

**AGREEMENT BETWEEN AA IRELAND LIMITED AND THE COMPETITION AND CONSUMER
PROTECTION COMMISSION**

This Agreement and Undertakings is made by and between the Competition and Consumer Protection Commission (the "Commission") and AA Ireland Limited ("The AA") on the date set forth below.

WHEREAS:

- A. The Commission is a statutory body and one of its functions pursuant to the Competition and Consumer Protection Act 2014 is to enforce the Competition Act 2002, as amended (the "Act") and Articles 101 and 102 of the Treaty on the Functioning of the European Union ("TFEU"). Section 4 of the Act and Article 101 TFEU prohibit anti-competitive arrangements between undertakings, and section 5 of the Act and Article 102 TFEU prohibit the abuse of a dominant position by one or more undertakings.
- B. The Commission's role is to investigate suspected breaches of provisions of the Act and/or Articles 101 or 102 TFEU and to take appropriate enforcement action to deter such breaches and encourage on-going compliance with the provisions of the Act and/or Articles 101 and 102 TFEU.
- C. On 31 August 2016, the Commission commenced an investigation into suspected anti-competitive practices in the provision of private motor insurance ("PMI") in the State (the "Investigation"), contrary to section 4(1) of the Act and Article 101(1) of the TFEU. Following its Investigation, the Commission made preliminary findings in respect of The AA's conduct and communicated these to The AA accordingly.
- D. The AA does not accept the allegations in the preliminary findings and denies that it has engaged in any anti-competitive conduct amounting to an infringement of section 4 of the Act and/or Article 101 TFEU.
- E. The Commission accepts that this Agreement and Undertakings, which The AA agrees to solely on a no-fault basis, is a full and final basis for closure of its Investigation.

THE AA AND THE COMMISSION HEREBY AGREE AS FOLLOWS:

Definitions

1. In this Agreement and Undertakings, the following terms shall have the following meanings:

"Act" means the Competition Act 2002 (as amended);

"Commencement Date" means the date of execution of this Agreement and Undertakings;

"Commission" means the Competition and Consumer Protection Commission and its successors;

"Compliance Officer" means a director or duly authorised senior executive employee of The AA appointed to act as the Compliance Officer in accordance with Clause 6 of this Agreement and Undertakings;

"Investigation" means the investigation commenced by the Commission in August 2016 into suspected anti-competitive practices in the provision of private motor insurance in the State contrary to section 4 of the Act and/or Article 101 TFEU;

"Parties" means the Commission and The AA;

"PMI" means private motor insurance;

"Public Announcements Relating to Future Pricing" mean public statements (including statements made during media interviews), written or oral (including by electronic means), by a sufficiently senior employee or director of The AA, that may reasonably be considered signals to the market of The AA's expectations for future variations on premium prices;

"State" means the Republic of Ireland;

"Term" means a period of five years beginning on the Commencement Date;

"The AA" means AA Ireland Limited, a private company limited by shares incorporated under the laws of Ireland (registration no. 389194), which has its registered office at 61A South William Street, Dublin 2, its successors and assigns, and AA Affiliates;

"AA Affiliates" means all undertakings directly or indirectly controlled by The AA, whereby the notion of control shall be interpreted pursuant to section 16 of the Act.

The AA's undertaking

2. In consideration of the Commission's undertaking provided for in Clause 3 The AA hereby undertakes:

- (a) to implement and maintain an effective competition law compliance programme (the **"Compliance Programme"**) which shall, at least:
 - (i) take into account the business activities and the competition law risks of The AA (including its role as a broker) and the PMI sector and outline the legal consequences that may arise for breaching competition legislation;

- (ii) provide regular training on pricing practices and communications that are and are not permitted under competition legislation to all directors, officers and appropriate employees, as well as additional training for any employee of The AA that is involved in setting prices and/or involved in The AA's external communications and public relations, such training to include the risk of breaching competition law in respect of, at least (but not limited to) the following:
 - (A) Public Announcements Relating to Future Pricing (including, in particular, public announcements made during media interviews);
 - (B) announcements regarding future pricing changes in PMI premiums including premium prices, margins on premium prices, percentage increases or decreases in prices, expected increases or decreases in margins earned, expected rebates to be granted on premiums or rebates on the premiums paid;
 - (C) communications regarding premium prices, margins on premium prices, percentage increases or decreases in premium prices, expected increases or decreases in margins earned, expected rebates to be granted on premiums or rebates on the premiums paid; and
 - (D) communications containing references to the future premium pricing of insurers or other brokers providing PMI in the State;
- (iii) be reviewed regularly by the Compliance Officer, who will be responsible for effectively implementing updates to the Compliance Programme as and when necessary, including any recommendation for improvements made by the External Expert following the annual external audit of the Compliance Programme required under Clause [2(b)];
- (iv) provide for the Compliance Programme in employee induction and training programmes;
- (v) incorporate the requirement of staff to adhere to the Compliance Programme and attend regular refresher training into incentive and disciplinary schemes operating within The AA;
- (vi) provide procedures to be applied on the identification of suspected breaches of the Compliance Programme and maintenance of a breaches log;
- (vii) provide a reporting mechanism and appropriate protection for employees reporting suspected breaches of the Compliance Programme to the Compliance Officer (whistle blower protection);
- (viii) provide a mechanism through which the Compliance Officer reports any suspected or confirmed breaches of the Compliance Programme to the Board of The AA as expeditiously as possible after the Compliance Officer is notified or becomes aware of such suspected or confirmed breaches and has undertaken appropriate initial investigation of same; and

- (ix) ensure all members of management and staff to whom additional competition compliance training must be provided under (ii) above sign declarations on a regular basis (at least annually), stating that they have read The AA's compliance protocols and understand the Compliance Programme and when they have last received training on the Compliance Programme; and
- (b) to ensure that the Compliance Programme, including the implementation of the Compliance Programme, is audited annually by an independent external competition law expert (the "**External Expert**"), by reference to this Agreement and Undertakings, for the duration of the Term, and who will provide a full report to the Compliance Officer detailing any confirmed or suspected breaches of the Compliance Programme and list any recommendations for amendments and updates to the Compliance Programme that have been identified through the audit process; and
- (c) to submit to the Commission, at intervals of one year after the Commencement Date for the duration of the Term a written certificate in the form set out in Schedule A to this Agreement and Undertakings (the "**Compliance Certificate**") signed by a Director of the AA.

Commission's undertaking

- 3. In consideration of The AA entering into this Agreement and Undertakings, the Commission undertakes that it shall conclude its Investigation and shall refrain from instituting proceedings pursuant to section 14A of the Act against The AA for so long as The AA remains in compliance with the Agreement and Undertakings. For the avoidance of doubt, this undertaking shall not prohibit the Commission from taking proceedings pursuant to section 14A of the Act for objective and sufficiently serious failure to comply with this Agreement and Undertakings, having first notified The AA of the alleged compliance failure and given The AA reasonable opportunity to explain the alleged compliance failure, or for behaviour that is unrelated to the Investigation or the Agreement and Undertakings.

Compliance

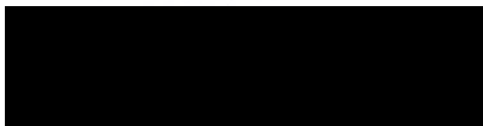
- 4. The AA shall submit a Compliance Certificate to the Commission, in the form set out in Schedule A to this Agreement and Undertakings, at intervals of one year after the Commencement Date for the duration of the Term.
- 5. The Commission reserves the right to require The AA to provide to the Commission, at any time, such additional information as the Commission considers necessary in order for the Commission to verify The AA's compliance with its obligations set out in this Agreement and Undertakings. The AA shall promptly provide to the Commission all such information in its possession or control.
- 6. The AA shall nominate a Compliance Officer who shall be a director or duly authorised senior executive employee of The AA and who will have responsibility for monitoring compliance by it with this Agreement and Undertakings and for responding to any request(s) for information in connection with this Agreement and Undertakings. The AA shall provide the name and contact details of such Compliance Officer to the Commission within one month of the Commencement Date. For the duration of the Term, The AA shall provide written notice to the Commission in advance of any changes of the Compliance Officer nominated pursuant to

this paragraph and shall promptly provide to the Commission the name and contact details of any proposed replacement Compliance Officer who is to replace the prior nominated Compliance Officer.

Final provisions

7. This Agreement and Undertakings shall be and is intended by the Parties to be a binding and enforceable agreement which may be enforced by the Parties by an action in any court of competent jurisdiction in the State.
8. This Agreement and Undertakings shall be binding on the Commission and on The AA and on their respective successors and assigns.
9. This Agreement and Undertakings shall take effect upon the Commencement Date and shall remain in force for the duration of the Term.

SIGNED for and on behalf of the Competition and Consumer Protection Commission by:

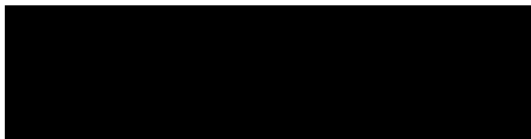


Name: ISOLDE COGAN

Title: CHAIRPERSON

Date: 5TH AUGUST 2021.

SIGNED for and on behalf of AA Ireland Limited /trading as The AA by:



Name: TOM MCILRUFF

Title: CEO

Date: 23/07/21

**SCHEDULE A
TO THE AGREEMENT AND UNDERTAKINGS**

[On The AA Headed Paper]

[date]

Mr Ibrahim Bah
Director
Competition Enforcement and Mergers Division
Competition and Consumer Protection Commission
Bloom House
Railway Street
Dublin 1

Re: Investigation into suspected anti-competitive practices in the provision of private motor insurance in the State

Dear Mr Bah,

I refer to the Agreement and Undertakings entered into by the Competition and Consumer Protection Commission (the "Commission") and AA Ireland Limited ("The AA") on [•] 2021 (the "Agreement and Undertakings"). The definitions of terms contained in the Agreement and Undertakings shall also apply to the terms used herein, unless otherwise stated.

In accordance with Clause [•] of the Agreement and Undertakings, I hereby confirm compliance by The AA with the terms of the Agreement and Undertakings during the period commencing on [the Commencement Date]/[date of the previous certificate issued by [•]] and ending on the date hereof.

Yours sincerely,

[Name]

[Director of The AA]