclose the insurer's governance around climate-related risks and opportunities.

The Company created a formal Office of Sustainability in 2021. This group works with business lines, management, the Board, and partnered with a leading firm to set climate-related strategies, understand The Company's current impact on greenhouse gas emissions, and identify ways for its members and business lines to positively impact the environment. The Office of Sustainability releases an annual Sustainability Report, the latest version of which is attached.

The Company has identified its sustainability priorities as:

1. Creating Member Value Through Environmental, Social, Governance (ESG) Leadership
 - Change the way The Company works by supporting digital transformation and operational effectiveness
 - Innovate products and services to create a more sustainable future for The Company's communities by first understanding the needs of its members
 - Engage employees by providing an environment where they can make an even greater impact with the organizations that they care about most
2. Managing Enterprise Risk from Climate Change
 - Create a more sustainable footprint by reducing emissions that The Company generates across all of its locations
 - Buy alternate energy vehicles to minimize The Company's climate impacts from internal combustion vehicles
 - Actively work to understand climate change impacts on The Company's members and to its business.
3. Efficiently Providing Appropriate Reporting and Disclosures
 - Strengthen the transparency by adhering to standard reporting frameworks, communicating frequently with key stakeholders and providing information on actions The Company takes to create a positive ESG organization
 - Provide sustainability guidelines to The Company's partners & invest in sustainable companies to help further sustainability progress outside of the company

The Company's Board of Directors (Board) oversees strategic focus, organizational culture and financial sustainability.

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.

The Office of Sustainability works with various business leaders to address climate risks and opportunities including annually updating The Company's greenhouse gas inventory, evaluating potential partnerships, leveraging the annual risk evaluation process, and understanding what opportunities are or can be presented to members/insureds.

With respect to influencing and collaborating with external entities, The Company provides information related to emergency and weather-related preparedness, driver safety and efficient use of motor vehicles including alternative fuel vehicles.

The Company leverages its annual greenhouse gas inventory to identify potential areas of improvement, including facility energy consumption, vehicle fuel use, and paper consumption before working with operations leaders to build strategies that will capitalize on these findings (including financial impacts).

The Company's annual risk evaluation process consists of five phases: risk identification, analysis, prioritization and assessment, refinement, and consensus. Its Enterprise Risk Management (ERM) team engages with business leaders across the enterprise through each phase to establish enterprise-wide Key Risks and Watch List Risks. Climate risk is included in the inventory of risks during the annual evaluation process.

From an opportunity standpoint, The Company is currently working through insurance-related opportunities as a part of its sustainability strategy development. Some actions have been taken towards sustainability in its insurance products. These are shown below:

- The Company and its affiliated AAA Motor Club operation provide informational materials to the members and policyholders on ways to increase fuel efficiency, as well as helpful information on reducing or preventing damages from ice damming, and articles on mitigating wind and flood losses.
- The Company is also a member of the Insurance Institute for Business and Home Safety (IBHS), an organization focused on reducing weather related losses through research, education and preventative measures.

The following text, prepared by IBHS, is a brief description of the Institute:

- IBHS is a 501(c)(3) organization, wholly supported by the property (re)insurance industry, which conducts objective, scientific research to identify and promote effective actions that strengthen homes, businesses, and communities against natural disasters and other causes of loss. IBHS does this by identifying and advocating improved property design, construction, retrofitting, maintenance, repair, and preparation practices. IBHS guidance for mitigating property losses is available directly to the public and to its members/policyholders, at www.disastersafety.org, and through social media (e.g., Facebook, Twitter, LinkedIn, YouTube and Vimeo).
- IBHS advocates the concept of "going green and building strong" recognizing that addressing climate change involves both reducing greenhouse gas emissions and adapting homes, businesses, and communities to severe weather that may result from climate change:
 - As an insurance-supported organization, IBHS recognizes that climate change strategies must do more than build structures to be energy efficient. They must be built to modern fire protection standards to help resist fire and avoid the water/chemical deluge needed for fire suppression; they should be strong enough to avoid wind destruction and resulting relocation in landfills; and properties should be sited and elevated in a manner that protects against flooding and environmental degradation from landslides. All of these are part of "going green."
 - IBHS also firmly believes that adaptation is critical, not only to reduce long-term property insurance losses, but to buttress individual and societal resilience. All of the property protection measures that IBHS advocates to strengthen structures against current weather threats will also reduce future losses caused by climate change events. And, the unprecedented scientific research conducted at the unique IBHS Research Center is critical to identification of new mitigation actions that may help protect against more severe weather events.
 - Additionally, research conducted by IBHS will help to make sure that "green" building enhancements do not inadvertently cause structures to be less disaster-resistant, or even worse, threaten the life safety of occupants or first responders—for example, photovoltaic arrays that take flight or pose fire suppression challenges are the antithesis of "building strong."

3. Disclose how the insurer identifies, assesses, and manages climate-related risks.

The Company identifies potential climate-related risks in its insurance business through its capital planning program. Models developed by third party vendors assess property and auto insurance exposure to catastrophe losses, blending all perils into consolidated distributions for on both a gross (pre-reinsurance) and net (post-reinsurance) basis for each P&C entity. Modeled losses from catastrophe exposure are aggregated with other financial risks to establish risk tolerances for capital adequacy. Capital risk tolerances are continuously monitored and reported to senior management and the Board.

The Company also performs liquidity stress tests which quantify large storm losses on the book of business including counterparty credit risk related reinsurers' ability to pay. It also maintains credit lines which serve as a liquidity backstop.

For its insureds, The Company's P&C insurance business offers an array of homeowners and automobile products throughout its footprint. Across these generations of products, the following features promote loss mitigation. The availability of each of these features in a particular market depends on the product generation and regulatory environment in that market*.

- Paperless functionality and discount
- Electronic payment options and discount
- Fortified Homes Discount (detail below)
- Storm Features Discount (discount for window and water protection)
- Storm Shutters Discount
- Hail Resistant Roof Discount
- Water Safety Level (discount for detection levels and automatic shut off)
- Green Updates Endorsement Wind Mitigation Discount

The Fortified Homes Discount is available in select states when the dwelling is certified as Fortified for Safer Living by the Institute for Business and Home Safety (IBHS). The quickest way for individual property owners to find out if their residential or commercial building qualifies for an incentive (for example, by meeting the designation requirements of the FORTIFIED program) is to ask their insurance department or company. In addition to discounts, insurance incentives related to mitigation may include a positive decision by an underwriter to provide coverage in the voluntary, rather than through the residual, market, or lower deductibles. Again, these are business decisions made by individual insurers, and IBHS neither influences such decisions nor specifically tracks them. This discount is available in select states, depending on product and regulation.

***DISCLAIMER:** Discounts apply to select coverages only and vary by state and insurance company. Coverage is subject to all policy terms, conditions exclusions and limitations. Discounts and savings opportunities subject to eligibility requirements. Subject to underwriting requirement. Insurance underwritten by Auto Club Insurance Association, MemberSelect Insurance Company, Auto Club Group Insurance Company, Auto Club Property-Casualty Insurance Company, The Members Insurance Company, Universal Insurance Company, Auto Club South Insurance Company, or Auto Club Insurance Company of Florida.

The Company's sustainability framework has the potential to influence changes company-wide, including the development of future investment strategies. As The Company's policies and objectives evolve, the investment strategy will also evolve.

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

The Company's reinsurance program primarily provides coverage for losses related to its personal home and auto lines. The program supports a catastrophe risk tolerance in The Company's Florida insurance operations that targets no more than 30% of surplus and committed capital, within acceptable ranges, to be at risk in a 1-in-250 year (0.4% annual likelihood) aggregate event. This catastrophe risk tolerance, along with other capital, investment, and pricing risk tolerances ensure climate-related risks are included in the Company's business strategy.

The Company's greenhouse gas (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 The Company's inventory scope.

2023 Total Emissions by Scope (in Metric Tons CO₂e):

- Scope 1 – 22,141
- Scope 2 – 18,441
- Scope 3 – 155,689 (third-party emergency roadside vehicle fuel, work-from-home, employee commute, and paper emissions only)