Allstate 2018 DJSI Public References

Allstate’s 2018 integrated “Prosperity” report will not be launched until later in summer 2019. All relevant material referenced in this document is either already publicly available in the 2017 report, or is being made public here in advance of launching the 2018 report. Allstate will alert RobecoSAM when the report has been launched.

Reporting¹

Coverage of environmental and social data: disclosures in this report, at minimum, cover U.S. operations, which represent more than 75% of Allstate’s revenues.

Leadership Messages²

We’re building a different kind of company, one that will thrive now and help create a better future. It means being a force for good and stepping up to help where our skills and resources are needed. Allstaters live up to the Good Hands® promise and our commitment to take sustainability to the next level. We’re using innovation to solve corporate and societal challenges, and never waver from upholding the highest ethical standards.

Letter from Tom Wilson

Welcome to the many faceted world of Allstate. We believe sustainable businesses create profits, provide meaningful work for employees and are a force for good in their local communities. These responsibilities, embedded in Our Shared Purpose, serve as guideposts throughout the organization.

Allstate’s story is about today, tomorrow and long into the future. We are a purpose-driven company, powered by purpose-driven people. Allstate’s purpose is to protect people from life’s uncertainties and prepare them for the future.

We are building a different kind of company, one that will thrive now and help create a better future.

At Allstate, we believe businesses play a vital role in society. Businesses create prosperity by harnessing ideas, people and resources. Profits are one measure of how effectively businesses

¹ 2.1.1 Environmental Reporting, Environmental Reporting – Coverage; 3.1.1 Social Reporting, Social Reporting – Coverage
² 1.11.1 Principles for Sustainable Insurance, ESG Integration into Governance & Strategy
harness the resources we borrow from society. We also create dignity through meaningful work where people can realize their full potential and purpose in life. Business must also be a force for good, using our capabilities and resources to improve communities.

Allstate delivers on all of these components of sustainability. Our operating performance is strong, as you can see from our financial reports. Allstate’s Board of Directors receives extremely high governance ratings and is engaged, transparent and responsive to shareholders as described in our award winning Annual Proxy Statement. We help employees pursue their purpose in life through fair compensation, inclusive diversity and personal growth.

Allstate is a force for good in society through empowering youth and victims of domestic violence. We support thousands of nonprofits in conjunction with Allstate agencies in local communities throughout America. This sustainability report provides information on this and more on ethics, environmental practices, inclusive diversity and social impact.

Take some time to discover all of the ways that we here at Allstate are a force for good. We’re proud to share our story.

Tom Wilson, Chairman, President and Chief Executive Officer

Materiality & Stakeholder Engagement

Stakeholder Engagement

We continually seek stakeholder input to ensure we are focusing on what matters most.

Stakeholder inclusiveness is a core principle of Global Reporting Initiative (GRI) sustainability reports, and we do our best to identify all of Allstate’s stakeholders and respond to their expectations and interests. We regularly engage the following groups: agency owners, financial specialists, customers and consumers, employees, investors, nongovernmental organizations (NGOs), opinion leaders, policymakers and suppliers.

We identify stakeholder groups through senior leaders, our sustainability council, feedback from employees and by mapping the full scope of our impacts, from suppliers to consumers. We select stakeholders according to their knowledge and understanding of our company as a whole, orientation relative to or within the financial services industry and the extent to which

3 1.2.2 Materiality, Materiality Disclosure
they can impact or be impacted by Allstate. For our 2015 sustainability materiality assessment, we engaged our stakeholders through interviews, surveys and industry research.

We have many other ongoing engagement efforts. Our annual reputation study surveys customers, consumers, investors, agency owners, employees, policymakers and opinion leaders. In partnership with the Reputation Institute, we collect feedback from 8,000 individuals across these seven stakeholder groups, identify key topics and develop strategies to address gaps. There are also stakeholder-specific avenues for engagement. We go into further detail about these within the topic sections for community, employees and suppliers.

**Materiality Assessment Process**

Our 2015 sustainability materiality assessment followed GRI guidelines. It begins with topic identification, followed by a prioritization of the resulting topics and concludes with an internal validation session.

**Topic Identification**

Because our industry is dynamic and rapidly evolving, Allstate is committed to refreshing our materiality assessment every few years. Our most recent assessment began with an exploration of potentially relevant topics to Allstate and our stakeholders. We collected the list of topics by compiling sector-specific and public lists provided by transparency-focused sustainability organizations, including GRI and the Sustainability Accounting Standards Board (SASB). We also reviewed peers, industry research and other publicly available resources.

**Topic Prioritization**

After collecting a preliminary list of sustainability topics relating to the insurance industry, we engaged our internal and external stakeholders. Then we assessed evidence of each stakeholder’s concern for a given topic. We ultimately translated this information into the matrix pictured to the right.

**Topic Validation**

After finalizing the critical topics identified by our stakeholders, we hosted a validation session. During this session and after multiple one-on-one conversations, the Allstate Sustainability Council reviewed the results of the prioritization, offered comments and confirmed the findings.

**Key Findings from Materiality Assessment**

This assessment gave us valuable feedback about what matters most to Allstate and our stakeholders.
It resulted in the following matrix, which maps critical topics in order of their relative priority to Allstate and to external stakeholders. We monitor, manage and report on each one of these topics.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Driving Stakeholder Groups</th>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk &amp; Climate Change</td>
<td>Investors, opinion leaders, NGOs, agencies, Allstate</td>
<td>Climate change has the potential to affect Allstate’s profitability due to the increasing number of weather-related catastrophic events. These events could increase the number of claims and affect the stability of Allstate’s investment portfolio. The rising number of claims could impact customer experience. Further, accurate integration of climate change into risk modeling continues to be important for the industry. Allstate has an opportunity to contribute to climate change mitigation by using the extensive</td>
</tr>
<tr>
<td>Community</td>
<td>NGOs, agencies, Allstate</td>
<td>While reputation is important to any company, it is particularly important to Allstate since the company promises to be there during some of the most trying times of customers’ lives. Because Allstate believes in being a force for good in its communities, the company is better positioned to achieve its social impact goals and substantially improve trust with stakeholders — driving shared value.</td>
</tr>
<tr>
<td>Privacy &amp; Information Security</td>
<td>Opinion leaders, agencies, Allstate</td>
<td>Allstate Privacy and information security are linked to Allstate’s reputation and commitment to ethics and integrity. Allstate should continue to train employees on data security and privacy practices; to promote flexible, risk-based legislation and serve as a leader in its approach to cybersecurity for stakeholders.</td>
</tr>
<tr>
<td>Workforce &amp; Inclusive Diversity</td>
<td>Opinion leaders, agencies, Allstate</td>
<td>Finding innovative ways to overcome the shortage of science, technology, engineering and math (STEM) professionals and adapt to an increasingly diverse world is vital to the future of Allstate’s workforce. Generational differences also present</td>
</tr>
</tbody>
</table>
new challenges; Allstate has an opportunity to further align corporate activity and messaging with the importance millennials place on corporate responsibility. Allstate should continue to emphasize retention by promoting professional development and engagement opportunities. It is important for the company to also provide agency owners and financial specialists with the support they need to maintain a healthy talent pipeline.

**Allstate’s Value Chain**
The value chain map illustrates the full scope of Allstate’s impacts and operations, as well as all potential stakeholder groups.

<table>
<thead>
<tr>
<th>The Environment</th>
<th>Opinion Leaders</th>
<th>Policy Makers</th>
<th>Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Investors</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Allstate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Building Operations</td>
<td>Agency Owners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Claims</td>
<td>Agency Employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Investments</td>
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<tr>
<td></td>
<td></td>
<td>Customers</td>
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<td></td>
<td></td>
<td>Consumers</td>
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<tr>
<td></td>
<td>Activists</td>
<td></td>
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<td></td>
<td>Regulators</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>NGOs</td>
<td></td>
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<tr>
<td></td>
<td>Industry Associations</td>
<td></td>
<td></td>
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</tbody>
</table>

**Topic Boundaries**
The table below outlines the scope of 14 topics included in our 2015 materiality assessment and where Allstate’s positive or negative impacts occur with respect to each.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>Risk &amp; Climate</td>
<td>Allstate business, claims, investments</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Energy, Emissions &amp; Waste</td>
<td>Building operations</td>
</tr>
<tr>
<td>Society</td>
<td>Community</td>
<td>Allstate Business</td>
</tr>
<tr>
<td></td>
<td>Privacy &amp; Information Security</td>
<td>Allstate Business</td>
</tr>
<tr>
<td></td>
<td>Financial Inclusion</td>
<td>___</td>
</tr>
<tr>
<td></td>
<td>Sustainable Procurement</td>
<td>Allstate Business</td>
</tr>
<tr>
<td>Business Practices</td>
<td>Governance</td>
<td>Allstate Business</td>
</tr>
<tr>
<td></td>
<td>Ethics &amp; Integrity</td>
<td>Claims, employees</td>
</tr>
<tr>
<td></td>
<td>Claims &amp; Product Innovations</td>
<td>Allstate Business</td>
</tr>
<tr>
<td></td>
<td>Public Policy</td>
<td>Allstate Business</td>
</tr>
<tr>
<td></td>
<td>Responsible Investment</td>
<td>Investments</td>
</tr>
<tr>
<td>Workforce</td>
<td>Agency Engagement</td>
<td>Allstate Business</td>
</tr>
<tr>
<td></td>
<td>Employee Health &amp; Safety</td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td>Workforce &amp; Inclusive Diversity</td>
<td>Employees</td>
</tr>
</tbody>
</table>
Public Policy

Overview of Expenditures

Allstate supports candidates for public office, research associations, coalitions, industry trade associations, nonprofit organizations, advocacy professionals and other groups to advance key priorities. The priorities include topics such as ensuring a healthy regulatory system, promoting fiscal responsibility, fostering market innovation, and promoting safety and security (such as teen safe driving and natural catastrophe management). We may not agree with every position taken by a specific organization, candidate or committee.

As part of our public policy efforts, the company supports various organizations, including those that may engage in lobbying activities, and contributes to candidates and political committees. Our resources are allocated among the following categories: research, coalitions, national trade associations, state trade associations, advocacy professionals and corporate political contributions. This report describes each of the categories and the amount we spend in each category. We devote nearly 50% of these corporate resources toward research. Approximately 76% of the total company support was directed to tax deductible, non-lobbying endeavors.

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lobbying, interest representation or similar</td>
<td>1,200,000</td>
<td>2,335,691</td>
<td>2,432,320</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Local, regional or national political campaigns / organizations / candidates</td>
<td>448,000</td>
<td>1,288,700</td>
<td>323,320</td>
<td>1,091,675</td>
</tr>
</tbody>
</table>

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4 1.6.1 Policy Influence, Contributions and other spending; 1.6.2 Policy Influence, Largest Contributions and Expenditures

5 1.4.3 Codes of Business Conduct, Corruption & Bribery
Trade associations or tax-exempt groups (e.g. think tanks) | 10,200,000 | 12,726,840 | 12,929,178 | 4,508,000

Other (e.g. spending related to ballot measures or referendums) | 0 | 0 | 0 | 0

Total contributions and other spending | 11,444,800 | 16,351,231 | 15,684,818 | 12,900,000

Organizations and Initiatives We Support

Research
Allstate supports research groups and other organizations that provide information that is used to shape public policy debate and inform consumers and businesses about key issues affecting insurance consumers. Our support is largely focused on improving safety on roads and in homes and combating insurance fraud. Allstate provides funding to research organizations such as the National Insurance Crime Bureau and the Insurance Institute for Highway Safety. The Insurance Institute for Business and Home Safety envisions a world where the durability of homes and commercial buildings is a core societal value — greatly reducing human financial losses, as well as community disruptions, that result from natural and man-made disasters.

Coalitions
Allstate partners with advocacy organizations and other coalitions throughout the country to promote various public policy positions. Throughout our history, we have also endeavored to make roads safer. We were pioneers in the advocacy of mandatory seat belts and airbags in cars. Today, many of our employees and agencies devote significant time every day to promote safer driving, working with community groups, parents, teen drivers, schools and national organizations. Allstate provides significant human and financial resources to organizations that save lives, prevent injuries, and reduce losses caused by crashes on the nation’s highways. For example, Allstate supports the Advocates for Highway and Auto Safety, a champion in the effort to save the lives of drivers and passengers.
National and State Trade Associations

Allstate contributes to groups that advocate meaningful change for insurance consumers, nationally and in individual states. We are working on building a better insurance regulatory system. The insurance industry currently operates under a different set of regulations in each of the 50 states and the District of Columbia. At the same time, the Federal Insurance Office and other federal agencies are becoming more actively involved in insurance regulatory matters. This patchwork system makes it difficult and expensive to develop innovative products for customers and for Allstate exclusive agencies to operate as efficiently as possible. We believe it is imperative to modernize and improve the regulatory system for insurance companies and consumers. The company therefore supports organizations working for reforms that will help ensure a healthy regulatory system with more uniformity and consistency.

Allstate also supports reforms to our civil justice system to keep pace with changes in technology and address lawsuit abuse. This advocacy includes changes for dealing with electronic document discovery, third party-financed litigation and state-specific challenges. In addition, Allstate advocates for sound theories of civil recovery and supports a fair court system.

Advocacy Professionals

Allstate engages advocacy professionals to help promote public policy positions that affect our stakeholders and our ability to efficiently and effectively operate and compete in the marketplace. Allstate’s government relations team works with these advocacy professionals, along with the trade associations and other organizations described above, to help ensure that policymakers understand the company’s position on legislative and regulatory matters. Those matters cover a wide range of issues, including personal safety and security, property protection, civil justice reform, fraud prevention and regulatory modernization.

The major organizations that Allstate supported in 2017 include:

+ Advocates for Highway and Auto Safety: Advocates for safe driving initiatives, including a common sense approach to graduated driver licensing and ways to reduce distracted driving to protect those most important to us — our children.

+ America’s Health Insurance Plans: Advocates for public policies that expand access to affordable health care coverage to all Americans through a competitive marketplace that fosters choice, quality and innovation.

+ American Council of Life Insurers: Represents more than 300 legal reserve life insurance and fraternal benefit society member companies operating in the United States.
+ Association of National Advertisers: Provides leadership that advances marketing excellence and shapes the future of the industry.

+ Ceres: Advocates for sustainability leadership. Works towards accelerating and expanding the adoption of sustainable business practices and solutions to build a healthy global economy.

+ Certified Automotive Parts Association: Improves the marketplace for consumers through certification and advocacy of quality replacement auto parts.

+ Coalition Against Insurance Fraud: An alliance speaking for consumers, insurance companies, government agencies and others that provides information, research, data, services and insight.

+ Financial Services Roundtable: Protects and promotes economic vitality and the integrity of its members and the U.S. financial system.

+ Florida Chamber of Commerce: Encourages a business-friendly climate that allows job creators to do what they do best — create private-sector jobs and contribute to Florida’s economy.

+ Insurance Information Institute: Improves public understanding of insurance — what it does and how it works. Recognized by media, governments, regulatory organizations, universities and the public as a primary source of information and analysis concerning insurance.

+ Insurance Institute for Business & Home Safety: Strives to reduce the social and economic effects of natural disasters, with a unique, state-of-the-art, multi-risk applied research and training facility.

+ Insurance Institute for Highway Safety: Aims to improve motor vehicle safety through its premier research facility.

+ Insurance Research Council: An independent, nonprofit research organization that examines important public policy matters that affect insurers, customers and the general public.

+ Medical Advocacy Recovery Coalition: Supports commonsense reforms to enhance efficiencies in the current Medicare Secondary Payer policy.

+ National Insurance Crime Bureau: Leads a united effort by insurers, law enforcement agencies, and representatives of the public to prevent and combat insurance fraud and crime through data analytics, investigations, training, legislative advocacy and public awareness.
+ New York Insurance Association: Promotes an insurance market that is viable and strong in order to better serve the insuring public. Serves as a resource for the property and casualty insurance industry, public policymakers, the media, and the public.

+ Personal Insurance Federation of California: Keeps personal insurance affordable and available for California consumers through state government advocacy and political action.

+ Quality Parts Coalition: Develops and promotes legislative change to U.S. design patent law to preserve competition and to ensure the availability of quality, lower-cost alternative collision repair parts for consumers.

+ Texas Coalition for Affordable Insurance Solutions: Works towards a stable and competitive insurance marketplace to best serve the industry and the consumer.

+ The Rand Corporation: Conducts nonpartisan research dedicated to improving policy decision-making.

+ U.S. Chamber of Commerce: Represents the interests of more than three million businesses of all sizes, sectors and regions, and advocates for pro-business policies that create jobs and grow our economy.

**Contributions to Candidates and Committees**

**ALLPAC and MIALLPAC Contributions**

The Allstate Insurance Company Political Action Committee (ALLPAC) is a voluntary, nonpartisan political action committee (PAC) comprising eligible individual employees. These personal contributions support candidates for federal and state office who support the competitive marketplace and understand and bring attention to the issues of importance to our industry generally and the Allstate group of companies specifically.

ALLPAC contributions to candidates are governed by a Board of Directors composed of company employees. Candidates receiving PAC contributions must demonstrate one or all of the following: a commitment to free enterprise and a competitive marketplace, sound judgment on issues of concern to our industry, a supportive voting record, and viability as a candidate.

The Michigan Allstate Insurance Company Political Action Committee (MIALLPAC) is a Michigan-only PAC funded by eligible Allstate employees and abides by the same practices and procedures as ALLPAC.
Grassroots Lobbying

Allstate leverages an intranet-based system, called Advocate for Good, as a means to engage interested agency owners and employees through grassroots activism on important public policy initiatives. Through the company’s grassroots platform, Allstate agency owners and employees can communicate directly with elected federal and state officials on public policy matters that are important to Allstate and our customers. Participation in Advocate for Good activism and relationship identification is completely voluntary.

Privacy & Information Security\(^6\)

**Allstate Privacy & Security Programs**

We have robust teams and programs to manage our privacy and information security risks. Information security covers all information, including personal and nonpersonal information such as trade secrets and material nonpublic information, while privacy is focused on the personal information of individuals. Privacy and information security are governed separately within Allstate although the two teams work closely together.

**Information Security**

Allstate’s information security program, including our policies and standards, is developed, monitored, managed and updated by the Allstate Information Security team under the direction of the Allstate Chief Information Security Officer and the Information Security Council (ISC).

The ISC is led by the Chief Information Security Officer, who is also the Senior Vice President of Information Security. The ISC is comprised of cross-functional, high-level leaders from across Allstate, including the Chief Privacy Officer. The ISC is charged with monitoring, making mitigation decisions and escalating information security risk as part of Allstate’s formal governance structure. The ISC actively monitors information security risk and, as a decision-based forum, has the authority to direct mitigation activities or escalate risks that are outside established tolerances.

The Operating Committee directed that the ISC will have delegated authority from the Enterprise Risk and Return Council for information security risk oversight. Allstate’s information security program includes the following elements:

- **Information Security Policies and Standards**: Provide a comprehensive framework for information security at Allstate.
- **Risk Management**: Identify, assess, and prioritize information security risks.
- **Risk Mitigation**: Implement controls to reduce the impact of identified risks.
- **Compliance**: Ensure compliance with relevant laws, regulations, and industry standards.
- **Incident Response**: Plan and execute actions to mitigate the impact of security incidents.
- **Security Awareness and Training**: Educate employees on information security best practices.
- **Vendor Management**: Oversee partnerships with external organizations to ensure their information security practices meet Allstate’s standards.

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\(^6\) 1.2.2 Materiality, Materiality Disclosure (privacy & information security); 1.3.2 Risk & Crisis Management, Emerging Risks (privacy & information security); 1.10.1 Privacy Protection, Privacy Policy: Systems/Procedures
security strategy and the National Institute of Standards and Technology’s (NIST) cybersecurity framework guides the decisions and actions of the ISC.

Allstate leverages a risk-based approach in establishing our information security program, which maps to both the NIST cybersecurity framework as well as ISO 27001, with support from other standards and best practices.

Our information security practices have been and continue to be subject to both internal and external audits. We conduct multiple vulnerability analyses across the enterprise on a daily basis using an automated process. We also conduct penetration tests and “red teaming” exercises to identify and resolve exploitable vulnerabilities.

Privacy at Allstate

Privacy is an area of operational risk and falls under the oversight of the Operational Risk Council. The Operational Risk Council is overseen by the Enterprise Risk and Return Council. The Allstate privacy team, along with its policies and programs, is managed by the Chief Privacy Officer who is also the Chief Ethics and Compliance Officer. The privacy team works with liaisons and experts across the enterprise to communicate with and educate employees on our privacy practices, and act as our front line for privacy protection.

In 2017, Allstate updated its internal privacy policy to better align with the standards and supporting documents from the Allstate Information Security department. In early 2019, we updated our internal privacy standards to align with the NIST guidelines and Privacy by Design, a design approach that builds trust and minimizes risk to personal information during the development phase of a technological tool or process.

The privacy team also works to ensure that third-party risk assessments are done for entities or applications that store or capture personal information and that privacy impacts of proposed process changes are evaluated. Our expectations for privacy protection are outlined in our Vendor Code of Ethics.

If Allstate suspects that personal identifiable information may have been compromised, the privacy team is responsible for incident response: the investigation, notification, response and corrective action. If necessary, the incident and response may be escalated up to the Operational Risk Council and the Board of Directors. The privacy team and other leaders help make sure that...

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1.8.3 Information & Cybersecurity, Process and Infrastructure
Allstate remains in compliance with the growing body of regulation that applies to the personal information for which Allstate is responsible.

**Policies**

Employees are trained on Allstate policies, and our external privacy statements are transparent and accessible by stakeholders. Allstate has implemented an annual compliance confirmation process, which requires every employee complete two annual mandatory training courses and agree to follow appropriate company policies. One such course is the Information Security & Privacy Refresher, which educates employees on security and privacy policies, standards and processes. All employees must agree to comply with the following:

+ Our updated Global Code of Business Conduct, which contains specific sections and examples of protecting restricted or confidential information, including personal information.

+ Our Enterprise Information Security Policy, Information Technology Usage Policy, Enterprise Security Standards or the appropriate subsidiary information security policies and standards. These documents govern our operations and help ensure company data is not shared or altered inappropriately.

Because Allstate agency owners and their staff are not Allstate employees, they are not covered in the annual compliance confirmation process. We provide specific cybersecurity training for new agency staff as well as key cybersecurity responsibilities for all agency users annually. Agency owners are also required to maintain a written information security policy for each agency.

Allstate has clear customer privacy requirements as detailed in our Privacy Policy Statement (for Allstate insurance companies):

+ We do not sell our customers’ personal or medical information to anyone.

+ We do not share our customers’ information with nonaffiliate companies that could use it to contact our customers about their own products and services, unless permitted pursuant to a joint marketing agreement.

+ We require persons or organizations that represent or assist us in servicing our customers’ policies and claims to keep their information confidential.

8 1.8.2 Information & Cybersecurity, Security Measures
+ We require our employees to protect our customers’ personal information and keep it confidential. Please see our Privacy Policy Statement for more on how Allstate protects customers’ personal information.

**Training**

Training employees to maximize the value of these controls is a critical and complementary part of our cybersecurity management. Investing in a strong, integrated digital enterprise system with appropriate security controls is just one way we protect Allstate data. We understand that our policies can only be effective when we communicate these controls throughout our team. Our annual compliance confirmation process provides foundational education for all employees regarding their responsibilities and basic policies: 100% of our global employees complete mandatory compliance confirmation and the associated training annually. The training also provides further detail about risks identified over the last 12 months as specifically relevant to the company or worldwide. We use a personal approach to engage employees.

Our dedicated security marketing communications and security education teams collaborate on a year-round internal campaign to convey messages about strong security practices such as password security and traveling safely. Our dedicated security education team also operates phishing simulations with real-time feedback and training for employees who fall for the attempt. It also notifies leadership when an employee fails the test multiple times.

Additionally, we provide on-demand and topic-specific training, allowing us to customize programs around current issues. We offer more advanced and specialized training to employees in higher-risk roles. For example, users who may access HIPAA-protected health information or developers working with payment card information receive additional training on secure practices. We evaluate our training results using four levels, tracking metrics across survey responses, test and assessment results, performance trends and impact on the business or return on investment.

If employees have a privacy or security incident to bring to the attention of senior leadership, they can alert members of the Information Security team via the new CyberSOC hotline and email addresses. Additionally, there are phone numbers and email addresses in the Global Code of Business Conduct that can be used to report an incident.

**Security in our Supply Chain**

Our security and privacy requirements extend to suppliers who have access to, store or use Allstate data. Allstate emphasizes the importance of customer privacy and data security with
suppliers through our procurement standards, practices and contracts. We have established a security assessment program for our suppliers, which could involve on-site assessments for critical suppliers. We also require all contingent workers who have access to our network to take a training course on Allstate’s security policies.

**Responsible Investment**

*What Responsible Investment Means to Allstate*

We create long-term value through active portfolio management in a broad array of asset classes and geographies to ensure we can deliver on our promises to policyholders and stakeholders. Allstate factors environmental, social and governance considerations into the investment process to help ensure our long-term health and stability.

**Climate Risk**

When evaluating our investment portfolio, we are mindful of climate change risks.

We purposefully evaluate and manage our exposure to certain catastrophe risks in our commercial real estate portfolio, like those that may be impacted by climate change. When considering new investments in physical assets, including commercial real estate, we evaluate whether the risk profile is consistent with our risk appetite as determined by senior leadership.

**Restricted Securities**

Environmental, social and corporate governance issues can influence investment performance.

Allstate Investments’ compliance department maintains a restricted list that defines prohibited types of investments, which are typically entities whose activities are fundamentally inconsistent with Allstate’s values or are likely to result in reputational or other significant risks. These restrictions include investments in companies that predominantly conduct business in the civilian firearms industry, or majority ownership interest or control of a company that operates a coal or other mine (either directly or through a subsidiary) or provides services to those mines. Our policy requires that investment managers’ analysis and decision-making consider environmental, social and governance issues alongside Allstate’s values and reputation. Investment managers are expected to act in accordance with the letter and the spirit of this policy. If an entity is not listed on the restricted list but the portfolio manager or asset manager believes it could potentially be considered for inclusion, the portfolio manager or asset manager

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9 1.2.2 Materiality, Materiality Disclosure (risk & climate)
must obtain approval from the Risk Committee and Investment Compliance prior to entering into the transaction.

**Socially Responsible Investment**
Allstate’s investment portfolio focuses on generating competitive returns while keeping risks at appropriate levels. The company is proud to weave corporate responsibility into its overall approach.

Our portfolio includes support of environmentally friendly and socially responsible investments with attractive risk/reward trade-offs. In 2018, our investments included a socially responsible investment portfolio of $64 million and a renewable energy portfolio of $325 million. Included in the renewable portfolio are debt and equity investments in wind, hydro and solar power, as well as geothermal projects. Additionally, outside of our investments balance sheet, we have a low-income-housing tax credit portfolio of $725 million. Allstate’s low-income-housing tax credit portfolio supports low-to-moderate-income families by providing access to nearly 70,000 affordable rental housing units.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Portfolio</td>
<td>$77.8B</td>
<td>$82B</td>
<td>$84B</td>
<td>$81.2B</td>
</tr>
<tr>
<td>LIHTC Portfolio</td>
<td>$491M</td>
<td>$441M</td>
<td>$557M</td>
<td>$725M</td>
</tr>
<tr>
<td>SRI Portfolio</td>
<td>$51M</td>
<td>$56M</td>
<td>$58M</td>
<td>$64M</td>
</tr>
<tr>
<td>Renewable Energy Portfolio</td>
<td>$230M</td>
<td>$228M</td>
<td>$296M</td>
<td>$325</td>
</tr>
</tbody>
</table>

Additionally, we have a municipal bond portfolio, almost half of which has a socially responsible focus. Municipal bonds are issued by states, cities, counties and other governmental entities to fund construction projects such as schools, highways or sewer systems. Municipal bonds help balance risk and provide good long-term returns and strong after-tax benefits for Allstate, but they also support projects that benefit local communities.
Diverse Talent and Management

To ensure our investment team demonstrates superior performance while addressing underrepresentation, Allstate created the Diversity Emerging Managers program.

The number of multicultural and diverse households continues to grow, shifting the United States toward a population where minorities are the majority. There’s also research showing that while diverse investing teams consistently outperform less diverse ones, women and minorities are still underrepresented in the private equity and real estate private equity investment sectors. To address this, Allstate created the Diversity Emerging Managers program, whose goal is to identify the next generation of women and minority investment managers. We collaborate with GCM Grosvenor to select women- and minority-owned firms that demonstrate excellence as program participants. Allstate committed $96.5 million of the $100 million allocated to the program toward participating firms. We carefully assess the returns on the funds we commit for investment.

In addition to our financial commitment, the participating firms also receive development training from GCM Grosvenor that covers a wide range of topics related to operating an asset management firm, including management, finance and marketing.

Community

Local Presence

Our commitment to leadership in local communities is core to Allstate’s business; it makes our business stronger and helps us deliver on our goal to bring people prosperity, safety and well-being.

Allstate’s involvement in local communities generates value for both our business and for our neighbors. Allstate and The Allstate Foundation’s charitable grants and philanthropic efforts help foster our culture of caring and build on our 87-year legacy of helping people. Staying true to our principle to focus relentlessly on those few things that can make the most impact, we engaged Allstate stakeholders to identify the Foundation’s funding priorities and signature programs, ensuring they address real community concerns. Our community programs offer Allstate employees, agency owners and financial specialists fulfilling opportunities to give back, find their passion and get involved with organizations that address causes most important to

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10 1.11.1 Principles for Sustainable Insurance, ESG Integration into Governance & Strategy
11 1.2.2 Materiality, Materiality Disclosure (community)
them. In fact, our work to help communities is part of what attracts, develops and engages top talent. In turn, our dedicated and passionate workforce helps build our reputation in communities across the country. We empower agency owners by offering a rewarding opportunity to own a small business and providing support to help them succeed as trusted neighborhood leaders.

**Local Presence Community Engagement Programs**

We help position agency owners as local leaders by providing programs and resources for issues that matter to them and their communities. These tool kits focus on engagement opportunities around empowering youth and financially empowering survivors of domestic violence, as well as volunteerism, safe driving and disaster preparedness. Beyond turnkey programming, we offer agency owners one-on-one consultations to help build community involvement into their annual business plans and connect them with the programming, resources and promotional support for causes that matter most to them and their communities.

In 2017, more than 8,000 agency owners made use of local presence programming. In addition, agency owners reported a 72% satisfaction rate with the effectiveness of the tools, resources and programs that Allstate and The Allstate Foundation offered them to build their local presence. Agency owners cited community involvement as one of the best ways to boost the perception of their businesses, according to the Agency Relationship Survey. Our 2017 reputation data showed significant increases in the number of agency owners who believe Allstate provides them tools to be visible in the community, establish local presence and build a strong reputation.

**Allstate Giving**

**In Partnership with the Allstate Foundation**

In 2018, Allstate corporate support and foundation funding combined to contribute $39.5 million to communities. While the majority of Allstate community contributions come from The Allstate Foundation, additional funds directed from the corporation pay for a significant part of the work Allstate supports in communities.

In partnership with the foundation, Allstate’s corporate dollars support our home town giving program, the Helping Hands employee volunteer program, the Allstate Officer Nonprofit Board Program, and special projects like the Renewal Project and the Better Arguments project.

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12 3.6.3 Corporate Citizenship and Philanthropy, Input
Annual Giving Campaign

Since 1997, the campaign has raised $120 million for thousands of nonprofit organizations across the country. The Allstate Giving Campaign is a testament to Allstaters’ long-standing generosity with our community partners.

The 2018 Allstate Giving Campaign raised $6.5 million from Allstate employees, agency owners and staff. For every dollar donated by Allstaters, the company provided 15-cent match and contributed an additional five cents to local United Way organizations across the country.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Giving Campaign Pledges</td>
<td>$5.4M</td>
<td>$6M</td>
<td>$6.1M</td>
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<tr>
<td>United Way Match</td>
<td>$0.8M</td>
<td>$0.9M</td>
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<td>Corporate Match</td>
<td>$0.3M</td>
<td>$0.3M</td>
<td>$0.3M</td>
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<tr>
<td>TOTAL</td>
<td>$6.4M</td>
<td>$7.2M</td>
<td>$7.3M</td>
<td>$6.4M</td>
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</table>

Allstate Foundation Helping Hands Grants

To celebrate and honor the impact of the involvement of our agency owners, financial specialists and employees, The Allstate Foundation provides Helping Hands grants to nonprofit or municipal organizations where employees volunteer at least 16 hours, or where agency owners volunteer four.

The vision to spread our culture of caring throughout our network of agencies has spurred increased visibility for the agency force in their communities and unparalleled excitement for the Helping Hands Grants program. We increasingly see agency owners using Allstate programming as a tool to strengthen their communities and enhance their leadership.
In 2015, The Allstate Foundation set a goal having 50% of agencies earn a Helping Hands Grants by year-end 2017. Initially, we fell just short of our target. The Allstate Foundation trustees increased funding for the program, and we reached our target in 2018.

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<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Amount granted</td>
<td>$3.2M</td>
<td>$5.6M</td>
<td>$7.2M</td>
<td>$7.5M</td>
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<tr>
<td>Percent of agencies participating</td>
<td>19%</td>
<td>30%</td>
<td>42%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Allstate Foundation Programs**

An internal and external stakeholder engagement process identified Purple Purse and Good Starts Young as funding priorities for Allstate through an internal and external stakeholder engagement process. We conducted the process in partnership with external parties. We asked diverse groups of consumers, agency owners and employees for their perspectives on the social benefits that Allstate is uniquely positioned to deliver and that would have the greatest impact. It is important that our social impact programs address true community needs and fit within Allstate’s brand value proposition.

**Agency Owners and Small Business**

Our presence in areas where we live and work is elevated through the efforts of more than 11,500 agency owners and financial specialists, plus a broad network of Allstate independent agents.

Our efforts to create and grow small businesses are central to the success of Allstate, and we are proud to offer entrepreneurs one of the most rewarding small-business opportunities in the country. Allstate agency owners are trusted advisors for their neighbors who seek out Allstate in times of need and uncertainty because of the local perspective, expertise and leadership that differentiate us from our competitors. Our agency owners and financial specialists are part of the

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13 3.6.1 Corporate Citizenship & Philanthropy, Group-wide Strategy
14 1.2.2 Materiality, Materiality Disclosure (community)
fabric of their communities. Those who choose Allstate share a purpose: to help prepare and protect customers from life’s uncertainties.

Allstate agency owners recognize the unique benefit that Allstate offers: They own equity in their book of business and can sell their business or pass ownership to a family member. Allstate agency owners also have the backing and support of an 88-year-old company with one of the most recognized brands in the U.S. To help our agency owners thrive in today’s market, we provide knowledge, skills, tools and a credible brand reputation.

- **Staffing:** We offer agency owners a wide range of programs and resources to support them in attracting, retaining and developing their own employees. In 2017, we introduced a partnership that will enable agency owners to offer their employees benefits. This option, in addition to effective agency staff recruiting materials and staff award and recognition programs, increases the appeal of working at an Allstate agency and makes recruiting employees easier for our agency owners.

- **Field Sales Leaders:** Each agency owner and financial specialist receives one-on-one support from a local, dedicated consultant who can help them build a successful agency or financial practice.

- **Dedicated teams:** The Allstate Customer Contact Centers serve as an extension of our agency locations and are available to provide customer assistance 24/7. Claims advocates are also available to agency owners so they can help customers through the process. Innovations in our claims process also enhances an agency owner’s ability to provide tailored, timely assistance to Allstate customers.

- **Ongoing education:** Our best-in-class education tools and resources help agency owners and financial specialists understand the products and services they offer customers. We also support them as small-business owners through programs like virtual mentorships, best-practice sharing and interactive workshops. Over 90% of our education is done virtually, with satisfaction levels above 90%.

- **Marketing/advertising:** Agency owners can count on the support of Allstate’s multimillion-dollar national advertising campaigns to raise consumer awareness of the products and services Allstate provides. They also have access to customizable local marketing and advertising materials including brochures, mailers and emails, as well as a personalized web page and social media sites.
• Branded: We offer a variety of ways to help agency owners establish their brand locally — from signs to furnishings to interior design experience. This enhances the customer experience and presents agencies in a professional manner.

Be a force for GOOD

Talent Attraction & Retention\textsuperscript{15}

Employee Engagement\textsuperscript{16}

Over the past two years, Allstate replaced our annual employee engagement survey with a continuous listening approach to gathering feedback about employee engagement and its drivers in shorter but more frequent surveys. Due to increased frequency of surveys, our response rate fell in 2018; 65% of all employees responded. Results have been more than 83% favorable for Engagement for the last several years.

We now provide leadership with feedback about the health of our culture once per year and manager effectiveness twice per year via the Inspire survey.

Additionally, we slice the data by race/ethnicity, gender and tenure to ensure that all employees have similar favorable responses and to identify opportunities to provide support for specific groups, as needed. We incorporate metrics from the Inspire survey throughout our report, including this section, as evidence of strong employee engagement and effective talent management.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
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<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Engagement (Percent Favorable)</td>
<td>86%</td>
<td>87%</td>
<td>83%</td>
<td>84%</td>
</tr>
<tr>
<td>Percent of Participation</td>
<td>84%</td>
<td>84%</td>
<td>82%</td>
<td>65%</td>
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</table>

\textsuperscript{15} 1.2.2 Materiality, Materiality Disclosure (workforce)

\textsuperscript{16} 3.1.3 Social Reporting, Social Reporting - Quantitative Data; 3.5.4 Talent Attraction & Retention, Trend of Employee Engagement
**Internal Placement Rate**

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<tr>
<th>Metric</th>
<th>2015</th>
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<tr>
<td>Percent Internal</td>
<td>43%</td>
<td>33%</td>
<td>43%</td>
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<tr>
<td>Placement Rate</td>
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**Continued Learning Opportunities**

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<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Number of Completed</td>
<td>272,581</td>
<td>326,439</td>
<td>279,843</td>
<td>367,837</td>
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<tr>
<td>Courses</td>
<td></td>
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<tr>
<td>Number of Unique Learners</td>
<td>39,327</td>
<td>40,956</td>
<td>41,934</td>
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</tr>
<tr>
<td>Number of Hours of</td>
<td>622,031</td>
<td>436,993</td>
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</tr>
<tr>
<td>Learning</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Work Flexibility**

Our flexible work policy consists of compressed and part-time work schedules, telecommuting, home-based work, job sharing and flexible starting times. All exempt and nonexempt employees are eligible for flexible work, based on factors such as business need, work performance and job characteristics. In 2017, 42% of Allstate employees utilized flexible work arrangements, and our employee survey found those participating in these arrangements generally reported higher levels of well-being than the overall employee population. Flexible work arrangements were also the most frequently cited strength when employees were asked, “In what area is Allstate exceeding your expectations?” Internal data show that those in flexible work arrangements receive the same rate of pay increases and promotions as those in nonflexible arrangements.

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17 3.1.3 Social Reporting, Social Reporting - Quantitative Data  
18 3.1.3 Social Reporting, Social Reporting - Quantitative Data
In addition to formal flexible work arrangements, Allstate encourages managers to foster a flexible work environment where employees can integrate work and life to meet the needs of the team. Being open and sympathetic brings about a culture of transparency and leads to stronger working relationships and positive feelings toward work-life balance.

**Employee Life Cycle Survey Program**

Our Employee Life Cycle Surveys gauge the attitudes, beliefs and behaviors of our employees so we can determine which initiatives and efforts are most important for morale. The program includes:

- A 90-day retention survey to assess new hires' integration into Allstate.
- Our nine-month Quality of Hire survey, sent to hiring managers to determine the effectiveness of the support team (talent acquisition) and the quality of the candidate hired.
- An exit survey and interview process. When employees decide to leave Allstate, this process helps us understand what they found most compelling about Allstate’s Employee Value Proposition, why they are leaving and what they plan to do.

**Strategic Workforce Planning**

As we look to the future of Allstate, we are proactively planning for the shifting roles of our workers to address the current and future needs of our business. Our Strategic Workforce Planning team, in coordination with our Human Resources team, is engaged in a multi-faceted approach to evaluate the skills, quantity, and location of workers we need to drive success.

Throughout our work, we are aligning our workforce planning with our business strategy. Our team is methodically reviewing the areas of the business that have the most potential disruption and taking action with employees to ensure the readiness of the function to adapt to the forthcoming change. Evaluating employees begins with our efforts on job clustering. Job clustering enables us to identify employees at risk and understand what skills may be needed to meet the future need of the business.

Our initiatives include re-skilling workers who have responsibilities that may no longer be needed in the future and upskilling workers who demonstrate an opportunity to advance beyond the skills they are currently deploying in an area of increased interest. Internal partnerships are essential to our strategy. In 2018, we completed several pilot initiatives with
different areas of responsibility, including claims, products, brand operations, and human resources. We are continuing to work across different groups in 2019.

Our work also includes assessing the location of our employees and expected adaptation to the preferences of employees moving forward. We forecast where we will need employees over time and make plans to adapt our hiring/internal placement strategies to meet the associate needs.

We are focused on the future of Allstate and our approach to workforce planning will ensure the long-term value of our business for our employees and all stakeholders.

Inclusive Diversity

Guiding Principles
Inclusive diversity is fundamental to our success and guides the way we approach our work as well as the world around us. There are five key tenets that form our guiding principles around inclusion and diversity.

- **It’s broadly defined.** At Allstate, inclusive diversity is about going beyond traditional measures of race and gender. It’s extending ourselves in a broader and bigger way by integrating and celebrating our individual differences.

- **It’s proactive and intentional.** Inclusive diversity is intentionally integrated into Our Shared Purpose, as well as our operating and governance practices.

- **It’s the responsibility of every Allstater.** At Allstate, employees are not just empowered to help shape our future . . . they’re expected to lead the way.
  - Personal purpose is the vision of what we want to achieve in life. It’s how we make a difference. It ensures we focus on the things that matter most to us.
  - Aligning personal purpose with Leadership Principles brings Our Shared Purpose to life.

- **It takes precedence.** Inclusive diversity is a priority at all levels of the corporation.

- **It’s about more than us.** At Allstate we’re committed to being a positive force for change in the diverse communities we serve. Our employees and customers care deeply about how we show up in society, which means we need to deliver goods and services, employment opportunities and business results.


**Governance Structure**

Our corporate policies and practices related to inclusive diversity guide our leaders. Our Shared Purpose – which outlines Allstate’s vision, corporate goals, values, priorities, and operating and leadership principles – highlights inclusive diversity as one of our five core values. Our employees understand the power of collectively living Our Shared Purpose and use it to guide our business pursuits. Inclusive diversity cascades through all levels of the company and is reinforced in our [Global Code of Business Conduct](#).

Allstate leverages an Enterprise Diversity Leadership Council (EDLC), Employee Resource Groups (ERGs) and Agency Owner Advisory Groups as part of our operating practices to improve the attraction, retention, development and advancement of diverse talent.

17% of Allstate officers are engaged either as EDLC members or Employee Resource Group (ERG) sponsors.

**Enterprise Diversity Leadership Council**

The Enterprise Diversity Leadership Council (EDLC) is made up of senior leaders throughout the enterprise focused on advancing inclusive diversity at Allstate. The EDLC is representative of all lines of the business, provides updates to the CEO and helps drive targeted results for inclusive diversity across the company by:

- Identifying and prioritizing actions – The EDLC was a catalyst for the creation of market facing businesses / areas of responsibility (AOR) inclusive diversity commitments to increase visible leadership commitment and accountability.

- Taking accountability for achieving target results – The EDLC ensures inclusive diversity commitments are integrated into business objectives.

- Ensuring clarity and understanding of the business relevance of inclusive diversity – Many best practices have emerged, including integrating communication of commitments with other business priorities; assigning officer sponsors to individual commitments; incorporating commitments into AOR goals; and ensuring ERGs are integrated and applied in the context of business priorities.

In 2018, 17% of all officers were engaged as either an ERG sponsor, or as a member of the EDLC.
### Employees

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Female</strong></td>
<td>58.0%</td>
<td>58.6%</td>
<td>57.4%</td>
<td>56.8%</td>
<td>56.2%</td>
<td>56.2%</td>
<td>55.9%</td>
<td>56.3%</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Females in all management positions, including junior, middle and senior management</strong></td>
<td>40.3%</td>
<td>48.4%</td>
<td>41.2%</td>
<td>47.1%</td>
<td>42.3%</td>
<td>47.8%</td>
<td>43.7%</td>
<td>43.8%</td>
<td>44.1%</td>
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<tr>
<td><strong>Females in junior management positions, i.e. first level of management (as % of total junior management positions)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>49.6%</td>
</tr>
<tr>
<td><strong>Females in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions)</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
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19 3.2.1 Labor Practice Indicators, Diversity
**Revenue-generating functions** (e.g. sales) as a % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)

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</tr>
<tr>
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<td>10</td>
<td>11</td>
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**Board Diversity**

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<td>9</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
<td>11</td>
<td>13</td>
<td>12</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>

**Collective Bargaining**

At Allstate, 0% of employees are covered by collective bargaining agreements. Our businesses are not concentrated in professions usually represented by unions or collective bargaining.

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20 1.1.4 Corporate Governance, Gender Diversity
21 3.2.3 Labor Practice Indicators, Freedom of Association
Climate Change

*What Risk & Climate Mean at Allstate*

The increased frequency and severity of weather events and natural catastrophes affect the cost and number of claims submitted by our customers. Associated rate increases can also impact the Allstate customer experience and our reputation. Our success depends, in part, on our ability to properly model, price and manage climate-related risks, as well as develop products and services to address climate change.

*Climate Change Modeling*

A changing climate means we must identify risks and opportunities associated with extreme weather patterns, policy shifts and new technology.

Allstate works to understand climate risks that directly affect our insurance products and our assets. Allstate’s Catastrophe Modeling Team and Pricing Groups monitor climate change information and update Product Leadership. We updated our internal document, “Latest Understanding of Climate Change and the Potential Impact on Allstate’s Property/Casualty Insurance Operations” in March of 2019. It has three sources: the Intergovernmental Panel on Climate Change (IPCC), the U.S. Global Change Research Program (USGCRP) and the Actuaries Climate Index committee. The IPCC and USGCRP evaluate research by climate scientists around the world and conduct robust reviews to provide balanced information to decision-makers. The Actuaries Climate Index provides an objective measure of extreme weather and sea levels over time and is updated quarterly.

Typically, these evaluations rely on a 20- to 25-year historical retrospective view, and project one to three years into the future, depending on whether the product is auto- or property-based, which aligns with Allstate’s three-year strategic planning cycle. Our internal stress tests focus on predicting business continuity, resiliency and solvency through a variety of catastrophe scenarios. The Catastrophe Modeling Team also partners with our Investment group to model mortgage and real estate portfolios under consideration.

Read our full [climate change statement document](#).

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22 2.3.2 Climate Strategy, Climate Change Strategy; 1.2.2 Materiality, Materiality Disclosure (risk & climate); 1.3.2 Risk & Crisis Management, Emerging Risks (risk & climate)
Governance

Allstate has several mechanisms to govern and manage climate change risk and to enforce accountability.

We manage our climate risks within our integrated Enterprise Risk and Return Management (ERRM) framework, which applies risk-return principles, governance, modeling and analytics and transparent management dialogue. These principles are based on three key operating components: maintaining our strong foundation of stakeholder trust and financial strength, building strategic value, and optimizing return per unit of risk.

The ERM framework provides a comprehensive view of risks and opportunities and is used by senior leaders and business managers to provide risk and return insights and drive strategic and business decisions. Allstate’s risk management strategies adapt to changes in business and market environments and seek to optimize returns.

The Enterprise Risk and Return Council (ERRC) is Allstate’s senior risk management committee that directs ERM by establishing risk and return targets, determining economic capital levels and directing integrated strategies and actions from an enterprise perspective. The ERM consists of Allstate’s Chief Executive Officer, Vice Chair, area of responsibility (AOR) Presidents, Chief Investment Officer, enterprise and AOR risk and financial officers, General Counsel and Treasurer. Oversight of ERM is the responsibility of the Board of Directors and the Risk and Return and Audit Committees. The ERM provides ERM oversight by reviewing enterprise principles, guidelines and limits for Allstate’s significant risks, and by monitoring the strategies and actions management has taken to control these risks.

Further, we design Allstate’s overall executive compensation program based on performance and do not reward excessive risk-taking. There are short- and long-term incentive components. Monetary incentives for achieving corporate and performance goals include risk and return management, including managing risks affected by climate.

As a member of the corporate executive team, Allstate’s Chief Procurement Officer (CPO) incorporates sustainability initiatives into Allstate’s purchasing practices. Accordingly, the CPO has spearheaded a sustainability program within Sourcing & Procurement Solutions that will assess the environmental risks and opportunities within Allstate’s supply chain and purchasing operations, including the potential to reduce emissions for Allstate’s purchasing operations. One
component of the monetary incentive compensation for the CPO and program development team is based on the successful implementation of this program within the department.

Material risks are regularly identified, measured, managed, monitored and reported to senior management and the Board. These risks include catastrophes and severe weather events, auto and property insurance underwriting, business continuity, disaster recovery and investment concentration and insured exposure concentration. Regulatory changes, customer behavior trends and Allstate’s reputation are also considered.

The greatest areas of potential catastrophe losses due to hurricanes are major metropolitan centers along the East and Gulf coasts of the United States. We have addressed our risk of hurricane loss through actions that include:

- Purchasing reinsurance for specific states and countrywide for our personal lines auto and property insurance in areas most exposed to hurricanes.
- Limiting personal homeowners insurance new business writings in coastal areas in Southern and Eastern states.
- Implementing tropical cyclone and/or wind and hail deductibles or exclusions, using facultative reinsurance where appropriate and continuing to not insure flood risk.

To further promote the accountability of Allstate’s material topics, including climate change, Allstate formed a Sustainability Council in 2007 composed of a cross-section of senior leaders representing every area of the company. Council members bring their unique perspectives and knowledge of the company’s operations and customers to identify key risks and opportunities related to sustainable business practices. The Sustainability Council meets three times annually to review existing and emerging environmental and social issues, identify opportunities and strategies to address these issues, and encourage and enable employee engagement with the company’s sustainability strategy. The council is led by Allstate’s Vice President in Corporate Relations.

**Products & Services**

Allstate continuously evaluates our products to ensure our prices adequately reflect risks, including those related to climate change. We believe our management practices give us a strategic advantage in the marketplace.
Based on what we now know about climate change, particularly its slow rate of change from year to year, our current pricing methodologies would not result in more than a negligible amount of bias or error.

To be as responsive to changing conditions as possible, we monitor state-specific risks and scientific consensus on climate change impacts, as well as competitor trends and competitor pricing methods. We also continually evaluate our pricing methodology to identify better ways to estimate future expected loss.

To help customers decrease their household carbon footprint, we provide the Homeowners Policy Green Improvement Reimbursement Endorsement, which allows a customer to replace damaged or destroyed appliances or equipment with more energy-efficient items and be reimbursed the additional cost to replace them.

The additional reimbursement applies to certain categories of Energy Star®-rated products – such as washers and refrigerators; computers and electronics; heating and cooling equipment; and certain plumbing and building equipment. These products generally save electricity or water, reducing a home’s environmental impact while lowering homeowners’ utility bills. Allstate offers the Homeowners Policy Green Improvement Reimbursement Endorsement in most states.

**Public Advocacy**

We use our industry expertise to formulate public policy solutions that address weather-related risks and reduce their impact.

Allstate understands that climate change will likely exacerbate the frequency and severity of natural catastrophes. Consequently, we partner with national and local organizations to better prepare and protect communities, strengthen the country’s financial infrastructure to deal with major events, promote better loss prevention and mitigation through stronger building codes and sensible land use policies, and develop programs to strengthen first responders’ ability to help communities recover from catastrophe.

Allstate maintains critical partnerships aimed at building resilient communities. The Allstate Foundation partners with agency owners and their local nonprofits to prepare communities for disasters by providing emergency kits and other tools. These collaborative efforts increase awareness of weather-related risks and help people better protect themselves and loved ones.

Allstate is an active member and financial supporter of the Insurance Institute for Business & Home Safety (IBHS). The IBHS mission is to conduct objective scientific research to identify and
promote effective actions that strengthen homes, businesses and communities against natural catastrophes and other causes of loss. Allstate partners with IBHS to promote more durable homes and commercial buildings through better building practices and stronger codes. By working to increase resiliency, Allstate saves lives and reduces the cost of severe weather and natural disasters.

**Energy, Emissions & Waste**

*Energy and Emissions*

In 2010, Allstate set a goal to achieve a 20% absolute energy-use reduction within our owned portfolio against our 2007 baseline by 2020. Thanks to efforts across the enterprise, we surpassed our 2020 goal to achieve a 20% energy-use reduction in 2014. To date, Allstate has achieved 100% emissions reduction in our owned portfolio, against the 2007 baseline.

<table>
<thead>
<tr>
<th>GHG Emissions*2⁵</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>55,700</td>
<td>56,521</td>
<td>20,118</td>
<td>45,992</td>
</tr>
<tr>
<td>Scope 2 (location-based)</td>
<td>112,000</td>
<td>104,350</td>
<td>91,208</td>
<td>82,902</td>
</tr>
<tr>
<td>Scope 3</td>
<td>20,518</td>
<td>46,239</td>
<td>53,804</td>
<td>11,269</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy Consumption*2⁶</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total non-renewable energy consumption (MWh)</td>
<td>462,500</td>
<td>454,820</td>
<td>434,256</td>
<td>389,243</td>
</tr>
<tr>
<td>Total renewable energy consumption (MWh)</td>
<td>5,408</td>
<td>9,971</td>
<td>4,989</td>
<td>4979</td>
</tr>
</tbody>
</table>

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*2⁵ 2.1.3 Environmental Reporting, Environmental Reporting – Quantitative Data
2⁶ 2.2.3 Operational Eco-Efficiency, Energy
**Water**

Allstate is reporting water usage in the owned portfolio for the first time in 2019. This data has not been collected previously, so there is no historical data available. However, Allstate intends to continue to collect this information in the future and expects a three-year trend to be available in 2021.

<table>
<thead>
<tr>
<th>Total Water Consumption (million cubic meters)</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>35429.10</td>
</tr>
</tbody>
</table>

**Waste**

Because paper is Allstate’s largest source of potential waste, we have implemented numerous reduction initiatives. In addition to Allstate’s recycling program, we maintain water bottling stations to encourage use of reusable containers over disposable plastic bottles. We also reduce our waste footprint through cafeteria waste dehydration and pulping, paperless business solutions, and secure shredding.

**Paper Reduction**

We have a Print Optimization and Paperless Task Force made up of business unit leaders from across the company. It monitors and tracks employee and customer printing and paper use and works with the Enterprise Communications team to make employees aware of the operational and ecological costs of printing.

We make every effort to keep documents electronic. However, when dealing with confidential documents, this is not always possible, so Allstate maintains a secure program where papers are shredded and recycled.

We also encourage transitioning to electronic forms of customer communications to help cut costs and reduce our footprint and our customers’ footprint. Allstate has three paperless initiatives for customers: eSignature, ePolicy and eBill. They can sign up for these free services through MyAccount, our online customer self-service hub. Over five years, between 2015 and 2020, Allstate is investing $3.5 million to provide additional paperless options in MyAccount and redesign our documents so they require fewer pages.

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27 2.2.4 Operational Eco-Efficiency, Water
In 2017, our reduction in printing saved enough paper to span the height of the John Hancock building twice. This reduction has positive impacts on our waste footprint, as well as deforestation and the carbon savings associated with the sequestration effect of trees, which absorb and store carbon dioxide, preventing it from entering the atmosphere.

<table>
<thead>
<tr>
<th>Total % reduction in paper usage from 2012 baseline</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>-0.2%</td>
<td>-1.9%</td>
<td>-12.1%</td>
<td>-23.4%</td>
<td>-28.8%</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>-2.5%</td>
<td>-12.3%</td>
<td>-22%</td>
<td>-27%</td>
<td>-37.2%</td>
<td>Data will be available upon publication of 2018 Sustainability Report</td>
</tr>
</tbody>
</table>

Sustainable Procurement

**Supplier Impacts**

We manage environmental and social impacts in our supply chain through a combination of agreements, surveys, scorecards, resource reduction programs and policies.

As stated in the [Supplier Code of Ethics](#), all suppliers doing business with Allstate must adhere to our requirements regarding human rights, environmental stewardship, diversity and inclusion, child labor and more.

The Allstate Sustainable Procurement Program aims to enhance Allstate’s reputation, mitigate corporate risks and align purchasing decisions with environmental and social sustainability. Our Sourcing & Procurement Solutions department focuses our responsible purchasing program on our key commodity areas: computer equipment, furniture, leased properties, paper products, professional services, software, utilities and our corporate vehicle fleet.

The main elements of the responsible purchasing program include:

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28 3.3.4 Human Rights, Human Rights – Disclosure
• Sustainable procurement road maps: Category-specific procurement guidance with a phased process, timelines and key considerations for using our supplier evaluation tools.

• Sustainability questionnaires: Category-specific surveys containing KPIs (key performance indicators) to benchmark suppliers on the most relevant sustainability risks for eight commodity areas.

• Sustainable procurement playbooks: Procurement category-specific guidance providing detailed rationale behind assessing material impacts and how suppliers should respond to the KPIs.

In late 2018, the Allstate Sustainable Procurement Program hired a Sustainability Sourcing Lead to spearhead the development and implementation of ESG-specific practices in our supply chain. The Sustainability Sourcing Lead began the process of determining the priority of product and service categories, and documenting best practices for priority areas. In the future, we hope to better understand our business’ footprint by increasing visibility and transparency in the supply chain and tracking sustainability KPIs for our vendors.