2022 State Farm® Impact Report







05.23.2023 v3

A message from our Chief Executive Officer

A beacon of good when it's needed the most

As a mutual company, we do what is in the best, long-term and collective interest of our customers. Their needs determine our path. Our job is to be there today – to help them recover from the unexpected, and to build resiliency for tomorrow.

Each of our 91+ million policies and accounts represents a unique customer, who trusts us with some of life's most important moments. We have a tremendous responsibility to act with integrity, maintain financial strength, deliver quality service and hold ourselves accountable through strong governance programs. We are driven by what is best for our customers. The actions we take to help them inevitably contribute to a better world around us, too.

After devastating events, like Hurricane Ian and the Marshall Fire, we are there to offer hope, care and a financial path forward to those who have lost everything. These human experiences also create motivation to prevent future losses. That's why we offer homeowner customers a free Ting sensor to detect electrical hazards before fires happen and it's why we've worked for decades with policymakers on stronger highway, auto and home safety measures.

At the heart of our Company are more than 19,000 State Farm agents and 61,000 employees – people who deliver on the promises we make. They are the innovators, problem solvers and the empathetic voices behind every interaction with a customer.

State Farm agents recognize that each customer, community and neighborhood has unique needs – from shoveling neighbors' driveways, to hosting local food drives, to supporting vital organizations, agents do good in the communities where we live and work.

As a company, we also aim to create stronger and safer communities. In 2022, we provided grants to four cities focused on sustainability and the environment. Together, we have reduced our GHG emissions by 46.3% since 2019, propelling us closer to our goal of reducing emissions 50% by 2030.

Last year, we welcomed 16,000 employees and appointed more than 700 agents. Nearly two-thirds of new employees identify as people of color; 68% are female. Over the last three years, we've increased our diverse workforce representation by 3 percentage points, which means our decisions and work environment are influenced by broader perspectives and varied experiences. These collective efforts support our business strategies to profitably grow State Farm and provide outstanding service to our customers.

As we celebrated our 100th anniversary in 2022, we acknowledged those who came before us, who understood the privilege of being part of State Farm and saw the potential for us to make a difference in people's lives and the communities we serve. We're building on their legacy to be a beacon of good when people need it the most.



Michael L. Tipsord
Chairman, President & Chief Executive Officer
State Farm Mutual Automobile Insurance Company

> **"We seek to empower people to be good neighbors, to protect what matters most and to build more resilient futures for themselves and others."**
>
> — Michael L. Tipsord



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About the report

Throughout this report, terms such as “State Farm,” “Company,” and “we/us/our” shall mean State Farm Mutual Automobile Insurance Company (as the parent of other insurance and financial services subsidiaries) and affiliates that make up the State Farm Group of Companies. These companies provide insurance and financial services, as well as various types of support to those insurance and financial services providers, and specifically include several State Farm-branded companies along with Dover Bay Specialty Insurance Company and HiRoad Assurance Company. State Farm Mutual Automobile Insurance Company acquired GAINSCO, Inc. and its related companies (“GAINSCO”) on 12/31/2020, but environmental, social and governance (ESG) activities of GAINSCO are not included in the scope of this report.

State Farm Mutual Automobile Insurance Company and each of its affiliates operate on an individual entity-by-entity basis without regard to the financial condition of any other affiliated entity.

Numbers throughout this report reflect State Farm at calendar year-end 2022, unless otherwise noted.

Good neighbors. Better world.

In the Good Neighbor spirit, State Farm is committed to making a measurable difference across the three tenets of sustainability: environmental, social and governance (ESG). These three areas collectively make up the 2022 State Farm Impact Report. We seek to build stronger, safer and more resilient communities that foster a sustainable and inclusive future for customers, employees, agents* and community members. We do this through the following focus areas, which we introduced in 2022. We believe operating through these tenets will continue to strengthen our brand. A better world tomorrow starts with a strong neighborhood today.



Enabling our workforce to power the future

Foster an inclusive working environment and provide employees with tools to grow professionally and serve the State Farm customer with empathy, integrity and trust.



Building environmentally sustainable and resilient futures

Advance efforts in communities by being a steward for sustainable practices, supporting strong building codes and other loss mitigation actions and offering relevant product options and solutions.



Strengthening communities

Provide resources for all communities to succeed through safety, education and community development efforts to help people realize their dreams.



Demonstrating responsible governance

Promote ethical and accountable behaviors and practices across our business and develop transparent and useful disclosures for State Farm stakeholders to ensure the strength of our brand.

*State Farm agents are independent contractors.

Vision

Be the customer's first and best choice for the products and services we provide. We will continue to be the leader in the insurance industry. Our customers' needs will determine our path. Our values will guide us.

Mission

Help people manage the risks of everyday life, recover from the unexpected and realize their dreams.

Our Shared Values

Quality service and relationships, mutual trust, integrity and financial strength.

ESG Executive Steering Committee

The State Farm ESG Executive Steering Committee oversees all our ESG efforts and the ESG-focused working groups. These groups help ensure the central ESG vision is realized across State Farm. Learn more about ESG governance here.

Material topics

State Farm conducted a materiality assessment in 2021 to determine ESG topics most important to our stakeholders, including policyholders, employees, agents and community members. Our 2022 State Farm Impact Report reflects many of these topics, and we will continue to incorporate them into our ESG vision. While some topics fit into one focus area, there are also select topics that are woven through each of our focus areas based on how they relate to State Farm products and services, as well as issues most critical to stakeholders.

These topics include:

- Customer engagement, retention and satisfaction
- Technology and digitization
- Loss prevention and disaster response
- Product and service offerings (including sustainability-related products)

This approach demonstrates our ongoing commitment to embed stakeholder priorities within the fabric of our business.

These additional 17 topics are equally important and fall under specific focus areas of our ESG vision:



Enabling our workforce to power the future

- Diversity and inclusion
- Educational advancement
- Talent and future workforce



Building environmentally sustainable and resilient futures

- Carbon emissions
- Climate change/risk
- Natural resource use
- Sustainable investing



Strengthening communities

- Community development
- Philanthropy and volunteerism
- Financial inclusion



Demonstrating responsible governance

- Brand mission, vision and values
- Business resiliency / Financial strength
- Compliance and ethics
- Data security and privacy
- Supplier diversity
- Risk management
- Transparency and accountability

State Farm by the numbers

Policies and accounts



91M+

Catastrophe claims handled



$7B

Catastrophic loss claims

26K+

Claims handled per day, on average

Life insurance



$110B

Individual life insurance issued

Our employees and agents



16,000

Number of new hires in 2022

61,000

Number of employees

700

Number of agent appointments in 2022

19,000

Number of agents in 48 states and Washington DC

3

Percentage point increase in employee racial and ethnic diversity in 2022

Our environmental impacts



46.3%

Percent reduction in GHG emissions (Scope 1 and Scope 2 emissions over 2019 baseline)

13

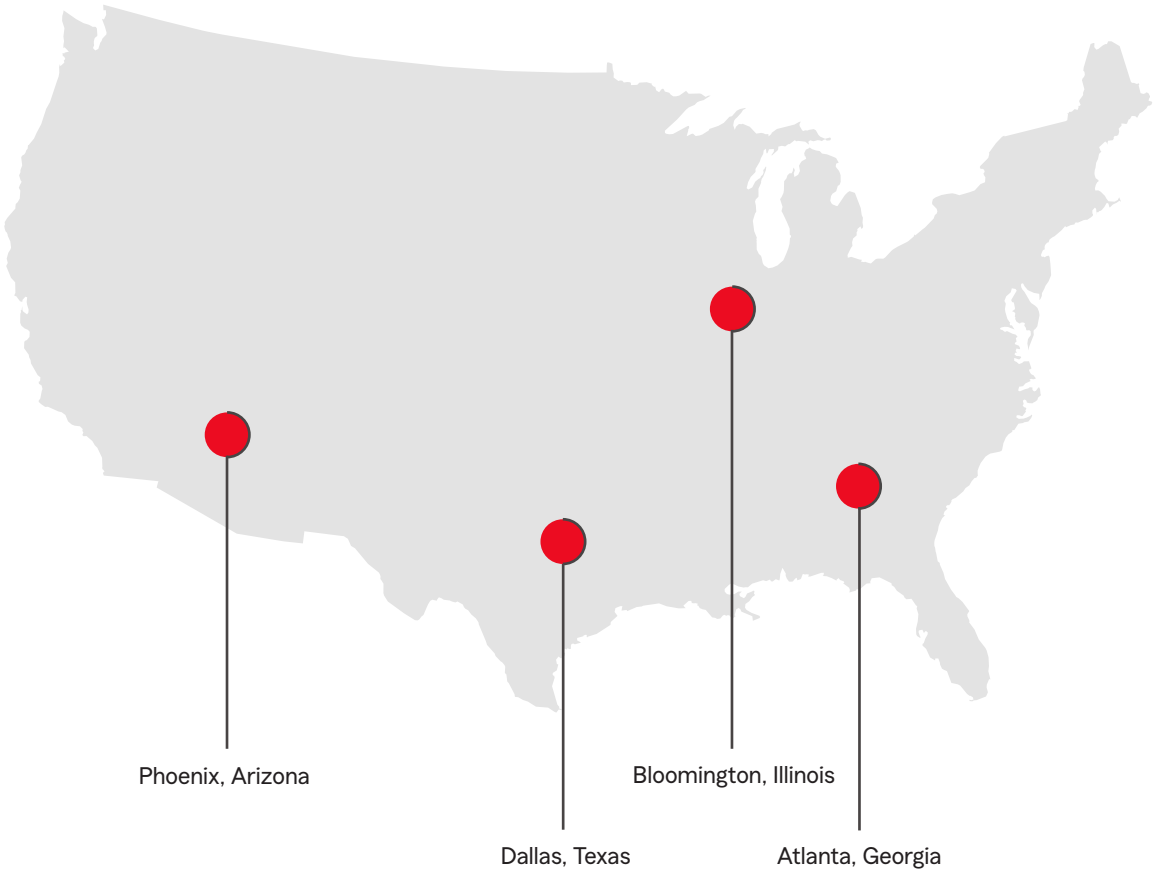
Number of State Farm facilities procuring renewable energy

97%

Percentage of cafeteria waste composted at Corporate Headquarters

State Farm by the numbers

Locations of State Farm major facilities



2022 awards and recognition

Diversity and inclusion

- **Disability Equality Index**
  Best Places to Work for Disability Inclusion (2021 – 2022)
- **Hispanic Association on Corporate Responsibility**
  Corporate Inclusion Index™ (2009 – 2022)
- **Human Rights Campaign**
  Best Places to Work for LGBTQ+ Equality (2016 – 2022)
  Corporate Equality Index (2002 – 2022)
- **LATINA Style**
  50 Best Companies for Latinas to Work for
  in the U.S. (1998 – 2022)
- **LATINO Magazine**
  2022 LATINO Equity 100 (2022)
- **Seramount**
  Best Companies for Multicultural Women (2009 – 2022)
- **Seramount**
  Leading Inclusion Index Company (2020 – 2022)
- **Minority Corporate Counsel Association**
  Employer of Choice Award (2022)

Top employer

- **G.I. Jobs Magazine**
  Top Military-Friendly® Employers (2005 – 2022)
- **Seramount**
  Top Companies for Executive Women (2008 – 2022)
- **Seramount**
  100 Best Companies (2020 – 2022)
- **Seramount**
  Best Companies for Dads (2020 – 2022)

Enabling our workforce to power the future



At State Farm, we recognize that one of our greatest strengths is our people.

We seek to recruit and retain a diverse workforce who is attracted to and inspired by our mission of helping people, with the knowledge that we are only able to fully deliver on that mission when we create environments where our employees feel valued, respected and supported to be their very best.

Growing and supporting a mission-driven workforce

Recruiting and growing the workforce

When it comes to strategically growing our workforce, State Farm has expanded our hiring practices to ensure we are reaching candidates where they are. This means hosting both virtual and in-person job fairs, tapping into relationship management tools such as text recruiting, sponsoring networking events, increasing incentives like referral bonuses to identify and attract the best candidates and ensuring starting salaries are competitive across employee groups.

We hired 16,000 new employees in 2022, with a particular increase in claims hiring, to ensure we deliver on our promise to millions of customers who need our assistance.

Skills-based workforce of the future

Our goal is to build a State Farm talent marketplace that matches employee skill sets with opportunities inside the Company. In 2022, we implemented **Help Center**, new software to increase our ability to track employee skills, provide teams access to understanding skills available across our workforce and match mentors to employees. **Around 200,000 skills – including Growth Mindset, Negotiation and Resiliency** – were entered into the system. We are currently developing a supplementary automated tool to better match skills to needs.

State Farm agents and employees across the country share a common purpose to help others.

We help people in all of life's moments – from buying their first car or home to recovering from the loss of a loved one or property. We strengthen communities through our continued focus on safety, community development and education. We lift each other up so everyone can be their best. We are resilient people who take tremendous pride in being good neighbors.





Growing and supporting a mission-driven workforce

Maximizing the growth of our workforce requires employees to demonstrate a growth mindset, and we provide a unique mix of development to help. The most meaningful learning happens through purposeful experiences on the job (70%) combined with learning from others (20%) and learning through instruction (10%). This approach has been very helpful for both skilling and upskilling our employees to become more confident and productive to meet the needs of our customers. Guided by employee-driven development plans, leadership provides support and counsel to collaborate on the best mix of learning so our employees can be at their best and realize their career dreams.

Degreed

Employees are owning their skill development journey and actively using the Degreed Platform for self-development. Overall, 37% of our workforce used the Degreed Platform to complete over 469,000 learning content items.

Employees continuing their education

5.5M

Total hours of learning

98

Average hours of learning per participating employee

Tuition assistance

Our **industry-leading tuition assistance** helps eligible employees meet their education goals. State Farm pays $7,500 per year for undergraduate courses and $10,000 per year for graduate courses. We also offer direct billing for select institutions.

"The State Farm tuition assistance program changed my life. I was working in a paraprofessional role when my team introduced me to the program. I graduated magna cum laude; within a few months, I was promoted. My education gave me the confidence to pursue opportunities that seemed out of reach before earning my degree."



Jenny Lane
Technology Manager

Supporting our leaders

We know leaders have the unique ability to create environments where employees choose to remain with State Farm because they feel connected and supported by their leaders. We rely on leaders to foster trust, growth and belonging in a rewarding and inclusive environment. To help them do that, we provide 6,535 State Farm leaders with development that supports both their effectiveness today, as well as their preparation for the leadership challenges of tomorrow. To maximize the impact of development while minimizing the disruption of pulling leaders away from their teams, we focus on helping leaders develop skills through experience in their work and through connections with peers and mentors, as well as through more traditional forms of training. We are also investing in developing critical leadership skills, enhancing the health of the leadership pipeline and supporting succession planning.

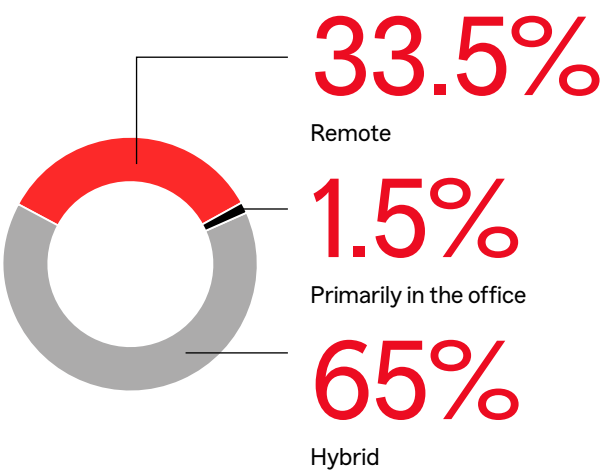


Growing and supporting a mission-driven workforce

For decades, State Farm has placed great importance on cultivating a superior workplace, which involves attracting and retaining exceptional employees. One way we do this is by offering meaningful benefits that further physical, mental and financial well-being. We recognize that highly satisfied employees are integral to overall Company success. State Farm is committed to prioritizing an employee-centric workplace while remaining a leader in our industry.

Flexible workplace

We know that today's workforce values flexibility, so we have made flexible work environments a priority at State Farm. Rather than Companywide requirements on where and how we work, we have empowered business areas to make decisions on workplace approaches based on what works best for their employees and our business. To support hybrid structures, we rolled out digital communication tools to facilitate collaboration and increased virtual training.



2022 health, pay and education benefits

- State Farm offers a range of **mental health-focused resources** for employees, including free confidential 24/7 counseling support via LifeWorks. In 2022, employees participating in LifeWorks received a Stress Reduction Toolkit with suggested techniques to minimize stress. We also host a State Farm Mental Health intranet site where employees can access mental health and critical incident toolkits and information on topics such as decision-making and post-traumatic stress disorder. For leaders, a behavioral health specialist provides consulting services and educational presentations on mental health issues.
- In 2022, having **digitized our annual benefits fair** to make it more accessible, we experienced our highest ever open enrollment with 92% employee participation.
- To support employees' financial well-being, we offer **personalized financial planning courses**. These courses provide suggestions for handling complex challenges, such as debt management and retirement planning, and assist employees in developing action plans. Throughout the year, courses had a total attendance of 13,942 with a reported 96% satisfaction rate. Through the financial planning course, employees have free, unlimited access to one-on-one consultation with financial planners and online tools.

State Farm breaks ground in piloting health concierges for diverse employees

Building on the success of our 2021 launch of **Included Health** to support our LGBTQ+ community, **we expanded our Included Health benefit in 2022 to Black State Farm employees and their loved ones.** Included Health is a dedicated care concierge focused on making the health care system more equitable for all employees. The service enables employees to connect with providers of similar backgrounds, who may better understand their concerns and needs. Our Pride and African American Forum employee resource groups, which represent LGBTQ+ and Black employees, respectively, provided guidance to Included Health to customize the program. State Farm was the first company to provide nationwide Included Health for LGBTQ+ employees, and one of just a few companies to introduce the benefit to Black employees. With a variety of diverse employee groups expressing interest, we are exploring further expansion of this successful program.

Supporting employees with challenging work

At State Farm, we are committed to helping employees navigate emotional stress that can take a toll on mental and physical health as they work tirelessly to help customers manage through challenging events. Our support courses cover potential scenarios including how to provide empathetic claims service during catastrophes or accidents or supporting an upset customer. Other resources, including webinars, are available on empathy, difficult conversations and well-being. We also offer targeted emotional support resources for employees supporting customers through traumatic events.

Employee perceptions

Employee perception scores represent the average score of all employee responses. Surveys are administered quarterly so that each employee has the opportunity to respond to each topic once a year. State Farm employees were asked to rank their responses to each of the following topics on a scale from **1 (strongly disagree)** to **5 (strongly agree)**.



Topic/Definition	2020	2021	2022
Diversity The perception that the organization has an environment where people are accepted, appreciated and valued for diversity of backgrounds, values and viewpoints.	4.0	4.0	4.0
Inclusion Employees' perceptions that they belong and are included among their workgroup.	4.3	4.3	4.3
Developmental opportunities Employees' perceptions that they have developmental opportunities at State Farm.	4.0	3.9	4.0
Job satisfaction Employees' overall satisfaction with their job.	4.1	3.9	3.9

Topics reflect 2022 annual results. Diversity, Inclusion and Developmental Opportunities are three of five topics that make up the Organizational Environmental Insights, a measure of the environment our leaders create and influence; OEI also includes Recognition and Knowledge of Performance. Job Satisfaction is one of three topics that make up the Employee Engagement Insights, a measure of Job Satisfaction, Organizational Commitment and Job Initiative, and are outcomes linked closely with employee engagement. State Farm results do not include employees of our affiliates.

In 2022, State Farm updated the methodology for displaying this information in our State Farm Impact Report to more closely align with how data is shared internally with State Farm employees.

Championing diversity and inclusion (D&I)

At the core of being a good neighbor is valuing people and relationships. We believe everyone should be treated with respect and supported in working toward their potential – fundamental principles of championing diversity and inclusion (D&I).

At State Farm, we define diversity and inclusion as:

Diversity

Diversity is the collective strength of experiences, skills, talents, perspectives and cultures that each associate brings to State Farm. It's how we create a dynamic business environment to serve our customers.

Inclusion

Inclusion is respecting and valuing the unique dimension each associate adds to the organization. It is recognizing that associates are at their creative and productive best when they work in an inclusive environment.

Our unwavering commitment to D&I is demonstrated by how we operate our Company, engage with our customers and suppliers and contribute to our communities. We strive to embed D&I further into all aspects of State Farm, fueling our competitive advantage and serving our customers from a place of thoughtfulness and dignity. Guiding and grounding our D&I efforts is our D&I Strategic Roadmap and Governance Council.



D&I strategic roadmap

With a vision to be a workplace known for inclusiveness, opportunity and personal development, our D&I Strategic Roadmap has three objectives:

Embed D&I into all aspects of the business

Promote workforce diversity at all levels

Model organizational inclusiveness in everything we do

Championing D&I

D&I governance

Our D&I strategic vision is overseen by our Chief Diversity Officer and D&I Governance Council, with input from leaders and employees throughout the organization. Our leadership executes the D&I vision and strategic roadmap by incorporating initiatives and metrics within their business plans, and enterprise progress is tracked through a D&I scorecard. Our Enterprise Diversity and Inclusion Council, composed of appointed executive and mid-manager-level leadership, supports our vision of diversity across business functions.

State Farm believes it is the responsibility of the entire organization to achieve D&I across the Company and we strive to bring in, support and grow top talent regardless of their background. To underscore the importance for all employees to own and promote D&I, we introduced D&I goals for the 2022 performance cycle. These goals help leaders and employees focus on creating an inclusive environment by integrating and supporting the diverse talents, strengths, ideas and perspectives of others. To support goal achievement, managers were provided with recommended strategies for facilitating inclusion within teams and assessing progress.



“Our goal is to be a good neighbor. Key to achieving this is nurturing a culture where we champion the fundamental principles of diversity and inclusion, underscored by commitment and accountability. We remain committed in our journey to embed D&I practices at every level of our Company – within the workplace and marketplace, across the communities in which we live and work, and with the diverse suppliers and customers with whom we do business.”

— Sonya Robinson
Chief Diversity Officer



Championing D&I

Employee Resource Groups (ERGs)

State Farm supports communities with shared identities and interests. State Farm has sponsored employee resource groups (ERGs) for more than two decades.

Our 12 ERGs provide 12,776 participating employees with an increased sense of belonging and offer personal and professional development opportunities that contribute to our Company's success. The ERGs also positively impact our external communities by awarding a total of $120,000 in State Farm-funded grants to nonprofit organizations selected by – and meaningful to – ERG members. Additionally, ERGs hosted 286 volunteering and community giving events.

State Farm recognizes the importance of mentoring. Our 12 ERGs collaborated on the development of a mentoring series, which included a panel discussion featuring diverse employees discussing their experiences as mentors and mentees, along with other employee resources. As a next step, the ERGs hosted an event focused on mentorship within small groups.

12,776
Employees participated in 12 ERGs

286
Volunteering and community giving events hosted by ERGs

State Farm Employee Resource Groups

- **Advocacy for Disabilities and Education** (ADE)
- **African American Forum** (AAF)
- **AsiaNET**
- **Helping Others Parent Effectively** (HOPE)
- **Hispanic Employee Resource Organization** (HERO)
- **Military Affinity Group** (MAG)
- **Minority Men Affinity Network** (M^2.A.N.)
- **My Generations** (MY Gen)
- **Pride**
- **Women and Technology** (W&T)
- **Women's Networking Group** (Wnet)
- **Young Business Professionals** (YBP)

ERG Incubator

Our ERG Incubator was initiated in 2021 to source diverse perspectives and informed insights on a variety of business topics and to influence enterprisewide decisions. At the end of 2022, the ERG Incubator had 144 volunteer members – 12 from each ERG – representing different locations, shifts, levels, tenure and demographic groups.

Through the end of 2022, 11 business partners engaged with our ERG Incubator. In 2022, the group has served partners across business areas within the Company to provide feedback and recommendations on topics including State Farm Mission, Vision and Values statements and how to be more relevant with the next generation of diverse customers.

Championing D&I

Embedding D&I across our business

Many efforts and activities were initiated in 2022 to further integrate D&I across all levels of our business. As we worked to enhance inclusive hiring, we expanded our 2021 pilot of Inclusive Practices and Talent Decisions training for recruiters and leaders. We facilitated training led by a third-party diversity expert to further create an inclusive environment. This training includes multiple 1:1 sessions between leaders and employees of different backgrounds to gain new perspectives. By the end of 2022, over 80% of leaders completed the training. We also piloted Inclusion Champions: employees who participate in talent hiring and review panels and are responsible for identifying opportunities for more inclusive hiring that align with the Company's strategy. The program was piloted across State Farm departments and received positive feedback from hiring panels for Inclusion Champions' contributions, which helped to ensure a more intentional lens on D&I throughout the hiring process. In 2023, the goal is to integrate the perspectives brought by Inclusion Champions into all talent review processes as an enterprise practice.

In addition, we hosted a variety of events to gather feedback from employees of diverse backgrounds and genders, including two separate Executive Listening Sessions with State Farm's LGBTQ+ and Hispanic/Latino communities. Participants in these sessions stated they believe State Farm is a welcoming and inclusive environment. This feedback highlighted opportunities to improve leadership representation and increase sponsorship for career development. These groups' thoughtful suggestions are being considered for implementation in our D&I Strategic Roadmap.



Interactive programming is another way we are advancing D&I across our business. In partnership with one of our employee resource groups (ERGs), **Hispanic Employee Resource Organization (HERO)**, we created a development experience that helped prepare individuals for leadership, resulting in the promotion of 20 Hispanic/Latino Claims employees to first- and second-line leadership positions.

Our **African American Forum (AAF)** ERG introduced Building a Pipeline to Success, a virtual training focused on providing employees opportunities to build interview skills, participate in career pathing and strengthen their résumés. Out of 157 participants, 57 applied for leadership positions and nearly two-thirds received an opportunity.

Emerge. Reflect. Grow.

Our Emerge. Reflect. Grow. leadership development program leverages our ERGs to develop future leaders. Participants across the 12 ERGs engage in a six-month interactive experience to develop business leadership and acumen. A hallmark of this opportunity is to explore oneself, develop a deeper cultural awareness and learn how this competence connects to building high-performing environments and one's personal leadership brand.

Created by ERG leaders in partnership with our D&I and Human Resources & Development teams, the program has three tracks: 1) professional/technical, 2) first-line leaders and 3) second- and third-line leaders (mid-level managers). Participants engage in large group and small group mentoring sessions as well as an insights and application module. Each participant completes an assessment, which is compared anonymously against their fellow participants. Then, each participant creates a development plan to improve how they manage and collaborate with others.

Emerge

Step forward and grow knowledge, skills and network

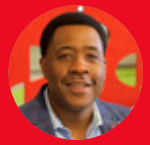
Reflect

Explore the impact of culture on career and leadership development

Grow

Apply learnings to expand influence and impact

"I believe current and future leaders will experience incredible growth through this development program when they are able to understand and build on cultural similarities and differences, lean into their personal brand and apply their learnings in order to grow State Farm."



Rasheed Merritt
Assistant Vice President — Corporate Responsibility

Championing D&I

Disability inclusion

In response to concerns voiced by employees with disabilities during a listening session initiated by our **Advocacy for Disabilities and Education (ADE)** ERG, paired with internal research, we created a State Farm People with Disabilities Action Plan. The Plan will address employees' disability needs across the Company, including aiming to streamline the process by which employees request disability-related accommodations, making it a more inclusive and user-friendly experience.

Tech Astra® Summit

In 2022, our Women in Technology ERG supported programming for local communities through initiatives like our Tech Astra Summit, bringing together 126 school-aged participants interested in STEM careers and 140 employee volunteers across our locations.



Veteran support

State Farm values the variety of skills brought by veterans and has a long history of veteran recruitment. To assist veterans in transitioning to a civilian career, we have a search function on our job site where veterans can input information about their military jobs and skills to receive a list of relevant open positions. Veteran support continues inside State Farm through the Military Affinity Group – an ERG that brings employees together to explore how the military's values and perspectives can be used to achieve Company goals.

"My favorite things about being part of the Military Affinity Group are the relationships and people – these are some of the most powerful relationships I have inside of State Farm. We are heavily involved in our local communities, working with organizations like Habitat for Humanity, to support the veteran community. We bring a group of people together with different backgrounds and welcome every single State Farm employee to become engaged – you just need a passion for serving and helping others."



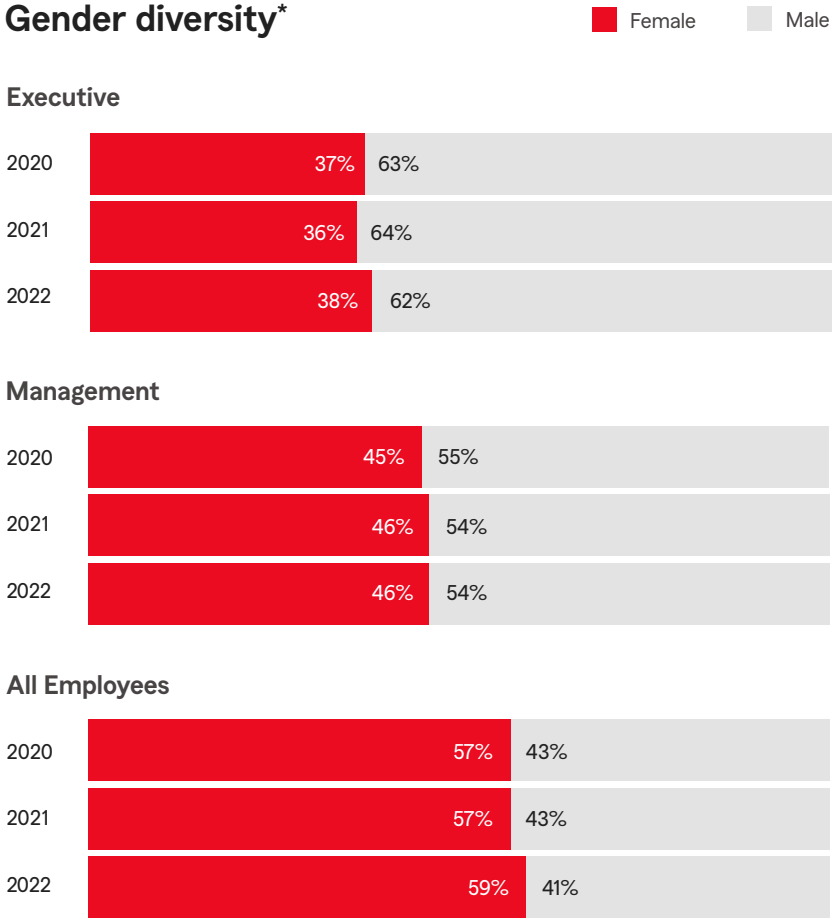
Heather Blevins, Senior Project Coordinator
and Military Affinity Group ERG Co-leader

Championing D&I

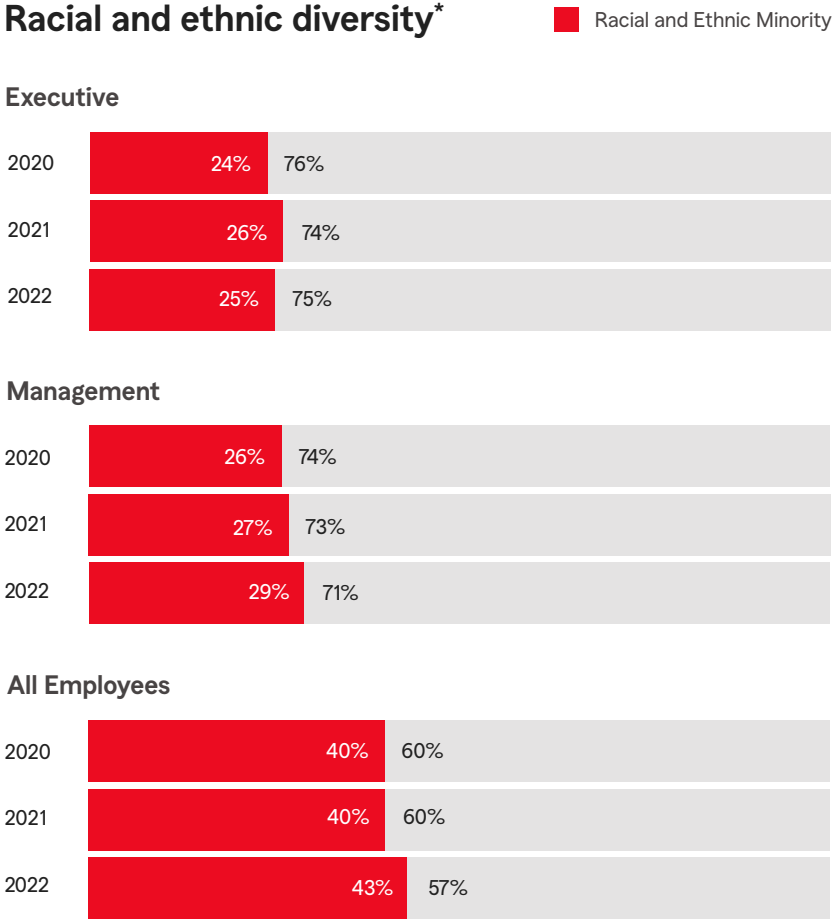
Diverse representation in the workforce

Our efforts to foster a diverse and inclusive environment are reflected in the composition of our workforce. In 2022, State Farm welcomed 16,000 new employees – of which nearly two-thirds identify with racial and ethnic minority groups. Among these new hires, 68% are female and 32% are male. From year-end 2020 to year-end 2022, State Farm increased ethnic and minority representation by 3 percentage points.

Gender diversity*



Racial and ethnic diversity*



*Employment demographic numbers for State Farm are as of year-end 2022 and do not include Dover Bay Specialty Insurance Company or HiRoad Assurance Company.

Year-end 2022 data

Building environmentally sustainable and resilient futures



By engaging in environmentally sustainable practices, we save money and we demonstrate to our customers and employees that we value a healthy planet.

These practices positively impact our business – through reduced costs and waste, increased efficiency, and employee attraction and retention. Operating in an environmentally sustainable way is simply the right thing to do. Because committing to long-term resiliency of the planet and the business of being a good neighbor starts with us.

Committing to long-term resiliency of the planet and the business

Reducing greenhouse gas emissions

A changing climate introduces more risk and uncertainty into the lives of our policyholders, particularly regarding the frequency, severity and location of catastrophic weather events. To address this, we are monitoring risks associated with climate change while also seeking to do our part to reduce our environmental impact. Our greenhouse gas (GHG) emissions reduction efforts are driven by our goal to reduce GHG emissions 50% by 2030, including direct emissions from owned or controlled sources (Scope 1) and indirect emissions from the generation of purchased energy (Scope 2). Our goal is informed by the Paris Agreement, which specifies the need to reduce GHG emissions in order to limit the global temperature increase to 1.5 degrees Celsius by 2050.

In 2022, we realized a year-over-year decrease in GHG emissions of 13.6%, resulting in a cumulative emissions reduction of 46.3% from our 2019 baseline year. We attribute these reductions to both on-site and off-site changes including lower facilities use, fewer fleet miles driven and investments in renewable energy. Our support of renewable energy generation in markets where we have our largest operations also contributes to our progress of emissions minimization and has saved costs.

In 2020, we signed a 10-year, 29-megawatt agreement with Constellation NewEnergy, Inc., to purchase zero-emission, renewable energy equivalent to the annual electricity use of our CityLine campus and Richardson Data Center in Richardson, Texas. Our energy and Renewable Energy Certificates (RECs) will be sourced from RWE Clean Energy's Big Star Solar Project. In total, five State Farm facilities will procure approximately 75,000 megawatt hours of renewable energy per year.

Most recently, we signed a 12-year, 50-megawatt agreement with Constellation NewEnergy, Inc. to purchase zero-emission, renewable energy equivalent to the annual electricity use of our Corporate Headquarters and other facilities in Bloomington, Illinois. Our energy and RECs will be sourced from Swift Current Energy's Double Black Diamond Solar Project in downstate Illinois. In total, eight State Farm facilities will procure approximately 103,000 megawatt hours of renewable energy per year. This is the equivalent of 74,000 metric tons of carbon emissions annually.

Based on 2022 progress, renewable power investments and other reduction efforts – including updating facility lighting to energy-efficient options – we are on track to achieve our GHG emissions reduction goal.

13

State Farm facilities will procure approximately

178,000

Megawatt-hours of renewable energy per year — the equivalent emissions of nearly

18,500

Homes' electricity use for one year*

Our GHG emissions reduction target

Reduce Scope 1 and 2 GHG emissions 50% by 2030, using 2019 as a baseline year.

Progress in 2022

State Farm achieved a 46.3% emissions reduction (Scope 1 and 2) from the 2019 baseline – decreasing from 202,004 metric tons of CO_2e to 108,511 metric tons.

*EPA Greenhouse Gas Equivalencies Calculator https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

Aligning to Task Force on Climate-Related Financial Disclosures (TCFD) and introducing our first TCFD Report

To provide transparency around how we address climate risks for our policyholders and business, State Farm issued our first TCFD report in November 2022, focused on emissions through 2021. TCFD is an external framework that provides guidance to companies on information sought by investors and other stakeholders to assess risks related to climate change. The report offers information about how we govern, evaluate and address climate risk on behalf of our policyholders.

Review our 2021 TCFD Report here. The 2022 TCFD report will be available mid-2023.

Committing to long-term resiliency of the planet and the business

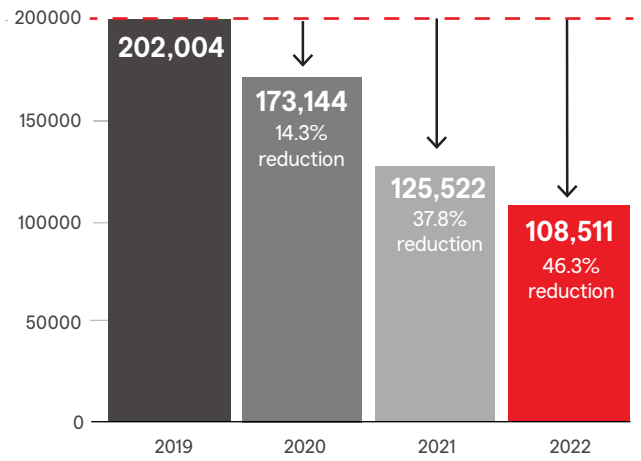
Reducing our carbon footprint

Helping customers reduce their environmental impacts

State Farm customers are interested in doing their part for the planet, and we are here to assist. Through an optional homeowners policy endorsement, in the event of a covered loss, our property insurance affiliates will pay to replace a damaged heating unit, air conditioning unit or water heater with more energy-efficient models. The coverage provides up to 150% of what the cost would have been to replace with a comparable conventional unit, reducing overall costs for both State Farm and its customers. We offer discounts to customers with impact-resistant roofs and encourage paperless billing options to reduce paper usage. We also share tips and home energy upgrades that can lead to energy savings on our Simple Insights® online resource.

- 28,626 customers qualified for the Roof Surfaces – Impact Resistant Roof premium credit in 2022, bringing the total of qualifying customers to 241,575.
- In 2022, 6,870 customers purchased the Energy Efficiency Upgrade Endorsement, totaling up to 44,777 customers who purchased this additional coverage.

State Farm emissions in metric tons of CO_2e
(using 2019 emission data as baseline)



2022 emissions reductions due to:

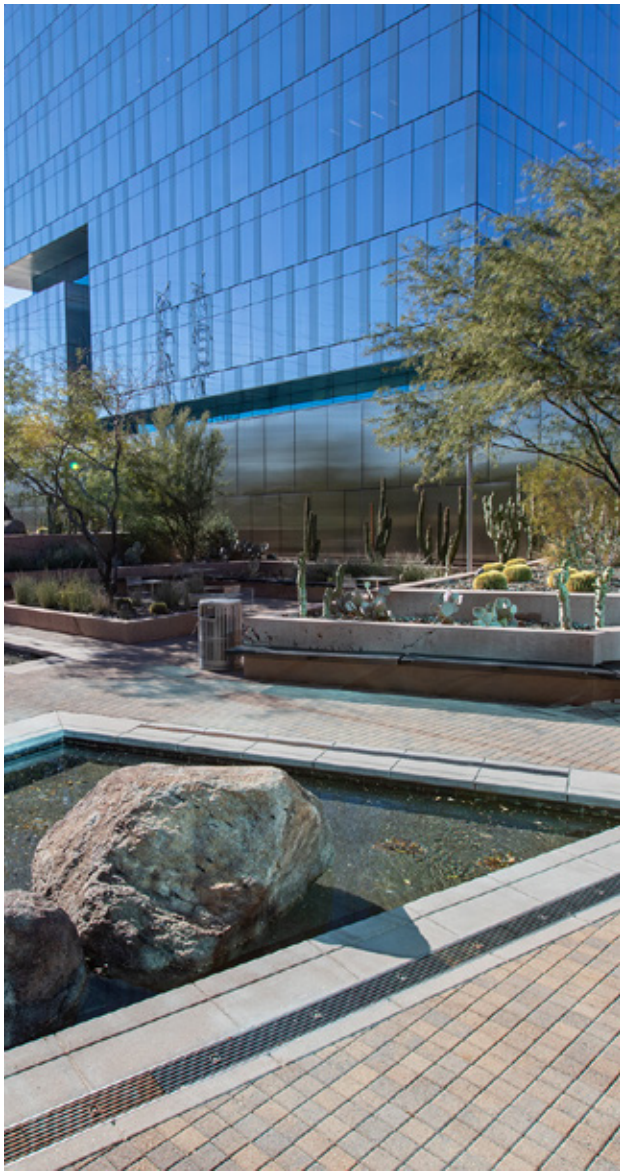


- 37% reduction supported by hybrid work arrangements and facility efficiency improvements
- 34% reduction from closing or subleasing facilities
- 14% reduction from accelerated use of virtual claim handling technology, resulting in fewer fleet miles driven and a reduction in the number of vehicles in the enterprise fleet
- 8% reduction from investing in renewable energy



Committing to long-term resiliency of the planet and the business

Breakdown of reductions



Data

Direct emissions (Scope 1)	2019	2020	2021	2022**
Company Fleet	31,322	17,176	14,702	18,310
Facility Machinery Fuel and Refrigerant	27,719	24,488	23,710	22,194
Totals*	59,041	41,664	38,412	40,504
Indirect emissions (Scope 2)				
Location-based Electricity*	213,373	173,812	139,876	137,251
Market-based Electricity*	142,963	131,480	87,110	68,008
Totals				
Scope 1 & 2 Location-based	272,414	215,476	178,288	177,755
Scope 1 & 2 Market-based	202,004	173,144	125,522	108,512

Internal operations energy consumption

Fuel type	2019	2020	2021	2022
Fleet Fuel (gallons)	3,512,711	1,931,355	1,639,334	2,031,741
Machinery Fuel (gallons)	59,308	44,534	197,663	51,640
Electricity (MWh)	399,765	341,439	300,620	287,599
Natural Gas (therms)	4,753,159	4,322,311	3,902,873	3,884,585

Progress against science-based target

				Cumulative % reduction from baseline		
Emissions	Baseline (2019)	2030 Target	2030 Target %	through 2020	through 2021	through 2022
Scope 1 & 2 Market-based	202,004	101,200	-50%	14.3%	37.9%	46.3%

*We engaged an independent third party to perform an attest review engagement over our total Scope 1 greenhouse gas (GHG) emissions, Scope 2 GHG emissions (market-based) and Scope 2 GHG emissions (location-based), as represented in State Farm Mutual Automobile Insurance Company's Management Assertion, for the years ending Dec. 31, 2019, Dec. 31, 2020 and Dec. 31, 2021.

**These numbers are estimates. We will publish an assurance statement for 2022 when it is available.

Addressing our environmental impacts

Reducing waste in our operations

As we engage customers, agents and employees to reduce waste, we are also more thoughtful about the products and materials that we buy, sell and use. We decrease impact through recycling, composting, repairing and reusing products and materials as well.

To further reduce our waste, we must understand our waste footprint, so we are conducting audits of our primary facilities, supply chain and infrastructure capabilities to identify opportunities for optimization and improvement. In 2022, we conducted waste audits of our Bloomington, Illinois campus and our distribution centers. Our hub offices in Atlanta, Dallas and Phoenix, where our largest footprints exist, underwent audits in early 2023. The audits provided a holistic view of our waste streams, established baseline waste data, identified opportunities to reduce waste and will support the development of waste reduction goals.

The waste audits highlighted two of our distribution centers that are leading the way in waste management, with both facilities diverting more than 95% of their waste away from landfills. For these high-performing centers, we are applying for Total Resource Use and Efficiency (TRUE) certification – a zero waste certification program that will reinforce and elevate the centers' success and demonstrate best practices for other facilities.

In 2022, a Zero Waste Champions team of employees formed to build on the waste audit findings, share best practices and encourage new behaviors in waste reduction. To continue our efforts, we will regularly communicate and engage with employees across these facilities to promote better waste reduction and disposal practices.

Composting and recycling

Employees value working at companies that are environmentally responsible. In 2022, 1,200 employees from the Bloomington, Illinois Corporate Headquarters participated in a centralized waste pilot program with the goal of diverting more waste from landfills and advancing recycling and composting. Participants had to take their office waste to central locations and sort it across three stations: recycling, compost and landfill. Waste audit results reveal these participating employees had a significantly higher rate of diverting waste from the landfill than the rest of the facility. Additional program expansions are planned for 2023.

We also initiated a Waste Busters team, composed of 19 employees who educate their colleagues and advocate for the centralized waste program. Team members engaged in friendly competition to see who could recruit the most employees to participate.

Today, zero waste stations with recycle, compost and landfill options are widely accessible across our Bloomington, Illinois campus. We partnered with our food services provider to understand our waste impacts. Over the course of the year, we composted 97%, or 10.3 tons of our cafeteria waste.



"I recognize our resources are finite; we can't keep using things once and throwing them away. I want to see us divert more waste from landfills in our business facilities to show the public our "good neighbor" slogan isn't just a slogan – it's what we strive to be."



Jeff Trimble
Sr. Risk & Compliance Analyst
and Waste Buster

Addressing our environmental impacts

Eliminating single-use plastics

With single-use food service plastics as major contributors to plastic pollution, we are working toward 100% reusable or compostable dining products at Corporate Headquarters, and are looking to expand compostable products into other facilities as well. By the end of 2022, we made a 94.3% conversion toward the goal of 100%. This shift demonstrates our efforts to divert waste from landfills and keep more natural resources in circulation.

Improving our facilities

Operating safe, healthy and environmentally efficient facilities that also improve the employee experience has always been a top priority. In 2022, we received UL Verified Healthy Building Status at three Bloomington campus facilities and our three hub offices.

Throughout 2022, we have prepared for the 2023 activation of two on-site solar projects on our Bloomington campus. One will be a 200-kilowatt system that will provide nearly 100% of the annual energy usage at a transportation facility. The other will be an 880-kilowatt system to provide approximately 50% of the annual energy usage at our distribution center. Combined, these systems will generate enough power to eliminate more than 1,000 metric tons of carbon dioxide equivalent annually – comparable to GHG emissions produced by driving 2.5 million miles in an average gasoline-powered passenger vehicle.*

Additional ongoing actions to drive greater efficiency at our facilities include upgrading to LED lighting, replacing boilers and upgrading heating, ventilation and air conditioning (HVAC).

*EPA Greenhouse Gas Equivalencies Calculator https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator



Serving sustainable fare

In partnership with our food services provider, we offer employees healthy, more environmentally sustainable options in our cafeteria. For example, in 2022, offerings included:

- 100% of milk and yogurt free of artificial growth hormones
- 100% seafood from sustainable sources
- 100% chicken and 97% turkey produced without routine use of human antibiotics
- 89% of eggs Certified Humane and cage-free

We also source 20% of produce and dairy locally to support family farms.

Addressing our environmental impacts

Reducing paper use

We are seeing that more customers of all ages are interested in receiving communications digitally. We are responding with reliable, swift and secure communications that reduce natural resource use and costs. By increasing paperless billing, promoting policy adoption and delivering paperless communications, we decreased paper usage, achieved substantial cost savings and reduced the volume of mail we send. In 2022, we:

- Welcomed 3.8 million customers to global email opt-in, which includes paperless billing and policy documents preferences.
- Avoided printing and posting more than 105 million mailings and 315 million sheets of paper.
- Saved $58.4 million and an estimated equivalent of 31,500 trees through paper reduction initiatives.

In 2023, our paper-reduction initiatives are targeted to save $87.3 million as a result of sending approximately 140 million fewer mailings. This is more than double our 2021 savings of $37.3 million.

We are reducing our in-office paper use by sending and saving more information electronically. For example, when workstations are shipped, they were traditionally accompanied by physical installation manuals. Our Underwriting business area now sends information electronically, which eliminates the need for 1,020 printed instructions in 2022. We plan to replicate these successes across additional business areas.

Rethinking E-waste

From the moment information technology (IT) equipment arrives at State Farm to when it is removed from service, we look for ways to reduce associated waste. With 61,000 employees and 19,000 agents using more than 1.1 million IT devices, reuse and recycling initiatives can make a considerable difference.

Our Administrative Services team collaborates with multiple business areas to simplify and modernize equipment processes toward reducing environmental impacts. Efforts include consolidating equipment shipments to decrease the number of packages sent to end users, evaluating defective equipment toward restoration and repurposing and performing warranty work on some IT hardware. This enables devices to be repaired on-site, reducing the need to ship products back to the manufacturer. In 2022, these smart and easy solutions made a major difference, such as the elimination of nearly 39,000 shipments of new-hire equipment. Through repurposing efforts, State Farm also gave back to the community in the following ways:

- Donated more than 6,000 repurposed pieces of hardware to local schools and nonprofits
- Recycled 193,213 pieces of hardware so the raw materials could be repurposed
- Sent 79,491 workstations to a reseller to be sold for a second life

Throughout the Company, we are identifying opportunities to reduce the number of desktop- and network-connected printers. Metrics are being modified to incorporate environmental sustainability impacts and individual departments are performing self-audits to validate desktop-connected printer needs. An internal audit conducted in 2022 resulted in removing 101 printers, reducing waste and expenses related to the purchase of associated ink cartridges and paper.

New workspace operating models are enabling the reduction of network-connected printers. In 2022, we removed 1,328 network printers with a resulting 5-year cost avoidance projection of $7,102,502. We also created shared seating environments to reduce the number of monitors and docking stations needed.

We introduced a self-service strategy that enables associates to obtain commonly used IT hardware, such as headsets, keyboards, mice and docking stations, via IT vending machines as a way to increase convenience and efficiency for associates while eliminating individual shipments. The IT vending machines are located across four campus locations in Atlanta, Bloomington, Dallas and Phoenix. As of the end of 2022, we reduced weekly hardware shipments from 400 per week to four per week.



Strengthening communities



Our commitment to help customers prepare for and recover from the unexpected and realize their dreams has remained steadfast for over 100 years.

We extend that commitment to the neighborhoods we serve by providing resources that will help them succeed. Through our focus on safety, education and community development, we acknowledge that strong, vibrant communities make us all better and enable an economically strong society.

Helping people when disaster strikes

Life is full of uncertainties. Our customers and communities know that when disasters happen, they can count on State Farm for guidance with insurance needs, financial planning and supporting community recovery efforts. For more than 100 years, they have depended on our distinguished quality service, expertise and financial strength — values people seek and depend on in time of crisis and beyond.

Prevention and protection

At State Farm, we do not stand by and wait for the next natural disaster to strike before acting. We help customers reduce and prevent losses through preparedness and proactive mitigation. We build teams with appropriate skill sets and provide them with proper and innovative equipment – and we help customers take precautionary measures. Our natural disaster preparation includes supporting advocacy for building codes and other safety initiatives and providing education on how to strengthen homes.

Every other year we execute a large-scale event simulation exercise so our teams can regularly refresh their catastrophe response. This helps ensure alignment across the network and prepares agents, employees and leaders to confidently act when an event occurs. During hurricane and wildfire offseasons, and following emergency events, we build and enhance disaster response playbooks to improve and incorporate lessons learned. We also conduct after-action reviews following a large-scale event to evaluate our response and share ideas to improve performance.

When disasters do occur, State Farm agents and employees help people and communities recover and rebuild. Our catastrophe response works to coordinate efforts by readying teams with proper equipment and skill sets, securing nearby accommodations and setting up mobile claim centers. When it comes to prevention and recovery, we leverage emerging technology to enhance the ways we serve customers. State Farm homeowners insurance policyholders, for example, are eligible to receive a free Ting sensor, which monitors a home's electrical network for faults that can lead to fires. When a natural disaster renders a property inaccessible to our claim handler, we use aerial imagery and technology to better and more quickly gain access for inspections, allowing prompt settlement of claims.



Helping people when disaster strikes

Response readiness

To serve our customers, facilities and equipment must be prepared for every situation. We mobilize teams immediately after an emergency, and we know the most critical elements of maintaining operations, including ensuring phone lines are always working. State Farm evaluates and responds to weather-related risks that could impact our business operations and potentially interfere with our ability to best serve our customers.

Our impact

Disaster preparedness and recovery is our business. Driven by data and supported by experience, we serve customers in advance of and during the most critical times to help prevent damage, prepare for the worst and aid in recovery. In 2022, the United States had to grapple with the impact of two historically devastating catastrophes, the Marshall Fire and Hurricane Ian. Our years of preparation, experience and commitment to customers and communities enabled us to respond quickly.

Using data to guide deployment decisions

Through our collaboration with AccuWeather, we collect real-time data on storms and review forecast models to assess weather and fire predictions. These tools enable us to make strategic decisions on where support is needed from our State Farm teams.







Helping people when disaster strikes

Prevent and prepare: Spotlight on disaster response

Marshall Fire

What started as a grass fire in Boulder County, Colorado, on December 30, 2021, became known as the Marshall Fire. This was the most destructive fire in Colorado's history in terms of the number of buildings destroyed. Many people went to work or school that morning and never returned to their homes.

As soon as the fire started, State Farm began mobilizing resources. Within 24 hours, vendor Wildfire Defense Systems was on the scene implementing proactive countermeasures to protect our policyholders' homes and businesses. Two days later, our Customer Response Unit (CRU) arrived, providing the community with basic necessities including potable water, work gloves, flashlights, first-aid kits and snacks. We also opened catastrophe care on-site to give our customers easy access to our teams.

Thousands of employees in care centers across the country responded to questions and assisted customers in filing claims. Catastrophe response claim specialists arrived on-site to conduct damage assessments and remote claim teams began performing virtual evaluations. State Farm agents who lived in the area were on the ground, aiding customers who were also neighbors. We encouraged customers to opt for virtual inspections when a personal one was unnecessary. Virtual claim handling tools and technology enables customers to conveniently file and track claims from personal devices. Once a claim is initiated, customers can electronically submit photos and other claim documentation and join virtual meetings with claim representatives as needed.



Marshall Fire Good Neighbor Stories

Two State Farm customers were out of town when a neighbor informed them that their entire neighborhood was devastated by the fire. Our fire claim specialist connected with these customers, issued an advance digital payment and secured temporary housing so they had lodging upon their return.

"Thank you so much for your prompt, kind response. You made me feel heard and provided me with information I sorely needed. Between your able and ongoing assistance, as well as the quick response from my agent, I know my decision to go with State Farm was a good choice."

— State Farm customer to their claim handler

2,114

Fire claims received*

496

Auto claims received*

200

Claim handlers deployed at the peak of the event

*As of December 31, 2022

Helping people when disaster strikes

Prevent and prepare: Spotlight on disaster response

Hurricane Ian

Hurricane Ian, a Category 4 Atlantic hurricane, was one of the costliest natural disasters in 2022, according to a report from the National Oceanic and Atmospheric Administration. State Farm began responding before the storm made landfall. We deployed catastrophe response team vehicles for staging in Birmingham, Alabama, and set up an orientation center for the hundreds of new claims handlers arriving to be equipped with laptops and other technical equipment for efficient claims response.

Rather than wait for power to be restored or other challenges to be addressed, State Farm began assisting customers with claims as soon as conditions allowed. We were one of the first insurers at the scene, arriving shortly after the storm departed, with people and equipment positioned up to three hours from the storm sites ready to help once it was safe. This approach prevented a situation where State Farm employees occupied hotel space needed for displaced people. State Farm set up six catastrophe care sites with climate- and power-controlled tents, outfitted with satellites, water and State Farm teams to serve our customers and community members.

In addition to State Farm, one of the first organizations to arrive is often a disaster relief nonprofit, Convoy of Hope. In 2022, we donated $125,000 to assist with their response to Hurricane Ian. These funds helped Convoy of Hope serve 24 communities by:

- Distributing 2.2 million pounds of food and products
- Serving 115,796 individuals
- Supporting 43 places of worship and community partners

Mobilizing 1,500 volunteers to help those impacted by Hurricane Ian across Florida and the Carolinas, State Farm also donated:

- $325,000 to American Red Cross
- $300,000 to Habitat for Humanity
- $125,000 to Midwest Food Bank Florida Division
- $125,000 to Feeding America

“I’m proud to be part of the State Farm team that will help people put their lives back together following Hurricane Ian. This position provides the multifaceted privilege of helping others and building relationships while rebuilding communities. This position is a career you can’t outgrow, where your life, your work, your values and your goals are all in sync.”

— State Farm fire deployed claim specialist who served customers impacted by Hurricane Ian



25,552

Fire claims received*

29,344

Auto claims received*

1,050

Claim handlers deployed at the peak of the event

*As of December 31, 2022

Be a force for good

We strive to be a force for good in the communities we serve and encourage State Farm employees, agents and retirees to support the communities where they live and work.

Investing in our communities

Strong neighborhoods help people, communities and businesses – like ours, and those of our agents – thrive. We value and see potential in the communities where we live and work and we're proud to reinvest in creating opportunities that make communities a better place for all.

- $54.2 million in total national and local philanthropic annual giving. This includes Matching Gifts and Good Neighbor Grants as well as Good Neighbor Citizenship® company grants to organizations and institutions focused on safety, community development and education.
- Almost 200,000 total volunteer hours from agents and employees, including year-end 2022 employee Community Service Education Support hours and end of fourth quarter agent Good Neighbor Grant® volunteer hours.
- 7,200 computer equipment and furniture assets donated by State Farm employees and agents nationwide to support governmental organizations, schools and nonprofits.
- More than $587,000 in disaster preparedness grants and more than $3 million in disaster recovery grants.





State Farm®
CenturyofGood

In commemoration of our 100th anniversary, we dedicated $2 million in grants to create safer, stronger, more resilient communities in 2022. The grants, known as the Century of Good, support projects focused on a range of community-specific environmental priorities. These priorities include improving air quality and energy efficiency, protecting land and water sources from pollution, improving recycling rates and conserving biodiversity and green spaces.

"The $500,000 Century of Good grant will enable Trust for Public Land to build a state-of-the-art outdoor classroom. The space will offer nearly 4,000 Dallas-area students the opportunity to learn in an innovative environment while connecting with nature."



Juaquin Jordan
Director — Administrative Services

Be a force for good

Matching Gift Program

In 2022, nearly $17 million charitable contributions were made by eligible State Farm employees, agents and retirees to qualified nonprofit organizations, K-12 schools, colleges and universities. The State Farm Companies Foundation matches qualified charitable donations up to $4,500 per associate per year to help improve and strengthen communities.

Good Neighbor Grant Program

Eligible State Farm agents, employees and retirees who volunteered a minimum of 40 hours in 2022 earned a $500 grant for an eligible nonprofit organization of their choice. Grants could also be earned by agents and employees volunteering as a team, helping them be good neighbors within their communities. In total, nearly 3,000 grants were awarded to qualified nonprofit organizations and K-12 schools, providing nearly $1.5 million to the communities served.

In 2022, **Canyon State Academy** in Queen Creek, Arizona – a high school offering at-risk students a normalized high school experience – needed help revitalizing their educational horse farm. State Farm awarded the school $2,000 in Good Neighbor Team Grants to renovate the farm. More than 40 employees and agents pitched in more than 160 collective hours painting the barn and fences, which saved the academy nearly $5,000 in labor costs.

100 for Good®

Acts of generosity are demonstrated by State Farm employees and agents across their communities every day. Our 100 for Good program was established in honor of these acts, allowing our employees and agents to officially record their good deeds, from donating clothes to removing trash from a local park. In the lead-up to our 100-year anniversary, we challenged our colleagues to complete 1 million acts of good by June 2022. Employees and agents rose to the challenge, completing a total of 1.3 million Acts of Good with 558,000 acts recorded in 2022, the last year of the program.

As part of our anniversary celebration, we honored the commitment of State Farm agents to their communities by donating $1.5 million across the 48 states and Washington, D.C. with State Farm agents in their communities.* Agents who recorded the most acts of good earned a $5,000 grant for a nonprofit close to their hearts. We also recognized agents with a long-term history of giving back through a nominations-based process, awarding the winning agents with a $10,000 grant for a nonprofit of their choice.

Agent Dax Thomas was honored with a $10,000 100th anniversary service grant for his dedication to the California and Brownsville, Pennsylvania communities. Throughout his career, Dax has delivered meals and groceries to customers during times of need and, together with his sons, shoveled snow for neighbors. He is also an advocate for the Pennsylvania Highway Safety Network, partners with four different chapters of Students Against Destructive Decisions and is a regular participant in the Youth Traffic Safety Leadership Council Summit at PennWest California, a local university. On Dax's behalf, the $10,000 grant was awarded to the California Area School District in Washington County, Pennsylvania.

*State Farm does not have independent contractor agents in Massachusetts and Rhode Island.







Be a force for good

Good Neighbor Walk/Run

One of the many ways we celebrated our 100th anniversary was by hosting a virtual 5K Good Neighbor Walk/Run. Employees, agents, retirees and members of the community were encouraged to participate, and they took to the streets alongside more than 12,300 participants who together raised more than $84,000 for the Boys & Girls Clubs of America.



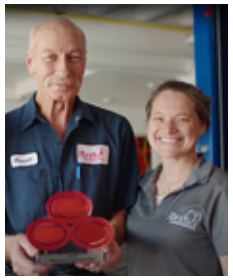
State Farm Neighborhood Assist®

For more than a decade, State Farm Neighborhood Assist has annually granted $25,000 to 40 deserving nonprofits identified through a crowdsourcing and public selection effort. After a successful 11-year run, we celebrated the conclusion of our Neighborhood Assist program and honored the Company's 100th anniversary by awarding a total of $2.5 million to 100 winning causes across 34 states. The top categories benefiting from the grants were in health and wellness, family services, education, food insecurity and homelessness.

Planting projects with Arbor Day Foundation

In 2022, our $700,000 pledge to the Arbor Day Foundation built on our existing support for reforestation, tree distribution and planting areas affected by natural disasters across the U.S. This funding made it possible to plant nearly 109,000 trees across 21 communities in 15 states throughout the year, honoring our goal to plant 100,000 trees in celebration of our 100th anniversary. Since 2021, nearly 379,000 trees have been planted through our two-year collaboration.







Better-educated communities

Stronger Communities

We believe the foundation for a strong community and thriving workforce is an educated citizenry, so we invest in expanding access to education. Through charitable and community investments, we support underserved communities at the elementary, secondary and collegiate levels.

Supporting young Black and Latino civic leaders

Through our decades-long relationship with the Congressional Black Caucus Foundation (CBCF), we are helping increase representation, expansion and cultivation of the next generation of Black leaders. Every year, we offer 10-plus communication internships on Capitol Hill to college seniors and recent college graduates. The semester-long program provides housing, a stipend and the opportunity to learn from press secretaries and communication directors across congressional offices and federal agencies. In 2022, we granted $445,000 to CBCF to support its mission, vision and programs. Doing so also helps broaden the recruiting pool of skilled professionals.

For 30 years, we have supported the Congressional Hispanic Caucus Institute (CHCI) in developing the next generation of Latino leaders. In 2022, we renewed our long-standing commitment to CHCI with a $275,000 grant in support of the organization's programming.

State Farm is a founding sponsor of R2L NextGen, which provides high school students with leadership and professional development opportunities in Washington, D.C. Since its inception in 2011, 705 students have participated in the R2L NextGen program.

State Farm Education Assist®

With the vision to help diverse, low- to middle-income students become thriving, financially sound adults, State Farm Education Assist provides funding to select colleges and universities to help meet student needs.

In 2022, our sixth State Farm Education Assist cohort was composed of 43 scholars working toward associate degrees at Georgia State University (GSU), bringing the current number of scholars across all cohorts to 135. Since the program's inception in 2017, we have helped 101 scholars graduate with associate degrees from Perimeter College, a two-year institution within GSU, and 16 scholars earn a bachelor's degree from GSU. The program has a high success rate with students attaining a higher-than-average GPA and a graduation rate of 59% (peer average is 22.6%). An additional 20 State Farm Education Assist students have also earned bachelor's degrees from other institutions.

At Arizona State University (ASU), State Farm Education Assist has supported 144 Pathways for Future students, including our third cohort joining in Fall 2022. Since inception, the program has seen 11 degree-seeking scholars graduate, with nine of them employed in fields related to their degrees.

"State Farm's scholarship met every need I had for college and removed every barrier in my path toward success. It impacted the way I value myself, and it excavated the intelligence and leadership qualities I had buried deep within me."



Shoshana Fowler
Recipient of a State Farm education scholarship through Georgia State University



Better-educated communities

Stronger communities

Preparing young people for careers

We believe in helping youth develop skills to build future careers. Through SkillsUSA, we are supporting the professional development of high school and post-secondary educators to teach trade skills in the classroom and prepare students for careers in trade, technical and service occupations. According to the SkillsUSA annual impact report, educator confidence in implementing SkillsUSA increased by 84% after receiving professional development.

We sponsor competitions at the National Leadership and Skills Conference, which convenes more than 6,500 career and technical education students to compete in 108 trade, technical and leadership fields. The competitions we support focus on auto refinishing, collision repair technology and collision damage appraisal. We also sponsor the Connect to My Future conference, which in 2022 helped more than 900 students understand their skilled career path options and helped to prepare them for full-time employment, internships and apprenticeships.



Expanding access to STEM

Through the State Farm Tech Astra® Summit, we strive to inspire and educate female students to pursue a career in science, technology, engineering and math (STEM). In 2022, our in-person and virtual summit events included hands-on STEM-related labs and self-improvement activities. These are led by women and tailored to challenge female students in grades 5-12. Tech Astra hosted 126 attendees, managed by 140 State Farm employee volunteers. Additionally, the State Farm Companies Foundation gave more than $488,000 in STEM-related scholarships in 2022 to Collin College, Dallas College, Illinois Wesleyan University, University of Illinois and the University of Texas at Dallas.

Due to Tech Astra's popularity and success, in 2023 we are expanding from a single-day summit to quarterly events with affiliated clubs. We are also planning to offer mentoring and career development opportunities, as State Farm needs future employees with these skill sets.

Tech Astra®
Powered by State Farm®

"It's so rewarding engaging students in STEM, and I loved planning the 2022 event so much I am volunteering again this year!"



Casey Johnson
Infrastructure Security Analyst

Schools get an assist from the NBA and State Farm

The National Basketball Association (NBA) and State Farm are proud to have come together for a seventh season to turn on-court assists into off-court assists across U.S. communities. For every assist made during a 2021-2022 regular-season game, the NBA and State Farm donated $5 to enhance science, technology, engineering, art and math (STEAM) learning and technology in classrooms and after-school programs. A total of five schools and after-school programs received grants totaling more than $300,000.

Brooklyn Nets player Seth Curry made a special appearance at grant recipient Boys & Girls Club of Harlem and awarded the organization a $100,000 grand prize. Along with State Farm agents, Curry also unveiled two new, renovated STEAM spaces.

As part of NBA All-Star 2022, during the league's 75th Anniversary Season, State Farm and the NBA donated $1,900 for every assist made during the All-Star Game, with the $153,900 total split between two Cleveland, Ohio-based beneficiaries. The Kent State University I Promise Scholars program provides higher education opportunities and wraparound support for underserved students in Northeast Ohio, while the Greater Cleveland Food Bank is the largest hunger relief organization in Northeast Ohio and supports more than 400,000 people annually.

Better-educated communities

Stronger communities

Financial Literacy

From grade school to college to adulthood, we are dedicated to supporting people with the financial knowledge they need for each stage of life. As a financial services company, this is another way in which we serve as a good neighbor – by offering resources that help community members understand how to create a strong financial future. As an employer, financial literacy has the potential to help employees improve their personal situations.

Junior Achievement USA

Since 1995, State Farm has supported Junior Achievement (JA) USA through mentorship. In 2022, State Farm also supported JA by providing $715,000 in grants across 43 regions and the national chapter. This program teaches young people how to manage money, succeed in the workforce and start a business that benefits their communities and the economy. The support we provide is directed by the local JA affiliate and can include classroom lessons, project-based learning, entrepreneurial opportunities and special events. For example, at JA Finance Park, students in grades seven and eight learn about personal finance and how to manage a household budget. In a JA Biz Town setting, elementary students have in-class learning combined with a daylong visit to a simulated town where they participate in real-world activities like working, writing checks and voting. State Farm employees volunteered more than 1,000 hours for JA, earning The President's Volunteer Service Award for the 2021-2022 school year, the 15th time that State Farm has received this honor.

Society for Financial Education and Professional Development

In 2022, we provided $35,000 in grant funding to the Society for Financial Education and Professional Development (SFEPD) to help college students learn the fundamentals of personal money management. In 2022, our funding went to three historically Black colleges and universities (HBCUs): Hampton University, Howard University and Winston-Salem State University.

"Being a part of the Career Speakers Series with the local Junior Achievement allowed me an opportunity to demonstrate you don't have to know what you want to do immediately. You need to do what is right for you, use the experiences along the way to get to your ultimate career! It is important to stress hard work, commitment and diligence."



Agent Crystal Fuller
San Antonio, Texas



Financial literacy and well-being

In 2022, State Farm donated $125,000 to the American College of Financial Services. This support allowed the college to deliver financial education programs on-campus to female HBCU students with an expansion of the program across the higher education space. The academic center provides insight on the economic issues and opportunities for American women, in particular as it relates to financial products and services, with the aim of strengthening financial literacy.

Investing in our communities

Supporting local initiatives

In 2022, we granted $2 million to Local Initiatives Support Corporation (LISC), a national nonprofit community development organization, to boost economic opportunity in underserved communities through programs that stimulate financial stability for families, enduring businesses, affordable housing and improved health and safety.

Our funding will support LISC's Financial Opportunity Centers (FOCs), an important LISC priority program and core component of family financial stability and wealth-building efforts. FOCs offer communities an array of services from job training and placement to financial coaching and income support. State Farm supports 48 FOCs in 12 cities. In 2022, these FOCs provided 10,598 people with employment and/or financial counseling, of which 2,335 improved their credit, 2,022 increased net income and 1,914 enhanced their net worth.

Since 2000, State Farm has been a strong supporter of Local Initiatives Support Corporation (LISC), contributing towards the organization's overall accomplishments of building or rehabilitating 68,000 affordable homes, creating more than 23 million square feet of retail, community and educational space and serving more than 238,000 people through income- and wealth-building initiatives.

Community development

For more than 40 years, State Farm has been involved in community development, with a specific focus on meeting the unique needs of each community, with the ultimate aim of making our communities places of opportunity where families and businesses can thrive. We do this by leveraging our knowledge of community strengths and relationships, so that together, we can help create the greatest impact.

In 2020, State Farm committed $100 million over five years as part of the Business Roundtable's Racial Equity & Justice Initiative. In 2022, our grants and investments advanced a range of community-focused projects, including small business support, funding for affordable housing programs and educational advancement programs.

Affordable housing is an urgent need in many communities, particularly those that are historically underrepresented and underserved. State Farm is collaborating with Enterprise Community Partners (ECP), a national nonprofit and Community Development Financial Institution (CDFI). ECP's lending arm, Enterprise Community Loan Fund (ECLF), lends funds and provides expertise to finance and manage affordable housing for low- and moderate-income families, while also providing minority business owners support through its role as a CDFI.

In 2022, with capital from State Farm social investment funds, ECLF invested in an African American mother-and-son real estate development team building affordable homes for low-income veteran households in Washington, D.C. ECLF provided an $8.65 million loan for the new construction of 37 homes for formerly unhoused veterans and their families whose incomes were at or below 30% of area median income. The housing will be financially accessible to veterans through federal housing voucher programs for veterans.



"With State Farm's commitment, we are able to show respect for those who have served their country by investing in the construction of new homes in the nation's capital for veterans and their families."

— Elise Balboni
President, Enterprise Community Loan Fund

The future of State Farm philanthropic commitments

As we move forward, State Farm philanthropic efforts are focused into three areas that strongly align to our brand and the future of our business: safety, education and community development. We have unique expertise and resources that allow us to be a force for good in the communities we serve and look forward to continuing our commitment to help build safer, stronger and better-educated communities.

Safety



Education



Community Development



Innovating for safety

"Safety first" is a widely used phrase for good reason. Prioritizing safety minimizes injuries and property damage which helps to reduce losses. At State Farm, we build and seek out programs and collaborations that help keep people and pets safe on the road, at home and during and after natural disasters.

Prioritizing safety on the road and at home

The State Farm brand is synonymous with safety, and we take upholding our reputation seriously, promoting the safety of our customers no matter where they are and through every phase of life.

Auto

From helping with installation of car and booster seats to educating teens and elder drivers on auto safety, customer protection is a top priority. We promote research and endorse measures to improve auto and highway safety for our customers and all who share the road with them.

We actively provide input to the National Highway Traffic Safety Administration (NHTSA) on safety-critical event data from Advanced Driver Assistance Systems (ADAS) and Automated Driving Systems (ADS) technologies. Additionally, we offer law enforcement and others – including insurance companies – access to relevant event data recorder pre-crash information. In 2022, we offered public comment and support of NHTSA's proposal to increase the event data recorder duration and vehicle data elements captured.

We sponsor the National Child Passenger Safety Certification Training Program, which was developed by the NHTSA and the National Child Passenger Safety Board. Since 1998, when the first course was offered, more than 180,000 people have successfully completed the course, with 43,000 currently certified CPS technicians.

> **"The partnership with State Farm has been the catalyst to support Child Passenger Safety Technician recertification. In 2022, we have seen an encouraging increase in the number of technicians and their recertification rates. Programs supported by State Farm have been a key factor in the support we are able to offer technicians and instructors"**
>
> — Cass Herring, Director, Occupant Protection Safe Kids Worldwide

Car seat installation training programs

State Farm's financial support of Safe Kids Worldwide's car seat installation training certification program contributed to the qualification of 9,865 new technicians and the recertification of 7,621 individuals in 2022, an 8% increase over the previous year. By holding trainings via webinars as well as in person, Safe Kids Worldwide has kept car seat installation technicians' training current and helped rebuild the pool of certified technicians and instructors.

Auto insurance programs

Our Drive Safe & Save™ program encourages safe driving by offering an auto insurance discount based on annual mileage and how customers drive, as measured through a device connected to their vehicle. Through the program, drivers receive feedback after each trip on acceleration, braking, cornering, phone distraction and speed. On average, customers saved 16.3% on auto insurance in 2022 through this program.

Teen and young adult drivers under age 25 can improve their driving skills and earn auto insurance savings through our Steer Clear® program. Participants earn their discount by taking online training modules on safe driving habits and completing five hours of driving over the course of at least 10 trips. Parents can monitor and guide their teens' progress.

There were 1.56 million policies with a Steer Clear discount as of year-end 2022. The discount, which can be up to 15%, varies by coverage and is based on the risk characteristics, including age, gender, marital status and whether the teen or young adult is an occasional driver.

> **"[The Drive Safe & Save app] has made me a better, more conscious, alert and aware driver. I pay more careful attention to [speed limit signs] ... I keep a watchful eye on the road ahead ... and use the rearview mirror to monitor approaching traffic."**
>
> — Drive Safe & Save customer review

Innovating for safety

Prioritizing safety at home

For most, a home is the largest and most important financial investment. Through prevention programs and strategic relationships, we continually explore concepts and collaborations to help keep customers' homes secure and assess new approaches to enhance the customer experience.

In 2022, we entered a new strategic relationship with security company ADT to help customers proactively mitigate loss from water, fire and theft. Our relationship with ADT will increase value for our customers through product innovation and technology development. Together, we aim to develop Smart Home technology that evolves us from a 'repair and replace' model to a 'predict and prevent' mindset.

Homeowners in most coastal states* can add an endorsement that allows them to upgrade their roof to the Insurance Institute for Business & Home Safety's (IBHS) FORTIFIED™ standards if it is being replaced due to an insured loss. In 2022, we made a $150,000 contribution to support the Strengthen Alabama Homes program, which provides grants to Alabama residents for residential wind mitigation under the FORTIFIED standard.

*The Fortified Roof Upgrade Endorsement is available in AL, CT, DE, DC, GA, LA, ME, MD, MS, NH, NJ, NC, PA, RI, SC, TX, VA, and will be available in MA in June 2023. In NC, the maximum limit is $5,000.

Ting Smart Sensors preventing fire events

With a smart plug-in Ting sensor, State Farm customers are detecting potential fire and electrical hazards before they cause danger and damage. State Farm makes Ting available free of charge to our homeowner policyholders in most states. When policyholders receive Ting through State Farm, they pay no annual service fees for Ting for three years and Ting provides a potential $1,000 credit toward remediation of electrical fire hazards that occur due to faulty wires, appliances and devices.

To date, 240,000 State Farm customer households have a Ting sensor, with an average of approximately 13,000 new enrollments per month. Between 2021 and 2022, Ting distribution grew 80%.





Customer satisfaction

Earning and increasing customer satisfaction starts with knowing our customers. Through years of experience, research, feedback surveys and interactions, we have gotten to know our customers remarkably well. We have learned that customers who have multiple policies with us tend to place significant value on their agent relationship. Customers also appreciate the safety add-ons we offer and many customers prefer a digital connection – unless the situation is complex. Our customers want us to engage in ways that work for them. So we meet them there – another pivotal move to winning their satisfaction and long-term loyalty.

In our virtual world, digital access to insurance services is imperative to customers. To meet this reality, we are working to make every interaction with State Farm easy, efficient and accessible in real time through a mobile app or website. This means reducing the number of steps and amount of time customers spend trying to access or engage with us. We are shifting to paperless processes, including billing modernization and communicating electronically to customers when appropriate. Customers are assured that face-to-face interactions are warmly welcomed. Simply put, we provide in-person support when customers prefer it and virtual support when they do not.



The value of a State Farm agent

Customers can meet with a State Farm agent on their terms – whether in person at an agent's office, a coffee shop, the customer's home or virtually. As more agents engage in meaningful conversations with customers, they are increasing the value of a State Farm relationship. It is not about selling additional insurance, but rather helping customers understand the coverage they have and identify gaps and future goals.

Demonstrating responsible governance



Protecting what matters

At State Farm, we believe we have one of the most important jobs in the world: empowering people to be good neighbors and protecting what matters most. It is a responsibility we take seriously and act on passionately. Strong governance is foundational to our exemplary brand and reputation, and our ability to live our mission. We hold ourselves to high standards of ethics and integrity, and expect those across our business, including suppliers, to demonstrate the same.

Our corporate governance framework

As a mutual company, we work to serve our policyholders – guided by the unwavering values we have embraced for 100 years. Our culture is led, managed and operated by people focused on doing the right thing, intently dedicated to promoting ethical and accountable behaviors and developing transparent and useful disclosures for our stakeholders.

Our leadership

The Corporate Governance framework enables the ethical culture at State Farm. The tone at the top is set by the Board of Directors and senior executive leadership, and is then cascaded throughout the organization. The framework is supported by the Code of Conduct and policies based upon our shared values and expectations, as well as external legal and regulatory standards, auditing standards and customer expectations that guide employee conduct. Employees receive training with respect to on-the-job responsibilities, standards of conduct and policies.

Board of Directors

The State Farm Board of Directors provides an oversight role for the strategy and risks of the organization. The Board of Directors is composed of individuals from diverse backgrounds and perspectives who have demonstrated a high degree of integrity and ethics. This diversity helps the board consider wide-ranging aspects of business, customer, agent and employee needs. It includes relevant subject matter experts with demonstrated national or international leadership in a particular field, in significant business and financial operations or in academic, government, legal or scientific positions.



Our leadership

State Farm leadership team

Our executives, who guide and support State Farm, champion our mission and live and work by our values. Learn more about our current Leadership Team at statefarm.com®.



Michael Tipsord
Chairman, President and Chief Executive Officer



Mary Schmidt
Executive Vice President and Chief Administrative Officer



Paul Smith
Executive Vice President and Chief Operating Officer



Fawad Ahmad
Senior Vice President and Chief Digital Officer



Kristyn Cook
Senior Vice President and Chief Agency Sales & Marketing Officer



Jon Farney
Senior Vice President, Treasurer and Chief Financial Officer



Wensley J. Herbert
Senior Vice President – P&C Claims



Steve McManus
Senior Vice President and General Counsel



Joe Monk
Senior Vice President – Financial Services



Ashley Pettit
Senior Vice President and Chief Information Officer



Michele Russo
Senior Vice President



Chris Schell
Senior Vice President – Property & Casualty



Cathy Wallace
Senior Vice President and Chief Risk Officer

State Farm Mutual Automobile Insurance Company Board of Directors

Working in service to State Farm customers, these accomplished business leaders provide advice, perspective and direction to help guide our Company's future.



Front row (L-R): Kate Gebo, Gary L. Perlin, W.H. Knight Jr., James Hackett, Dan E. Arvizu, Caroline S. Grace

Back row (L-R): Vicki A. O'Meara, Steven C. Williams, Michael L. Tipsord, Kenneth J. Worzel, Charles K. Bobrinskoy, Keith Block

Dan E. Arvizu
Former Chancellor, New Mexico State University System

Keith Block
CEO and Founder, Smith Point Capital

Charles K. Bobrinskoy
Vice Chairman and Head of Investment Group, Ariel Investments

James Hackett
Former President and Chief Executive Officer,
Ford Motor Company

Kate Gebo
Executive Vice President,
Human Resources and Labor Relations, United Airlines

Caroline S. Grace
President & CEO, AMN Healthcare

W.H. Knight Jr. (Presiding Director)
Retired Professor of Law, Seattle University School of Law

Vicki A. O'Meara
Strategic Advisor, AdSwerve

Gary L. Perlin
Former Chief Financial Officer, Capital One Financial Corporation

Michael L. Tipsord (Chair)
President and Chief Executive Officer,
State Farm Mutual Automobile Insurance Company

Steven C. Williams
Chief Executive Officer, PepsiCo Foods North America

Kenneth J. Worzel
Chief Customer Officer, Nordstrom, Inc.

Board governance

In carrying out its responsibility for oversight of the Company's strategy and risks, the Board of Directors appoints committees authorized to act on its behalf. Each committee meets prior to each quarterly Board meeting and has specific oversight responsibilities according to its charter.

Audit Committee: Assists the Board in fulfilling its oversight responsibilities for compliance, ethical conduct and financial controls to ensure accountability and integrity throughout the organization.

Compensation Committee: Monitors workforce environment, talent management and diversity and inclusion strategies, and reviews and approves employee benefit programs and executive compensation plans.

Finance & Investment Committee: Assists the Board with its oversight of strategic financial decisions, long-term financial strength, investment policy and management's execution of capital management and investment strategies.

Law, Regulatory & Public Policy Committee: Reviews risks related to the organization's brand and reputation, provides oversight of risks related to public policy, political and social trends affecting the organization, and consults with the general counsel regarding litigation and legislative/regulatory issues.

Nominating & Corporate Governance Committee: Monitors corporate governance developments and leading practice for effective Board governance. The Committee assists the Board in its oversight of Board composition, identifying potential candidates for Board and committee service, and monitoring the status of ESG activities.

Technology Committee: Oversees the role of technology within the Company's operations, including digital strategy, innovation, technology trends and vendor management, and monitors the information security and privacy programs.

"As businesses evolve in today's environment, strong corporate governance practices are essential to sustaining customer relationships, employee retention and financial performance."



Lynne Yowell
Vice President – Corporate Governance, Secretary and Counsel



Championing supplier diversity

Conducting our business like a good neighbor is central to everything we do. Our commitment to diversity and inclusion extends well beyond our workplace to our vendors and suppliers. Our decades-long supplier diversity program was established to identify qualified diverse suppliers to meet our business needs, strengthen our supply chain and to give diverse suppliers the opportunity to compete in the marketplace. We qualify diverse suppliers as businesses that are 51% owned and operated by individuals or groups who are racial and ethnic minorities, women, people with disabilities, veterans and members of the LGBTQ+ community. Suppliers must also be certified as diverse by a national organization.

State Farm's diverse vendor spend in 2022 was $517M (8%) compared to $530M (9%) in 2021, just short of our annual 10% goal. The slight decrease was primarily because of a key supplier who went through an acquisition and is no longer diverse-owned. In 2021, State Farm increased our diverse supplier spend by 40% over the previous year, which included awarding an additional $150M to diverse suppliers, exceeding $500M for the first time. In 2022, we were pleased to again exceed $500M for a second year, in addition to increasing our diverse vendor contracts by nearly 12% by adding eight new diverse vendors.

We believe that fostering a diverse supplier base increases our innovation to meet customer needs. We believe that our supplier diversity program also uplifts and creates economic opportunities for the communities we serve and demonstrates our dedication to doing the right thing. We provide more than spend to these vendors, including mentorship, education, feedback and matchmaking.

Learn more about State Farm's D&I strategy in the Enabling our Workforce to Power the Future section of this report.

Supplier diversity "matchmaking"

Our matchmaking event, which gives diverse suppliers an opportunity to pitch their products and services to decision-makers and managers throughout State Farm, evolved in 2022 from an annual event to ongoing activities throughout the year. The program expansion includes exploring opportunities to increase spend with existing vendors through new product and service offerings. This frequency enables us to spend more time with each participating supplier to offer feedback and mentoring.

"Matchmaking" has resulted in multiple contracts for diverse suppliers, spanning many departments and business areas and initiated increased spend with some existing suppliers. This progress helps us continue to increase spend with diverse suppliers annually. Examples of contracts awarded through the program include an environmentally responsible hygiene disposal solution for restrooms and waste management audit of our facilities that supports our sustainability strategies and organizational commitment to reducing greenhouse gas emissions.

Supplier diversity relationships

State Farm engages with national certified organizations to meet new vendors. Our key relationships include:

- National Minority Supplier Development Council
- Women's Business Enterprise National Council
- United States Pan Asian American Chamber of Commerce
- United States Hispanic Chamber of Commerce
- National LGBT Chamber of Commerce
- Disability: IN
- Financial Services Roundtable for Supplier Diversity
- National Veteran-Owned Business Association

Privacy and data security

State Farm is committed to maintaining the highest level of consumer trust and confidence. We are committed to an environment in which compliant and ethical behavior to protect customer information is demonstrated by every State Farm associate, every day, in every interaction.

Our Chief Information Security Officer (CISO) is accountable for our information security strategy, program, policy and governance. The Chief Compliance Officer (CCO) is responsible for oversight of compliance risk management. Both of these positions report to the Senior Vice President (SVP) and Chief Risk Officer. The Privacy Official, who reports to the CCO, is accountable for the privacy program. Dedicated privacy and security teams assist with strategy execution. Collaboration and shared responsibility exist between both areas to promote a compliant and ethical culture focused on maintaining and enhancing security.

Our information security and privacy policy framework demonstrate a layered approach for protecting information. It covers both general organizational direction and detailed operating procedures for specific functional areas. We maintain physical, electronic and procedural safeguards to protect customer information. All State Farm associates, agents and agent team members participate in our rigorous information security awareness and privacy training program. In addition, we regularly review our policies and practices, monitor our computer networks and test the strength of our security.

Customer privacy: Commitment to our customers

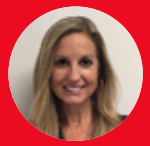
Our Notice of Privacy Policy describes how we protect, collect, use and share customer information. We provide our Notice of Privacy Policy the first time we conduct business with a customer. It is also available online at statefarm.com, by request or as otherwise required by law. We review our Notice of Privacy Policy regularly to remain aligned with our commitments.

We provide our customers with the ability to limit sharing certain information within our State Farm family of companies. If customers prefer to restrict the information they disclose to other companies, such as driving record claim history or credit information, they may indicate that preference through their State Farm agent or by calling a dedicated phone number.

Review State Farm's Privacy Principles in our Notice of Privacy Policy.



As a member of the investigative underwriting team, Kelli reviews potentially fraudulent activity and supports victims with empathy and information for appropriate next steps. "Sometimes they tell us they've never thought about shopping around for auto insurance, but after the way we handled their issue, they decide to get a quote with State Farm," Kelli said. "Every contact with someone is an opportunity for State Farm to be a good neighbor."



Kelli Ivey
Underwriter

Privacy and data security

Data security

State Farm takes our commitment to protect information seriously. This commitment includes protecting information from accidental or intentional unauthorized use, modification, disclosure or destruction. Our professional teams use the latest technologies to track and respond to real-time cyber threats to State Farm networks 24 hours a day, seven days a week.

Information security governance

Our information security program is designed to help ensure that the confidentiality, integrity and availability of customer and business information is maintained. State Farm has adopted the latest version of the National Institute of Standards and Technology (NIST) Cybersecurity Framework as a reference model for our program.

In addition to the roles of the CISO, CCO and Chief Risk Officer, the Executive Risk Committee provides oversight of enterprise risk management efforts and helps ensure material risks are identified and effective processes are in place to manage those risks. The Information Security Risk Committee educates members about information security risks and provides input to the CISO on enterprise-level information security risk-related matters.

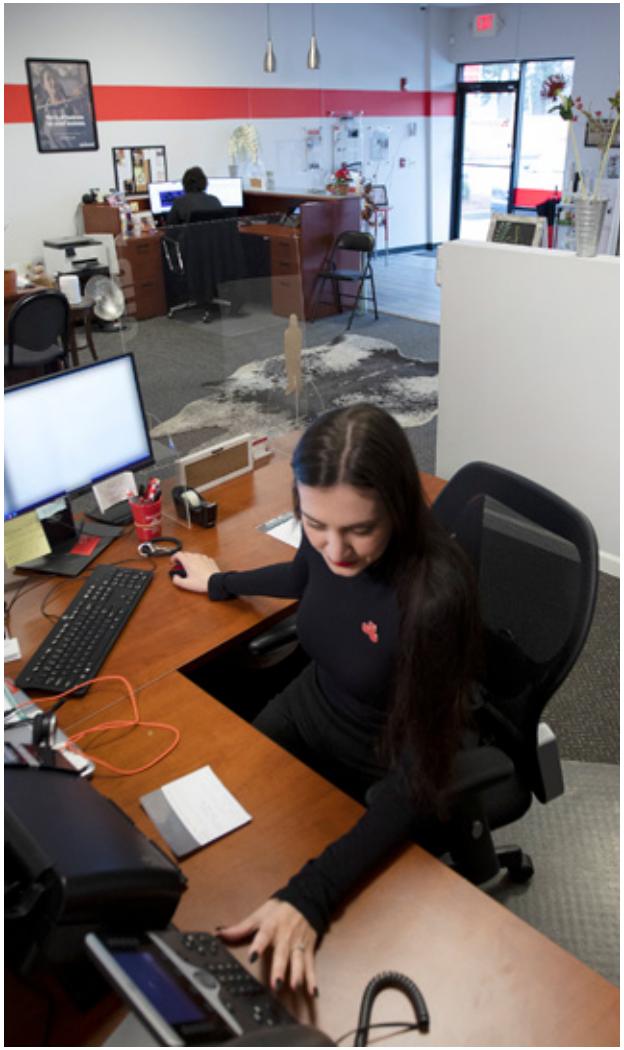
Building a risk-aware culture

All State Farm associates must comply with information security and privacy policies. In addition to the annual mandatory information security awareness and privacy training, we perform year-round phishing exercises with instant feedback and training resources to strengthen employee vigilance. We provide additional role-based training for associates in specialized product and customer-facing areas and those with elevated access.

Educating customers about safeguarding their information

For Cybersecurity Awareness Month in October, we posted weekly security tips on our social media platforms to keep safety measures top of mind for our customers. Topics included how to safely dispose of old devices, protect smartphone data with two-factor authentication, auto lock and software updates, and theft prevention tips.

Our Security and Fraud webpage on statefarm.com offers guidance on topics such as creating strong passwords, detecting identity scams (including phishing) and reporting suspicious activity. Customers can access tips to help protect their home, improve internet security and stay safe on devices and social media platforms at Simple Insights.



Data collection and use

For details on the types of data we may collect and how we will use it, see our Notice of Privacy Policy.

Resiliency, investments and accountability

Operational resiliency

Resiliency is not only a focus for our customers, but also a priority for our business. To us, resiliency means delivering on our promises to our customers, regardless of any events we face. Our centralized operational resiliency program helps bring focus and oversight to resiliency risks and enhancements across our operations, business, technology, data and cyber functions.

The risk management framework and tools help us anticipate and prepare for potential business disruptions and tech failures, such as power outages and security threats, so we can identify, prevent or mitigate business-wide impacts. The operational resiliency program has helped us strengthen our planning and infrastructure for disruptive events, identify our most critical processes and technology solutions and enhance site reliability engineering capabilities.

Our resiliency efforts have also improved the customer experience. These efforts include strengthening our data centers, infrastructure and security solutions, and communication channels to enhance our redundancy and help ensure customer calls connect, even if aspects of our information technology (IT) solutions are down.

As a part of our resiliency efforts, we conduct enterprise scenario planning exercises. In 2022, we conducted an exercise centered on swapping specific pieces of data from our primary datacenter to our backup datacenter. We continue to improve based on what we learn and we report the results to various internal risk committees.

For State Farm, resiliency is not just a short-term initiative; it is a permanent commitment to be there for our customers when they expect us to be.



Spotlighting resiliency

Underscoring the importance we place on resiliency, we host an annual Resiliency Summit, which showcases resiliency best practices and incorporates industry guidance from internal and external partners. In 2022, the symposium, which welcomed more than 2,800 attendees and featured external guest speakers from leading tech companies, focused on software development and engineering. The four tracks were: Resiliency 101, Observability Monitoring and Alerting, Architecting for Resiliency and Chaos Engineering, with a total of 26 sessions. Our 2023 summit will focus on Resiliency Fundamentals, Human Resiliency, Business Resiliency and Tech Resiliency.

Resiliency, investments and accountability

Investments

Financial strength is a core value of State Farm as it enables us to meet our promises to policyholders in their times of need. Our investment portfolios aim to support our insurance operations by investing in assets which, over time, produce returns that are competitive with good quality investments having comparable characteristics, and are generally available in the capital markets. In managing our investment portfolios, capital that is invested to generate returns also has the potential to positively influence society.

Investment strategy

Our investment team evaluates and monitors risks and opportunities associated with our investment portfolios to preserve our Company's financial strength. The team assesses all material risk factors – including ESG components – which may have an impact on a company's future prospects, operating performance or valuation. State Farm Investment Policies specifically address ESG.

ESG-related considerations

We monitor and evaluate changes in climate and weather patterns alongside assessments of changing energy sources and the innovation necessary to produce economic, reliable and sustainable energy over time. The investment team also engages in direct discussions with the management of the companies we invest in regarding their ESG initiatives.

State Farm has limitations on investing in certain industries or sectors. For example, restrictions on investments in unregulated coal-fueled energy generation limit our exposure within the utilities industry. State Farm does not invest in coal-focused mining companies.

Recognizing there is no universal definition of the criteria or characteristics for classifying an investment as ESG, a subset of our investment portfolio includes investments that have ESG classifications, which is provided by the issuer or an independent source and verified internally. These investments, totaling more than $5 billion, serve the dual purpose of supporting the financial strength of State Farm while also fostering ESG initiatives:

- Green and sustainable corporate bonds and agency securities that support renewable energy, energy efficiency projects, clean water, wastewater management, green buildings, socioeconomic advancement and empowerment, affordable housing and other health and safety programs.
- Municipal bonds that support sustainable communities through investments in state and local governments, public education institutions, water and sewer system improvement projects, utilities, transportation and infrastructure.
- Certain real estate and commercial mortgage loan investments, secured by properties that have achieved green building certifications or provide affordable housing units in safe and desirable locations.

State Farm has also made equity commitments of approximately $200 million in strategic ESG investments to help promote social and environmental efforts that may not otherwise receive funding in the investment grade markets. Sample environmental investments include support for emerging technologies in green energy and carbon reduction and climate infrastructure solutions. Sample social investments include support for businesses and projects owned or led by minority groups or those that endeavor to serve minority communities.

Support for undercapitalized communities

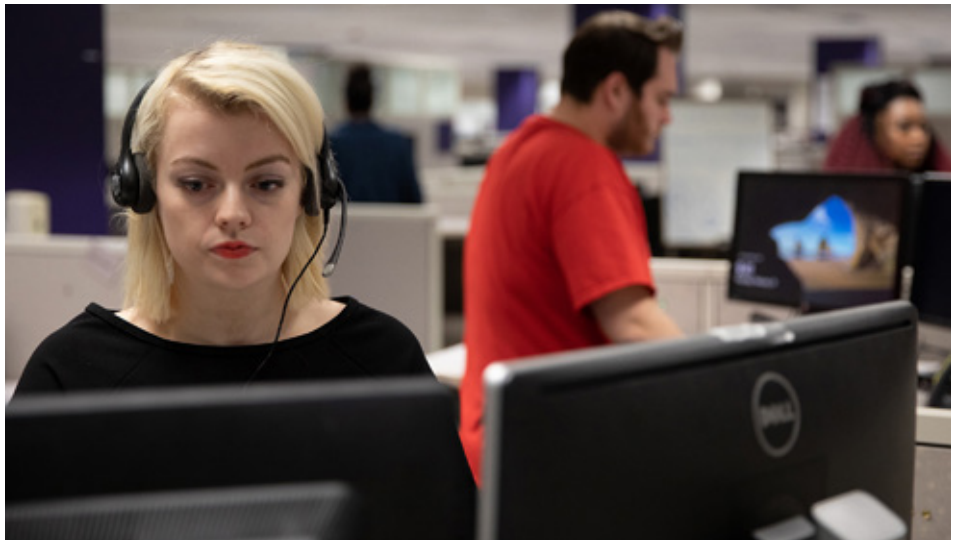
State Farm is increasing the role we play in helping more people experience financial well-being. As an example, we committed to investing up to $50 million in an externally managed fund with a return-seeking strategy that aims to accelerate positive economic outcomes for undercapitalized groups. The fund supports businesses and projects that are owned by, led by or serve minority groups with a focus on Black, Native American and Latino communities in the United States. The fund makes direct investments across private equity, private credit, infrastructure, real estate and other niche asset classes to provide access to capital, create collective wealth for the businesses and communities where it invests and to generate returns for fund investors.



Resiliency, investments and accountability

Transparency

We view being transparent as a component of being a good neighbor. In 2021, we issued our first ESG Report and have followed suit in subsequent years. Last year, we also published our first Task Force on Climate-Related Financial Disclosures (TCFD) Report to offer more information about how we govern, evaluate and address climate risk on behalf of our policyholders. Our 2021 TCFD Report is available here. We anticipate the 2022 TCFD Report will be published mid-2023.



Accountability

Every day we promote doing the right thing. To ensure associates at State Farm are performing to these expectations, we have accountability controls built into our compliance, ethics and auditing functions.

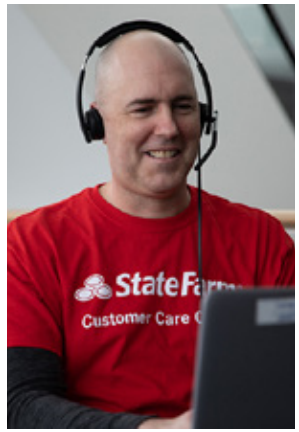
Code of Conduct

All employees and members of the Board of Directors are held to the expectations within our Code of Conduct. A refresher course is administered on an annual basis.

Compliance and Ethics Hotline

Employees, agents, agent team members* and vendors can report concerns, ask questions or seek guidance regarding compliance or ethics matters via our 24/7 Compliance and Ethics Hotline. Individuals may choose to remain anonymous and can access the hotline by phone or online. Operated by a third-party vendor to protect confidentiality, each report is reviewed and investigated. In 2022, the hotline received 809 incidents, all of which we take seriously and respond in alignment with our Code of Conduct.





Open Door Policy

Our long-standing Open Door Policy empowers all employees to seek a member of management to ask questions, express concerns or discuss any issue.

State Farm Sales Practices

The State Farm sales practices philosophy is about placing customer needs first, operating fairly and doing the right thing.

*State Farm agents are independent contractors who hire their own employes. State Farm agents' employees are not employees of State Farm. Agents are responsible for and make all employment decisions regarding their employees.

Business practices: Doing the right thing

In accordance with our State Farm Code of Conduct, we adhere to a broad system of controls and continuous monitoring to ensure business operations and practices align.

Financial controls

Our accounting and analytics functions – including strategic planning, financial processing and financial reporting – are performed in compliance with internal and external guidelines, including regulatory guidelines, which help assure accurate reporting. We test and evaluate our financial controls through our internal audit function and independent external auditors.

Enterprise risk management (ERM)

The enterprise risk management (ERM) processes enable State Farm to simultaneously assess risks and opportunities across the entirety of the organization, which helps minimize unnecessary risk and explore innovative ideas. The ERM team, led by the Chief Risk Officer, oversees the aggregation of risk information and reporting of risk issues across the Company.

Regulatory oversight

Our operations are performed in compliance with applicable federal, state and local laws and regulations. At the federal level, scrutiny may include, for example, tax compliance or employment standards. At the state and local levels, insurance regulators accord priority to financial reporting, information security, underwriting processes and claims practices, among other areas.

Internal and external auditing

Our internal audit team provides business areas with an independent and objective review of the adequacy and effectiveness of their operations' internal controls. In accordance with professional auditing standards, government regulations and applicable laws, the internal audit function helps maintain a financially solvent organization, minimizes significant risk of losses and drives positive changes. The Vice President – Internal Audit is appointed by and reports to the Audit Committee of the Board of Directors, a committee consisting only of directors who are not employees or officers of State Farm. State Farm also engages external auditing firms to supplement internal controls, policies and procedures related to financial reporting.

Training and certifications

Leaders and employees must complete mandatory compliance training, which sets expectations for proper business conduct and helps ensure ethical and legal behavior.



Our affiliates

The State Farm Group of Companies

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Parent Company

State Farm Mutual Automobile Insurance Company

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