



The Aaron's Company, Inc.
Enterprise Risk Management (ERM)
Policy



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1.0 Purpose

The purpose of this Policy is to define The Aaron's Company, Inc.'s enterprise risk management (ERM) framework, supporting processes, roles and responsibilities to assist management with ensuring that risk is managed in a consistent manner according to the guidelines set by the Board of Directors (Board) and management. The ERM policy provides a standard approach and governance structure to support all existing risk management practices.

2.0 Scope

This Policy addresses the process for consistently managing enterprise risk for The Aaron's Company, Inc. and its subsidiaries (collectively, the "Company" or "Aaron's") and applies to all Aaron's employees.

3.0 Policy Statement

In alignment with the organization's strategic objectives, Aaron's has implemented a formal enterprise risk management program to proactively identify and manage business risks. It is the policy of Aaron's to:

- i) Establish a consistent and sustainable enterprise-wide risk management process and common risk taxonomy; Annually assess organization wide risks (including but not limited to external risks, strategic, financial, legal and regulatory compliance, and operational risks) in alignment with the business planning cycle;
- ii) Link risk and risk management activities to strategic initiatives;
- iii) Link a review of the strategic plan with periodic risk profile updates to validate the strategic direction of the organization, so that the focus is on the key risks and resources are properly allocated;
- iv) Develop risk response plans for the most significant risks and regularly report on and evaluate the effectiveness of the outcome;
- v) Integrate risk management into business planning processes and decisionmaking;
- vi) Embed risk management into the culture of Aaron's; and
- vii) Develop clear accountability for risk.

4.0 ERM Program Overview

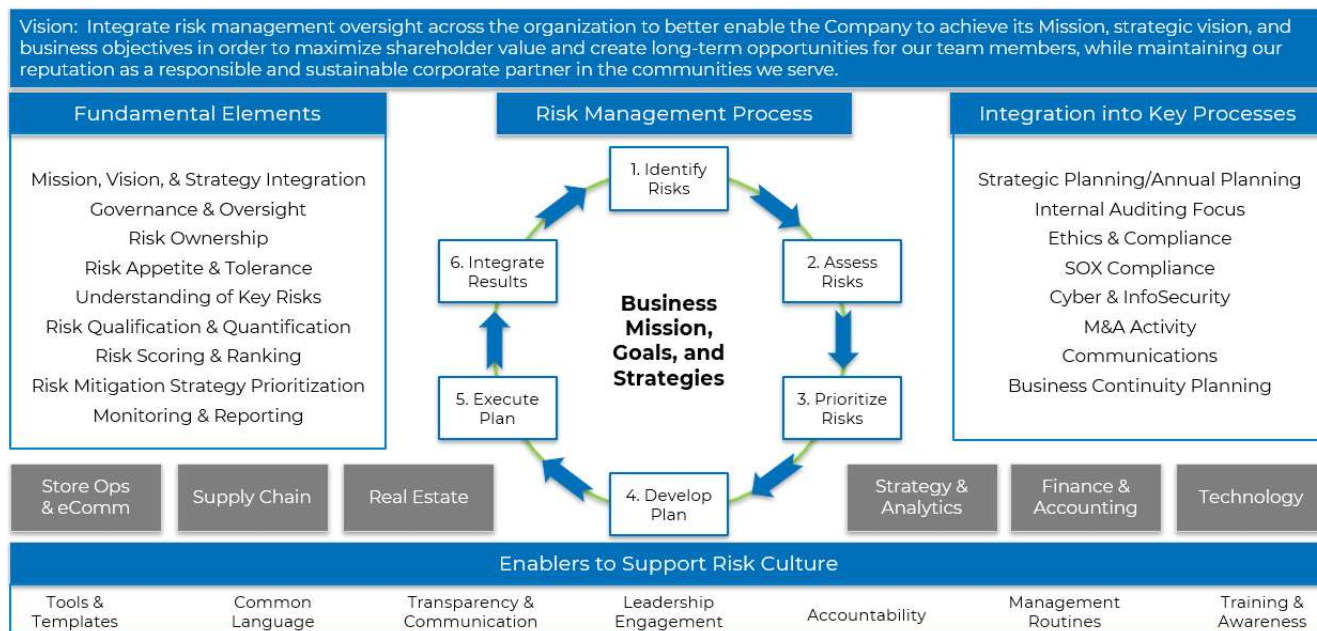
The ability of Aaron's to identify and respond to risks in a timely manner is critical to achieving its strategic operating and financial goals and meeting investor expectations. The objective of ERM is to identify potential risks and manage those risks within the context of the organization's strategic goals and appetite for risk. ERM considers threats, as well as opportunities and uncertainties, that may impact the organization's performance. The information obtained through the ERM process is designed to provide Company management better insight into enterprise risks that may impact business decisions.

Achieving the ERM policy goals, outlined above, requires designing and building an ERM framework that defines the components needed to implement and manage a successful ERM program. The program is supported by guiding principles established by the Board and management to monitor risk and determine the appropriate course of action to take to manage risk.

4.1 ERM Framework

The ERM Framework consists of processes for identifying, assessing, prioritizing, mitigating, monitoring, and reporting on risks that impact the organization. It is sustained by formalized roles within the organization responsible for governance, oversight, and execution.

The following diagram depicts the Aaron's ERM framework.



4.2 Risk Management Strategies

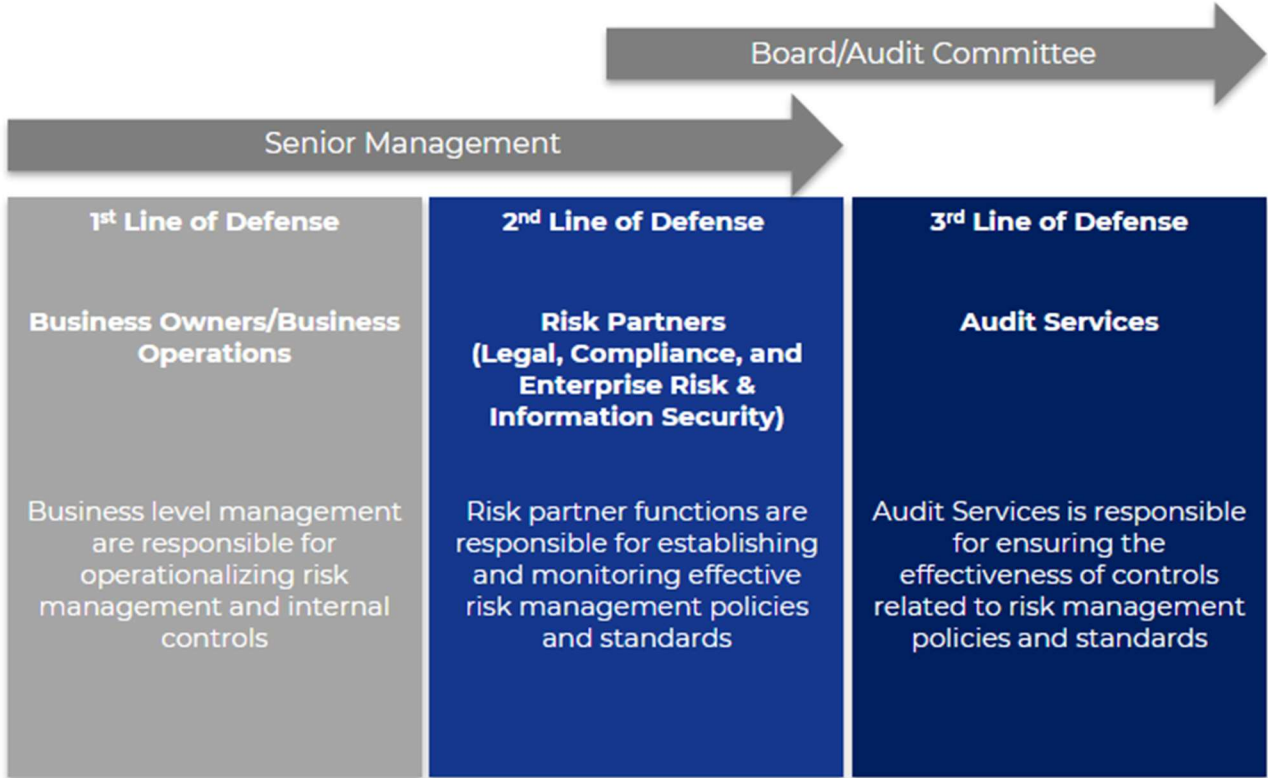
Risks identified as having significant impact to the strategic objectives and initiatives defined in the strategic plan will require that appropriate action be taken to mitigate or manage risk activity. Risk Owners will be responsible for developing, implementing, monitoring, and reporting risk mitigation or response plans to address the conditions that allow the risk to occur. Risk response strategies should be based upon the risk appetite and desired level of investment in risk mitigation. Risk management strategies may include a form of acceptance, avoidance, reduction, or transfer.

- Acceptance – acknowledge existence of a risk considered a part of business operations.
- Avoidance – eliminate the source of a risk all together, such as choosing not to pursue a business initiative that creates risk that cannot be reasonably or economically mitigated.
- Reduction – implement policies and procedures to minimize the impact or likelihood of the risk.
- Transfer – utilize a contractual arrangement to transfer the risk to a third party such as an insurance policy.

The Enterprise Risk & Information Security Management team will assist the Risk Owner and team with determining the appropriate risk mitigation or response action to take. Factors to consider include available resources, timing, cost, and existing capabilities.

4.3 Coordination of Risk Management Activities

Effectively managing risk and sustaining Aaron's ERM program will require coordination of risk management activities across the three lines of defense. The first line consists of the business owner(s) responsible for risk identification and management. The second line consisting of risk functions responsible for ensuring that risk management processes, policies, procedures, and tools are in place to manage risk. The third line, Audit Services, is responsible for monitoring the ERM program, risk management activities and ensuring the effectiveness of controls. Points of coordination include risk identification, risk assessment, audit planning, testing of controls, reporting, and updating policies and procedures.



Risk Management activities may require Risk Owners or management to obtain assistance in managing a risk from a third party through outsourcing when internal resources do not have the expertise or capacity.

5.0 Governance and Oversight

The Board provides overall governance for the ERM program with the full Board approving the ERM Policy at least annually, upon the recommendation of the Audit Committee. The Board has delegated governance and oversight of the ERM program to the Audit Committee.

The following diagram depicts the elements of Aaron's ERM Governance Structure.



Blue shaded layers within the Governance Structure represent management providing oversight and monitoring in varying capacities. Grey shaded layers represent business stakeholders responsible for assisting in the identification and management of risks.

6.0 Program Monitoring and Reporting

The status of the ERM Program will be monitored and periodic updates provided to the Audit Committee and/or Board, Enterprise Risk Committee (ERC), and executive management. The updates will summarize any new significant risks that have been identified, the results of the risk response plans for the most significant risks and indicators showing changes in potential risk impacts. Reporting will summarize performance and risk information to provide management and the Audit Committee with the ability to determine the effectiveness of Aaron's risk management efforts.

Monitoring is used to assess potential changes in the risk profile which could impact the current prioritization of top risks or risk response plans. Monitoring includes monitoring of external events, environmental or industry changes, internal and external cybersecurity risks, regulatory changes (including changes or additions to applicable law and the related interpretations and or enforcement by the relevant federal or state regulators), with respect to the industries in which Aaron's businesses operate, business changes and any identified issues which have impacted Aaron's.

7.0 Key Roles and Responsibilities

Board of Directors

The Board of Directors is responsible for governance of the ERM Program. The Board has delegated governance and oversight of the ERM Program to the Audit Committee. Management will obtain Board approval for the ERM Policy at least annually, upon the recommendation of the Audit Committee to the Board, and the Audit Committee, along with management, will provide periodic updates on ERM Program activities to the Board. The Board is also responsible for reviewing and discussing with management the risk appetite.

Audit Committee

The Board of Directors' Audit Committee is responsible for oversight of management's monitoring of external risks, strategic, operational, legal, and compliance risks as well as financial risks. The Audit Committee also monitors, in its oversight function, Aaron's ERM processes and management's risk response plans.

Enterprise Risk Committee

The ERC is responsible for approving the ERM framework and supporting approach, methodology, applicable policies, and roles and responsibilities. The ERC works with executive management to review key risks and associated risk response plans, accountability, and metrics.

Executive Management

Executive Management, in coordination with the ERC, is responsible for establishing the risk management priorities for the enterprise. These priorities are established through a quarterly review and approval of the ERM plan and risk limits for the enterprise and performance of risk prioritization. Executive management also approves risk response plans and related accountabilities.

Enterprise Risk & Information Security Department

The Enterprise Risk & Information Security Department is responsible for ensuring the objectives of the ERM Program are met including the execution of activities defined in the ERM Policy. The General Counsel of the Company, in coordination with the Enterprise Risk & Information Security Department, is responsible for ensuring the oversight activities of the Audit Committee and Board are completed.

The Enterprise Risk & Information Security Department's ERM responsibilities include functioning as a subject matter expert to the relevant risk owners within management and risk functions related to the identification, assessment, evaluation, and response to significant risks. The Enterprise Risk & Information Security Department will also ensure that monitoring and reporting related to significant risks are

completed.

Enterprise Risk Task Force

The Enterprise Risk Task Force will be formed and managed by the Vice President, Enterprise Risk & Chief Information Security Officer with a duty to report membership updates to the ERC. This Task Force will serve as a working group of Risk Owners and Risk Partners made up from the non-voting members of the Enterprise Risk Committee. It will work cohesively to maintain updated Risk Profiles for the Company's top risks identified by the ERC. They will also assist in identification of emerging risks, evolution of monitoring activities, and in the preparation of materials to serve as a report out to the ERC.

Risk Owners

Risk Owners are members of Management that own and manage the risks that are linked to their respective areas of responsibility and for ensuring continuity of operations. Risk Owners have the responsibility of ensuring that Aaron's personnel and processes adhere to the policies and procedures defined by the ERM program and within their respective areas. Risk Owners complete the risk identification, assessment, and evaluation steps and then develop response strategies as part of the risk management process. Management also responds to inquiries, questions, or escalations from the Enterprise Risk & Information Security Department or other risk functions. Additional responsibilities of Risk Owners include monitoring risk responses and action plans related to any risks they own and engaging the assistance of the Enterprise Risk & Information Security Department and other risk functions for support in implementing enhancements to risk response strategies or controls when necessary.

Executive Sponsors

Executive Sponsors are members of the Executive Management team that are assigned to each top risk and will ensure that the Risk Owners are executing on risk mitigation and monitoring strategies for their corresponding risks. Executive Sponsors are also responsible for providing support around staffing and budgetary needs in-line with the risk mitigation strategy prioritization approved by the ERC and

Audit Committee.

Business Operations

Aaron's personnel, including Management, is responsible for incorporating risk based decisioning when conducting their business including surfacing concerns around business risks that may already be under monitoring or emerging based on a change in the business or external environment.

Risk Partners

Risk partners include Legal, Compliance, Enterprise Risk & Information Security, Safety & Security, and other functions responsible for oversight or deployment of programs to manage a specific category of risk (e.g. regulatory compliance). This includes management of specific areas of exposure to mitigate risks. These functions are also responsible for assessing the effectiveness of the risk management program, assisting risk owners in testing risk response activities, and serving as subject matter resources for business risks.

Audit Services

The Audit Services Department is responsible for providing independent assurance over management's risk management activities throughout the enterprise. Audit Services provides independent assessment of control environment effectiveness by testing and validating controls. Audit Services determines its scope and extent of overall testing through the performance of its own risk assessment. While Audit Services performs its own risk assessment, it will share with and receive information from the Enterprise Risk & Information Security Department and other risk partners to enhance the respective programs.

8.0 Policy Owner

The owner of this Policy Charter is the General Counsel. At the direction of the General Counsel the Vice President, Enterprise Risk & Chief Information Security Officer will be responsible for updating and maintaining this Policy with the review and approval of the General Counsel and the ERC. Any



revisions to this policy will require General Counsel, ERC, Audit Committee, and Full Board of Directors approval. Any questions regarding this Policy must be directed to the General Counsel.

9.0 Change History

This Policy is a living document that will be reviewed at least annually and updated as needed based on changes in Aaron's risk profile.

Date	Section and Page Number Changed	Change Description	New Version Title
7/12/2021	Whole document	Program review	ERM Policy 8.4.2021
4/11/2022	Section 7 and 8, Pgs 10 and 11	Updated titles, task force, and policy owners	ERM Policy 5.4.2022
2/27/2023	Sections 4, 7 and 8, Pgs 5 -6, and 9-11	Updated titles, department name	ERM Policy 3.8.2023

10.0 Approval

Approved By:	Approval Date
Audit Committee	08/05/2020
Full Board of Directors	08/04/2021
Audit Committee	08/03/2022
Full Board of Directors	08/04/2022
ERC Voting Members	03/08/2023

