

# 2021 Environmental, Social and Governance Report



# A message from our Chief Executive Officer

One hundred years of State Farm®. One hundred years of being good neighbors. One hundred years of helping others.

While this report focuses on 2021, we are presently and proudly celebrating our centennial and looking forward to helping more people in more ways for the next 100 years. With more than 87 million policies and accounts, we understand our impact across the nation and our responsibility to help create a better world.

Our investments to help are broad, like the \$100 million commitment we made in partnership with the Business Roundtable on racial equity and justice, or the \$50 million we committed to invest in scalable technologies to reduce emissions to net zero. State Farm has also pledged to reduce greenhouse gas emissions by 50% by 2030.

Yet we've always believed the greatest impact is when neighbors help neighbors. Our local investments last year included grants to 200 teachers across five states as they taught in educational environments profoundly impacted by COVID-19. State Farm Education Assist® provides funding to diverse students with low incomes and is graduating students in the Georgia State University-based program at a rate more than double the national average. At Arizona State University, we've invested \$30 million in a program focused on workforce skills of the future. In 2021, we also increased our spend with diverse suppliers by two percentage points.

More than 53,000 employees, 19,000 agents and thousands of agent team members make it their business to be like a good neighbor each and every day. Our goal is to create an environment where they can be their best.

The Employee Assistance Fund provided \$1.1 million in grants to employees who found themselves with personal and unexpected financial burdens. Teams with diverse perspectives achieve better outcomes. In the last six years, the percentage of minority State Farm employees grew from 30% to 40%. Last year, we also implemented dedicated concierge care for LGBTQ+ employees to navigate the health care system, hosted Companywide panel discussions to destigmatize mental health and offered a personalized service for employees to realize their financial goals.

As we build on the foundation of helping from the last century, we remain committed to being a force of good for our customers, our communities and each other for many more years to come.



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

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## Environment

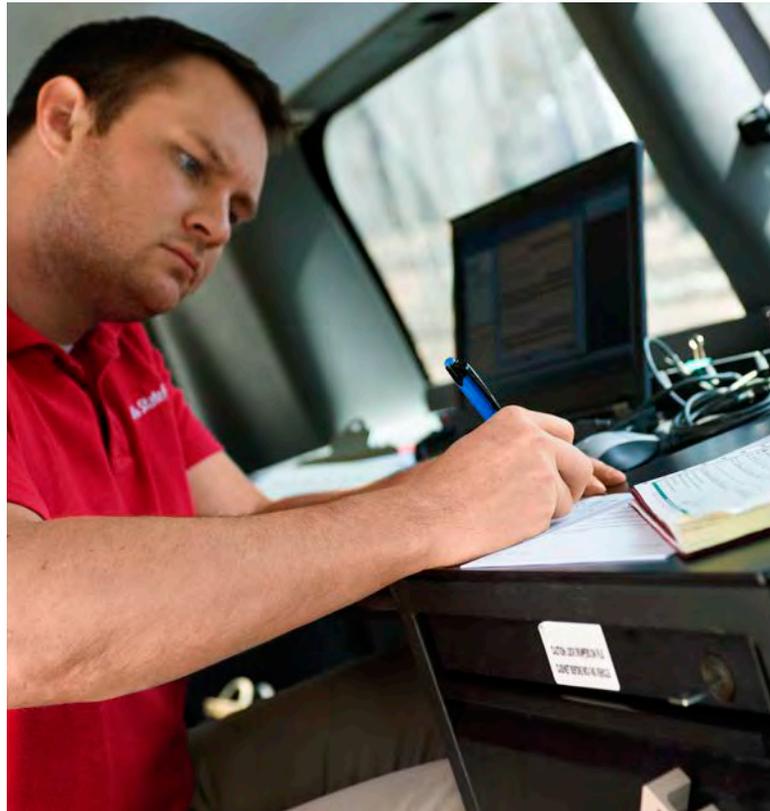
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### About the report

Throughout this report, terms such as “State Farm,” the “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 the ESG activities of GAINSCO are not included in the scope of this report.

*Numbers throughout report reflect State Farm at calendar year-end 2021, unless otherwise noted.*

# ESG framework – Good neighbors. Better world.

State Farm is committed to excellence in environmental, social and governance (ESG) efforts. We seek to uphold our Good Neighbor spirit by building stronger, safer and more resilient communities to empower consumers, customers, employees and agents in a sustainable and inclusive future. To accomplish this, we are actively expanding the role of ESG in our business strategy and everyday practices. We know that a better world tomorrow starts with a strong neighborhood today.



## Environment

Committing to actions that promote a more sustainable environment, starting inside our walls and in our neighborhoods.



## Social

Our focus is on building safer, stronger, better-educated communities and fostering diversity and inclusion both inside and outside State Farm.



## Governance

Fostering a culture of ethics, integrity and accountability to ensure we deliver on our promises to customers, agents, employees and communities.

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## What guides us

### 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.

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## 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.

# Material topics

In 2021, State Farm conducted an ESG materiality assessment to determine which ESG topics were most important to our stakeholders, including policyholders, employees, agents, senior leadership, the board of directors, community members, non-profits/NGOs and trade associations. Our 2021 ESG report reflects most of these topics, and we will continue to incorporate them into our strategy moving forward.

The following 21 topics are most important to State Farm stakeholders:



## Environment

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



## Social

- Community development
- Corporate responsibility
- Diversity and inclusion
- Educational advancement
- Financial inclusion
- Talent and future workforce



## Governance

- Brand, mission, vision and values
- Compliance and ethics
- Data security and privacy
- Responsible sourcing
- Risk management
- Transparency and accountability



## Business and product

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

# State Farm by the numbers



**87.7M+**  
Policies & accounts\*



**\$115.8B**  
Individual life insurance issued\*



**24,400**  
Claims handled per day, on average



**\$7B+**  
Paid in catastrophic loss claims\*

## Agents and employees working nationwide

**19,400**  
Independent Contractor Agents  
in 48 states



**53,400**  
Employees  
in 50 states

## Major locations



\*Metrics previously released on statefarm.com® with our 2021 financial results, on 3/25/22.

# State Farm helps people when disaster strikes

In hundreds of thousands of scenarios each year, State Farm is there for customers at their most vulnerable moments.

We reduce the impact of losses through supporting preparedness. And when the unthinkable turns life upside down, our network of over 19,000 agents in communities across the U.S., supported by thousands more employees, help people weather the storm, recover their lives and rebuild their communities.

Here's a glimpse of how we helped those impacted in 2021.

## Prevent and prepare

State Farm is doing all we can to protect communities before and after natural disasters occur.

Wildfires are just one example of natural disasters that have been higher in severity and frequency in recent years. In 2021, through a grant to the National Fire Prevention Association, State Farm funded grassroots prevention efforts by providing 150 grants across the U.S. These grants helped people like recipients in Forest Hill, California, who cleared fallen branches and other debris from their neighbors' yards — a disabled veteran and a senior couple.



State Farm funded 150 grassroots prevention grants of \$500 each to the National Fire Prevention Association for fire prevention in 2021.



# State Farm helps people when disaster strikes

In 2021, we also expanded a [wildfire protection service program](#). State Farm is working with Wildfire Defense Systems to help mitigate the threat of wildfires for nearly 2.4 million properties in five Western states. Wildfire Defense Systems proactively sends highly trained, safety-focused wildfire and fire personnel to assess and potentially address threats to property.

In 2021, about 3,400 threatened properties insured by State Farm were protected by Wildfire Defense Systems resources. As of 2021, State Farm offers the free service to California, Arizona, Washington, Oregon and Colorado.



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“Finding out that State Farm had two guys dedicated to my house and property gave me a little extra hope in such a frantic time!”

Customer in Colorado, who made a brief visit to her farm as wildfires blazed nearby and found Wildfire Defense Systems repairing irrigation lines.

## Disaster preparation: Wildfires and beyond

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Nearly

**\$1M**

toward preparation for other types of natural disasters,

including strengthening construction of homes, educating on home fire safety and providing/installing smoke alarms.

Over

**\$1M**

to the National Fire Protection Association,

to supply more than 4,200 fire education kits nationwide that teach adults and children about the importance of having working smoke alarms and being prepared to respond when a fire alarm sounds.

# State Farm helps people when disaster strikes

## Recover from the unexpected

Residents in Boulder County, Colorado, were hit hard when the deadly Marshall Wildfire struck in the final days of 2021. Fire spread rapidly in highly residential areas, destroying hundreds of homes.

*“Some customers lost everything — multiple vehicles, their home. The first thing I asked is how they were doing. They said having their loved ones safe was all that mattered,”* said State Farm Agent Marc Sisler of Louisville, Colorado. *“They put this in perspective for me. We’ll be there for them to replace their homes and cars.”*

**And that’s the core of what we do at State Farm.**



“When we respond to communities following a natural disaster, we understand that the impact continues long past the news cycle. State Farm provides a dependable presence that remains in the neighborhood as people rise from the piles of debris. These are places where we serve alongside our customers for as long as it takes to get them back on their feet.”



**Dale Shelton**  
Claim Specialist

# State Farm helps people when disaster strikes

## Rebuild communities

Our help does not stop with those we insure. We support communities and first responders in the aftermath of natural disasters. For example, following the Marshall Fire in Colorado, one of our Customer Response Units distributed drinking water, work gloves, flashlights, first aid kits and snacks. The State Farm Customer Response Unit vehicles help residents in communities across the country with their most immediate needs following a disaster. We also committed a \$50,000 disaster grant to the American Red Cross of Colorado, which helped provide safe shelter, meals, cleanup kits and health care to hundreds of people in the community displaced from their homes.

In addition to critical support hours after a disaster, we look for ways to support the long-term revitalization of disaster-stricken communities.

In 2021, we partnered with the Arbor Day Foundation on a major recovery effort to replace some of the estimated 1 million trees destroyed in the United States by natural disasters the previous year. Our \$1 million pledge is funding reforestation, tree distribution and planting in 15 states, including those impacted by wildfire. Nearly 275,000 trees were planted in 2021. Beyond restoring the natural beauty of neighborhoods and green spaces, when planted strategically, trees can support the long-term resilience of communities in the face of future natural disasters.

Also, State Farm, along with others in the property insurance industry, formed the Insurance Institute for Building & Home Safety (IBHS) in 1978. Since its inception, IBHS has helped to promote better building codes and code enforcement, and has helped to create safer and more resilient communities.



## 2021 Catastrophes

Nearly

**\$2.4M**

in recovery funding for disaster relief,

including \$1 million for the American Red Cross Annual Disaster Giving Program and more than \$1 million for recovery efforts following Hurricane Ida and Kentucky tornados.

Paid claims to more than

**400,000**

homeowners or renters affected by disaster.

# Environment

Being good stewards of our planet

As a company whose mission is to help people manage the risks of everyday life, recover from the unexpected and realize their dreams, we have a responsibility to promote and engage in environmentally sustainable behaviors along with our customers and employees.

We are committed to reducing our impact on the environment and addressing climate change through efforts to lessen our carbon footprint, reduce waste and improve energy efficiency.



# Reducing our environmental impact

## Minimizing greenhouse gas emissions (GHG)

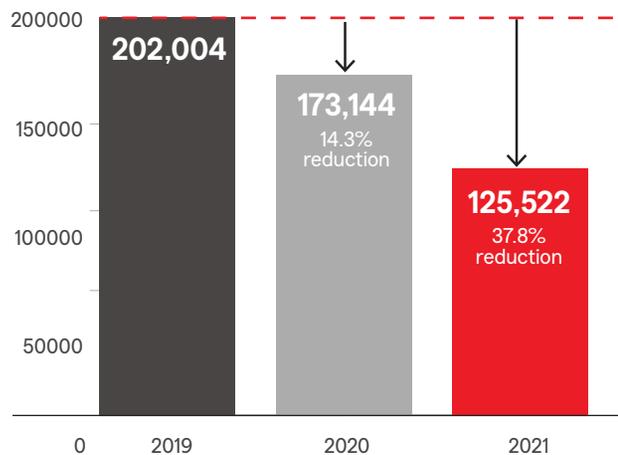
### GHG reduction goal

We are committed to minimizing our greenhouse gas emissions. Last year, State Farm announced our goal to **reduce GHG emissions 50% by 2030** using 2019 as our baseline year. Our goal includes both direct emissions from owned or controlled sources (Scope 1) and indirect emissions we consume (Scope 2). It is aligned with the Science-Based Targets initiative (SBTi) goal of keeping global temperature rise below 1.5 degrees Celsius by 2050.

Regarding indirect emissions that occur in our Company's value chain (Scope 3), we're preparing to do analysis and build a strategy to address it.

### State Farm emissions in metric tons of CO<sub>2</sub>e

Using 2019 emission data as baseline



### Progress in 2021

Through 2021, State Farm has experienced a 37.8% emissions reduction (Scope 1 and 2) from our 2019 baseline—from 202,004 metric tons of CO<sub>2</sub>e to 125,522 metric tons. Our significant progress has been a mix of short-term pandemic impacts and long-term facilities optimization efforts.

We project that we will remain on a downward emissions trajectory post-pandemic by continuing to close or sublease excess office space and using renewable on-site power, renewable power purchase agreements and capital improvement efficiencies in our primary facilities.

### Reductions due to:



- 40% reduction supported by hybrid work arrangements resulting in lower facilities use
- 30% reduction from closing or subleasing facilities
- 20% reduction due to accelerated use of virtual claim handling technology resulting in fewer fleet miles driven and a reduction in the number of vehicles in our enterprise fleet
- 10% reduction from "grid greening," using renewable sources of energy

Note: Some reductions are a result of pandemic-accelerated business decisions or use of technology.

### Aligning to Task Force on Climate-Related Financial Disclosures (TCFD)

State Farm is assessing alignment of our ESG reporting with the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD is one of the frameworks which describes a company's approach to evaluating and mitigating the risk posed by climate or weather-related events. It focuses on four topics: governance; strategy; risk management; and metrics and targets. Regulatory bodies are increasingly relying on the TCFD.

# Reducing our environmental impact

## What's next?

To achieve our science-based target, we are engaging in a number of efficiency measures and implementing renewable energy, including:

- Continuing to modernize our fleet with more hybrid and electric vehicles.
- Updating our lighting across our facilities to more energy-efficient options, including LED lighting.
- Installing on-site solar energy at a new facility and evaluating additional solar options.
- Using renewable energy via contracts for carbon-free electricity.
- Continuing to pursue other large renewable investments for our facilities.



## Data

Direct emissions (Scope 1)	2019	2020	2021
Company Fleet	31,322	17,176	14,702
Facility Machinery Fuel and Refrigerant	27,719	24,488	23,710
Totals*	59,041	41,664	38,412
Indirect emissions (Scope 2)			
Location-Based Electricity*	213,373	173,812	139,876
Market-Based Electricity*	142,963	131,480	87,110
Combined totals			
Scope 1 & 2 Location-Based	272,414	215,476	178,288
Scope 1 & 2 Market-Based	202,004	173,144	125,522

## Internal operations energy consumption

Fuel Type	2019	2020	2021
Fleet Fuel (gallons)	3,512,711	1,931,355	1,639,334
Machinery Fuel (gallons)	59,308	44,534	197,663
Electricity (Kwh)	399,765,034	341,438,720	300,619,724
Natural Gas (Therms)	4,753,159	4,322,311	3,902,873

## Progress against science-based target

Emissions	2030 Target	2030 Target %	Baseline (2019)	% Reduction in 2020	% Reduction in 2021
Scope 1 & 2 Market-Based	101,002	-50%	202,004	14.3%	37.8%

\*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](#).

# Reducing our environmental impact

## Investing in emerging technology

State Farm is increasing the role we play in bringing new climate technologies and renewable energy resources to the market.

In 2021, State Farm committed to invest up to \$50 million over the next five years to scale the technologies the world needs to reach net-zero emissions by 2050. Specifically, State Farm is teaming up with [Breakthrough Energy](#), a network that brings together businesses, governments, philanthropies and individuals to invest in climate technologies. Our investment will support the [Catalyst program](#), which funds demonstration projects for carbon-reducing technologies, including direct air capture, green hydrogen, long-duration energy storage and sustainable aviation fuel.

State Farm is taking steps to promote the creation of renewable energy generation in those markets where we have our largest operations, including our offices in Richardson, Texas. For example, State Farm entered into a long-term power purchase agreement to support the development of a 200-megawatt solar facility in Texas, slated to come online in 2022.

## Improving our facilities

State Farm seeks to use our facilities in the most environmentally efficient way possible, including building key facilities to Leadership in Energy and Environmental Design (LEED) standards. In 2021, State Farm also pursued UL Verified Healthy Building status for our three Bloomington facilities and our three hub locations.



## LED lighting

In facilities across the country, we are upgrading to LED lighting as other lighting types become due for replacement. We're also being intentional with our replacement timing to ensure that we're not sending newer lightbulbs to landfills.

“By committing to purchase solar power, we’re helping to advance the development of renewable energy in Texas. We are exploring how we can do that in other states where we operate to ultimately reduce our reliance on fossil fuels.”



**Jenny Greminger,**  
Vice President –  
Administrative Services

# Reducing our environmental impact

## Reducing waste in our operations

State Farm engages customers, agents and employees to reduce waste.

### Composting and recycling

Composting reduces the amount of food waste that ends up in landfills. In 2021, as a pilot, we installed three-bin waste management systems in two Bloomington cafeterias to introduce composting and further expand extensive recycling efforts on campus. We'll continue putting them in the cafeterias and common spaces in other locations over the next few years. We are also using more compostable packaging materials and instructing employees on proper disposal.

To help minimize equipment going to landfills, State Farm repaired or refurbished over 126,000 pieces of equipment and donated 5,800 computers to non-profit organizations in 2021.

### Reducing paper use

State Farm is continuing an enterprise-wide effort to reduce the amount of paper used within our operations. Through changes such as paperless customer communications and double-sided printing, we reduced approximately 70 million paper communications in 2021, the equivalent of saving more than 18,600 trees.

### A more sustainable choice: aluminum water bottles

We are committed to removing all single-use plastic beverage bottles from our facilities to reduce plastic waste. To support this, we're also distributing refillable aluminum water bottles. In 2021, we gave away 100,000 water bottles to our employees and our communities. Our Catastrophe Claims Unit shared these bottles with people recovering from devastating storms, wildfires and other catastrophic events. We also donated bottles to nonprofits and community partners across the country, such as the City of Richardson, Texas, for use with school bus drivers, first responders and many students in underserved communities through "Back to School" programs.



### Eco-incentives for our customers

- 250,000 customers receive a discount for having an impact-resistant roof. This minimizes storm damage to roofs, meaning fewer shingles in landfills.
- Customers with a policy endorsement who replace damaged water heaters, heating or air conditioning systems with energy-efficient units receive 150% of the damaged unit's cost toward the new energy-efficient unit.

### Environmental steward

State Farm employees embrace the chance to make an impact through making sustainable decisions both at work and at home.

State Farm Paralegal Elizabeth Eilts was named our 2021 Environmental Steward in recognition of completing more than 600 environmental Acts of Good. These included reusing food and paper scraps in her garden and sourcing products locally with less packaging.

"I have recycled most of my life. I'm married to a farmer and they don't throw anything away. Every object that may seem like waste can be repurposed."



Elizabeth Eilts  
Paralegal

# Social impact

Being a good neighbor is a continuous journey

State Farm is comprised of 53,400 employees and 19,400 agents who believe being a good neighbor means being good stewards of the neighborhoods we have served for nearly 100 years. We show up when neighbors need our help.

Our focus is on building **safer, stronger, better-educated** communities and fostering diversity and inclusion both inside and outside State Farm.



# Social impact

## Safer communities

State Farm is committed to helping protect our neighbors. We pursue programs and collaborations that help keep people safe on the road, in their homes and in natural disasters.



### 2021 Highlights\*

**\$55.5M**

**Total national and local philanthropic annual giving.**

Additional in-kind contributions and progress with diverse suppliers.

**\$37.4M**

in Good Neighbor Community Grants

**\$1.8M**

from State Farm Companies Foundation to support scholarships

**\$14.1M**

in Matching Gift and Good Neighbor Grant® donations to amplify giving from employees and agents

**\$1.1M**

in Disaster Response grants

**202K**

volunteer hours from agents and employees

**275K**

trees planted with Arbor Day Foundation

**Millions**

of goods donated nationwide from State Farm, agents and employees

**9%**

of all supplier spend to diverse suppliers, up from 6.6% in 2020

\*The amounts in the right column are select examples and are not intended to add up to the full \$55.5 million total.

# Innovating for safety: Smart sensors help prevent home fires

Electrical fires make up about 13% of all home fires, take hundreds of lives each year and amount to nearly \$1.3 billion in annual home damage.\* As one way to help minimize that risk, State Farm has invested in Whisker Labs, supporting innovative safety by making free Ting sensors available to our customers in certain states.\*\*

Ting is a sensor technology that helps address electrical fire hazards in homes before a fire occurs. In 2021, the number of customers with a Ting device grew by 95,000, and more than 750 potential fire hazards were prevented thanks to Ting sensors.



\*National Fire Protection Association 2019 Survey.

\*\*Ting offer currently unavailable in AK, DE, LA, MN, NC, NY, SD, TN and WY.

## What customers say

“I am very happy that I decided to try out Ting. Being a first-time homeowner and single mother of three, it gives me peace of mind when it comes to electrical hazards. The Ting found an issue with my breaker box, and I was able to get it fixed with the credit I received from Whisker Labs.”

Rochelle F.,  
Newnan, Georgia

“I found that Ting was easy to install, and I was impressed by how the device documents brownouts, surges and low power instances. I was notified by Ting of the possibility of a bad power connection, which my utility company fixed. I am grateful that Ting was able to spot the problem early and prevent future problems.”

Robert R.,  
La Habra Heights, California

# Partners in child safety and parent education

State Farm recognizes that safety advocacy and education is an ongoing need. We conducted an online survey of U.S. parents (ages 25–55) in 2021 on their perspectives and behaviors related to child passenger safety. Despite acknowledging that child seats significantly reduce the risk of injury or death in a crash, nearly 1 in 5 parents admitted that their child did not use them.

When installed and used properly, car seats can decrease the risk of a fatal injury for children by up to 82%. Booster seats reduce the risk of serious injury for children ages 4–8 by 45%. However, of the children who were using a child seat or booster seat, nearly a quarter were not using them every time they rode in a vehicle.

To educate parents about child safety when riding in a vehicle, State Farm sponsors the [Safe Kids Worldwide Certification Program](#), which was developed by the [National Highway Traffic Safety Administration](#) and the [National Child Passenger Safety Board](#).

Since 2005, this program has trained 131,000 people nationwide to become child safety seat technicians. In 2021, State Farm funded a dozen sessions for child safety seat technicians and instructors nationwide, at which nationally recognized experts provided updates on safety advancements.

## Child safety seat technician spotlight: Dennis and Gwen Morris

When State Farm Agent Dennis Morris and his wife Gwen were starting their family, they took a class on how to properly install a child safety seat in their car.

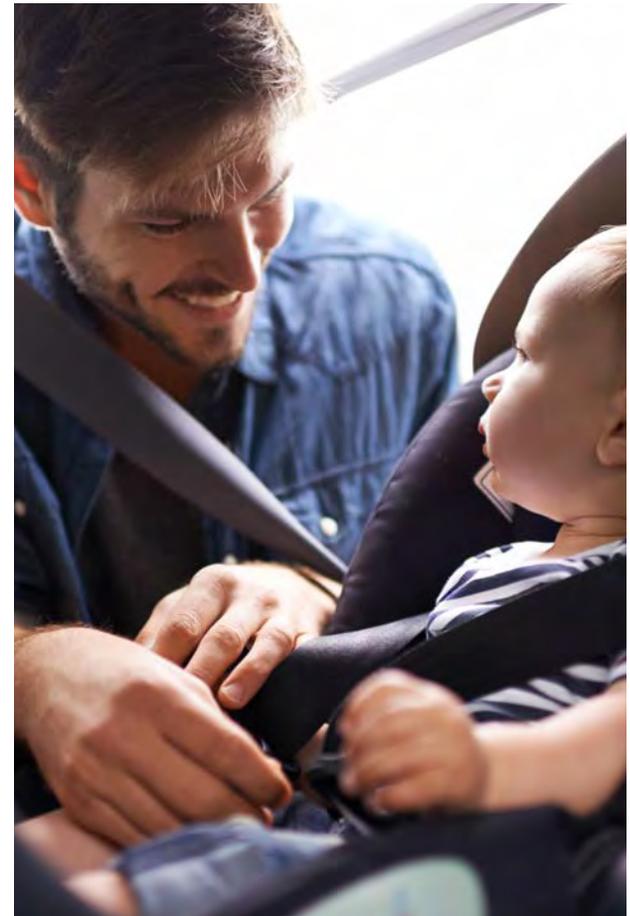
“That was more than 20 years ago, and it stuck with us how important child safety seats are,” said Dennis.

The Morrises are now child safety seat technicians who help install up to 150 seats a year. They pass along their expertise by partnering with other business leaders in their community to give away car seats and instruct new parents on the importance of installing them correctly.

“We provide this instruction as a community service. If there’s a crash, the child will have a better chance of making it to adulthood if they are protected by a child safety seat.”



**Dennis Morris,**  
State Farm agent  
and child safety seat technician,  
Shawnee, Oklahoma



# Auto safety

## Safety on the road

- Drive Safe & Save™ offers premium discounts for safe driving and fewer miles. Participation increased 33% in 2021.
- Governors Highway Safety Association (GHSA) — State Farm became an Associate Member with GHSA in 2014. As a result of State Farm funding, the GHSA has published annual reports on pressing safety issues including teens and distracted driving, pedestrian safety, drowsy driving, bicyclist safety, autonomous vehicles and micromobility.

### Cutting edge tech that makes driving safer

State Farm invests in other new technologies designed to reduce the number and severity of auto crashes. The goal is to keep people safe, and it also supports our business by reducing potential claims.

- **Phiar** is a high-fidelity augmented reality system that keeps drivers' eyes on the road by presenting navigation details and safety warnings (like pedestrian alerts) on windshields or with in-vehicle displays.
- **PreAct** uses fast, high-resolution precrash sensors to help a vehicle take preventative measures to reduce bodily injuries by pre-deploying airbags and brakes, adjusting the vehicle's suspension to change impact angles, etc.

Both companies are working with the auto industry to get these features and sensors built into vehicles in upcoming years.

State Farm has a proud history of making a difference in the world of auto safety.

1959

State Farm helped found the Insurance Institute for Highway Safety (IIHS), whose research has led to decades of auto safety improvements.

1983

State Farm won a U.S. Supreme Court case that defended the requirement for seat belts and air bags in cars.

1989

State Farm cofounded Advocates for Highway & Auto Safety and worked on seat belt and air bag safety initiatives.

1997

State Farm and the Children's Hospital of Philadelphia created the first large-scale, child-focused crash surveillance system. Since then, child fatalities from car accidents have been reduced by half.

2001-2012

State Farm hosted Child Safety Day events, inspecting 90,000 child safety seats at 2,500+ sites.

# Stronger communities

Strong neighborhoods are the foundation of a strong society. Through community outreach, community development grants and investments in nonprofits, State Farm gives back to the neighborhoods we serve and reinvests in the community.

## Business Roundtable and long-term relationships

State Farm made a pledge in 2020 to contribute \$100 million over five years to support minority communities and issues of racial equity and justice, in partnership with Business Roundtable. Through 2021, we gave \$25.5 million to further work with long-standing organizations like Enterprise Community Partners, a national nonprofit and Community Development Financial Institution working to make affordable homes possible for millions of families in underserved communities.

Part of our contribution went toward their Enterprise Community Loan Fund (ECLF), one of the largest nonprofit loan funds in the country. One example of ECLF's good work was its \$1.5 million loan to help preserve Vigil Light Senior Apartments, a low-income senior housing property of about 50 units in Santa Rosa, California.

Also in 2021, we extended our 20-year relationship with the Local Initiatives Support Corporation (LISC) and its Small Business Rescue Fund. The fund focuses on helping women and minority-owned business owners in Illinois, nonprofits and community development financial institutions bridge the pandemic gap with low-interest loans.

These are two examples of our ongoing work with organizations to support the most pressing needs of community groups. In 2021, \$16.9 million in grant funding was directed to nonprofit programs that serve at least 50% minority communities with their services.

"State Farm has a long history and commitment to social justice," State Farm Assistant Vice President for Corporate Responsibility and Diversity and Inclusion Rasheed Merritt said. "We continue to seek ways to bring solutions to the table and to engage in meaningful work being done by partners across the country."



"State Farm's generous and flexible support has been critical to LISC and our local communities as we implement strategies to advance an equitable pandemic recovery that benefits all Americans."



**Tina Homstad,**  
LISC  
Senior Development Officer

# Stronger communities

## Community development efforts

Neighborhoods grow stronger as more community members have opportunities to build personal finance skills, increase their incomes and become homeowners. State Farm supports 50 LISC Financial Opportunity Centers (FOCs) in 12 major metropolitan areas across the country. FOCs help community members find employment, build credit and increase net income and net worth.

- In 2021, State Farm-supported FOCs provided **11,700** people with employment and/or financial counseling, resulting in **3,295** improving their credit, **2,225** increasing their net income and **2,311** growing their net worth.
- Through education efforts with Neighborhood Housing Services (NHS) of Chicago in 2021, we helped create **218** new homeowners, resolve or prevent **408** foreclosures and conduct **137** safety inspections.
- State Farm works with the CEO Action for Racial Equity (CEOARE) Fellowship to address systemic racism and social injustice, at the local, state and federal level. We're most involved with their efforts around community development financial institutions, which increase financial access and economic opportunities for underserved Black Americans.

### 100 for Good®

State Farm employees and agents demonstrate the Good Neighbor spirit every day through acts of generosity in their communities. To bring formal recognition to these acts as we approach our 100-year anniversary in 2022, we started **100 for Good®**. State Farm challenges employees to perform and record 100 acts of good, such as picking up trash at a park or delivering soup to a neighbor. 2021 was our biggest year yet, with employees collectively logging **369,000 acts of good**.



**State Farm Neighborhood Assist®** is an annual crowd-sourced philanthropic initiative that helps fund community improvement projects. People submit worthy causes for a chance to win grant money. A public vote ultimately decides the winners. In 2021, the program celebrated its 10th year, awarding \$25,000 grants to 40 nonprofits.



# Stronger communities

## Better-educated communities

We believe education is critical for healthy, vibrant communities and that all youth deserve an education that will help them reach their greatest potential.



### Supporting teachers in uncertain times

Teachers adapted to unexpected conditions throughout the pandemic. They learned to teach in unprecedented ways, establishing new connections with students, families and colleagues – all while trying to maintain a sense of normalcy.

To inspire and reward classroom innovation during COVID-19, **State Farm invested \$500,000 to create the Teacher Assist grant program.** Two hundred teachers among five states each won a \$2,500 grant to implement their innovative ideas.

**Here's how some of the teachers used the money to innovate for their students during the pandemic:**

#### New York

Educator Kim Velasco teaches basic life skills, such as cooking, to students with disabilities, which also boosts their self-confidence. The Oneonta City School District teacher was able to purchase more food and supplies, such as an air fryer, which helped expand the program.

#### Florida

Laura Pacter, a teacher at Shadowlawn Elementary, teaches students how to grow fruit, vegetables and flowers. She used her grant to create a storytelling garden that focuses on environmental issues.

#### Michigan

Troy Athens High School teacher Adam Burns teaches filmmaking. Thanks to new flexibility in remote learning environments, his students have interviewed people from all over the world, met with YouTube sensations, staked out a sunrise and gathered b-roll for a commercial. They'll continue to expand their horizons thanks to the Teacher Assist grant.

#### Texas

Rodelio Abuan, a biology teacher at Avalos P-Tech School, used his grant to purchase machine-washable lab coats and fabric markers for his students. He also used an Augmented Reality (AR) app that adds content about biology to their lab coats.

#### California

Tamara Clark, an algebra teacher at Bakersfield High School, was struggling to teach virtually during the pandemic without the ability to use a whiteboard. To solve this, her husband built a DIY 'lightboard.' This is a light-up, clear plexiglass sheet that allows Tamara to write in vibrant colors that can be seen by students learning virtually. With her Teacher Assist grant, Tamara and her husband built more lightboards for other teachers in her school.

# Stronger communities

## Supporting young Black and Latino civic leaders

Building stronger neighborhoods begins with expanding access to education. State Farm has a long history of supporting underserved communities through charitable and community investment efforts at the elementary, secondary and collegiate level.

For two decades, State Farm has supported the Congressional Black Caucus Foundation (CBCF) mission to assist the leaders of today while helping to prepare the next generation of African American leaders. Each year, the CBCF and State Farm partner to provide 10-14 communications internships on the Hill to aspiring Black leaders.

State Farm has also supported the Congressional Hispanic Caucus Institute (CHCI), the nation's premiere Latino leadership development organization, since 2004, including a \$275,000 grant in 2021. As the founding sponsor of CHCI's [R2L® NextGen](#) program in 2011, State Farm is providing high school students with a transformational experience in Washington, D.C., that focuses on civic engagement, leadership and college readiness. Since the inception of R2L NextGen in 2011, more than 600 students have participated.

“We believe in the missions of CBCF and CHCI, and look forward to working together to develop the next generation of Black and Latino leaders,” State Farm Human Resources Vice President of Operations Rich Garcia said.



# Stronger communities

## State Farm Education Assist®

State Farm Education Assist provides funding to colleges and universities to meet the needs of diverse low- to middle-income students and helps them become successful, economically secure adults. Through this community-based program, we support multiple pathways for students after high school to develop the skills they need to succeed financially.

- Since inception four years ago, State Farm Education Assist at Georgia State University (GSU) has helped 82 students graduate with associate degrees from Perimeter College, a two-year institution that's part of GSU, and nine students with a bachelor's degree from GSU. The 62% graduation rate for the Perimeter College students supported by State Farm is more than double the national average for public two-year institutions.
- State Farm Education Assist at Arizona State University started in 2020 and already had two graduates in spring 2021. Currently enrolled students report a 96% satisfaction rating.



## Financial literacy

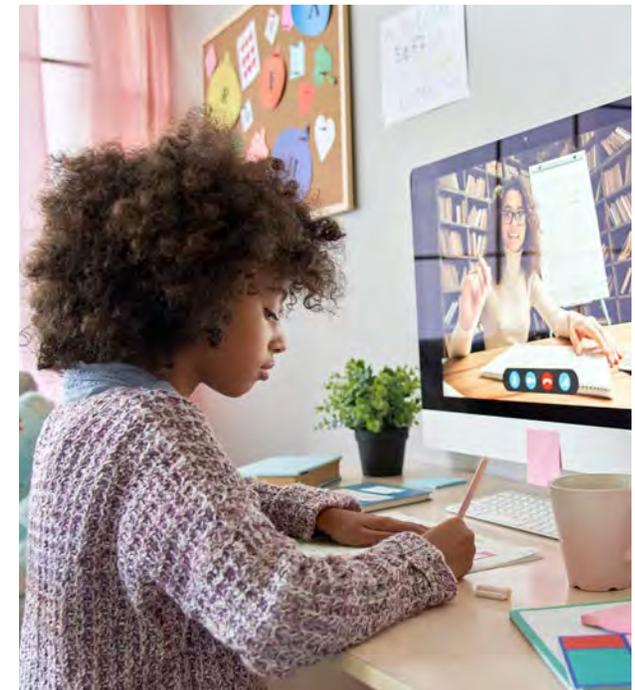
To support financial education, State Farm gives money to a variety of financial literacy organizations, including Junior Achievement USA. They awarded State Farm with a bronze-level U.S. President's Volunteer Service Award for our high level of volunteer hours for the 2020-2021 school year. Our volunteers mentored young people, teaching them how to manage money, succeed in the workforce and start a business that creates jobs and grows the economy. We also provide grant funding to The Society for Financial Education and Professional Development to help college students learn the fundamentals of personal money management.

## Job training

State Farm supports many job training programs, including SkillsUSA, which helps prepare students for careers in technical fields and service occupations. Through 2021 grant support from State Farm, SkillsUSA offered more than 50 hours of professional development for high school and post-secondary educators to teach trade skills in the classroom. State Farm also sponsored the first virtual Connect to My Future conference, which helped 6,600 students from across the country understand their skilled career path options and learn how to prepare for full-time employment, internships and apprenticeships.

## STEM

In 2021, State Farm launched Tech Astra™, an event where girls can explore careers in STEM. State Farm employees volunteered their time to host over 200 fourth- through eighth-graders at the inaugural event to talk to them about STEM careers, such as web services developer, UX designer and software developer.



# Empowering our people

## Responding to employee needs during the pandemic

State Farm remained flexible during the pandemic, maintaining customer and employee health and safety as our top priority while keeping our promises and serving customers. We worked closely with public health authorities to ensure our health protocols were effective and up to date. We also gave employees a large amount of flexibility to determine what worked best for their situation.



### 2021 Awards and recognition



- Seramount — 100 Best Companies
- GI Jobs — Military Friendly Employers
- Human Rights Campaign (HRC) — National Recognition for Equality
- Seramount — Top Companies for Executive Women
- AAPD/Disability:IN — Best Places to Work for Disability Inclusion
- Seramount — Best Companies for Dads
- Seramount Inclusion Index — Leading Index Company
- LATINA Style — 50 Best Companies for Latinas to Work
- Seramount — Best Companies for Multicultural Women
- Hispanic Association on Corporate Responsibility — Inclusion Index

# Empowering our people

## Diversity and Inclusion

We are committed to diversity and inclusion (D&I) as part of how we do business and lead our organization. We foster an environment where diversity and inclusion are expected in everything we do. These beliefs are central to who we are and evident in every relationship we have – within the workplace where all associates are treated with respect and dignity, across the marketplace by how we interact with our customers and suppliers, and in the community through charitable giving and community service. Putting our beliefs into action helps us serve our customers with empathy and achieve our business goals. While we are proud of our accomplishments, we know there is still much work to do, and we will continue to focus on advancing diversity and inclusion in all aspects of our business.

### D&I strategic roadmap

**State Farm has developed a D&I Strategic Roadmap guided by three objectives:**

- Embed diversity and inclusion into all aspects of the business
- Promote workforce diversity at all levels
- Model organizational inclusion in everything we do

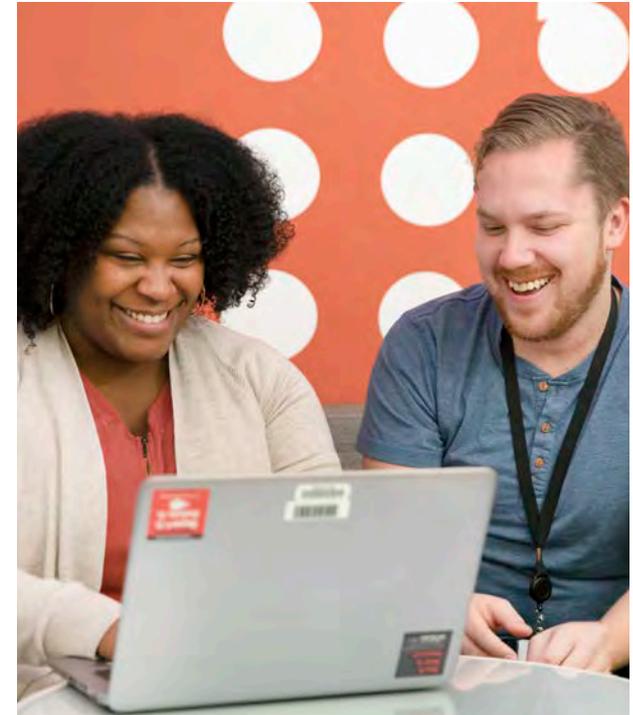
### D&I governance

Victor Terry is our Vice President of Public Affairs and our Chief Diversity Officer (CDO).

The CDO chairs the D&I Governance Council and works with fellow senior executive members to establish the strategic vision for D&I. The Council charges leaders and business areas to execute that vision and tracks progress in part through the publication of a quarterly metrics-based D&I scorecard.

To help integrate the vision into business functions across the enterprise, we have an Enterprise Diversity and Inclusion Council consisting of appointed executive and mid-manager-level leadership representing each business function.

Diversity and inclusion is a journey and we will continue to address new challenges and opportunities to ensure our organization is the first and best choice for employees and customers of all identities and backgrounds.



### Conversations worth having: A mental health panel with the State Farm chief diversity officer

State Farm Chief Diversity Officer Victor Terry moderated a panel discussion among State Farm employees about mental health. It was an open and authentic discussion in which participants shared personal stories to help destigmatize mental health challenges and encourage others who may be facing similar challenges.

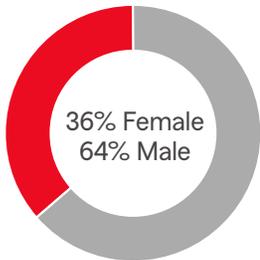
# Empowering our people

## Diverse representation in workforce

Our success in fostering a diverse and inclusive environment is reflected in the makeup of our workforce. In the last seven years, State Farm increased the percentage of minority employees by 10 points, from 30% to 40%.

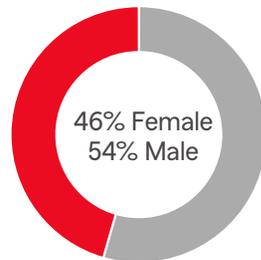
### Executive

#### Gender diversity



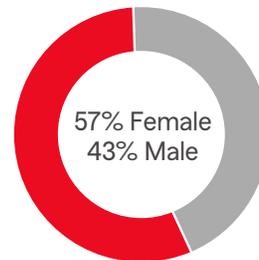
### Management

#### Gender diversity

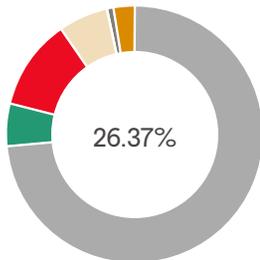


### All Employees

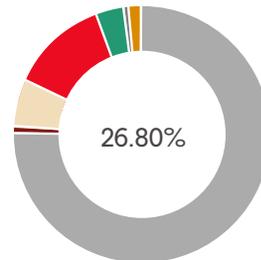
#### Gender diversity



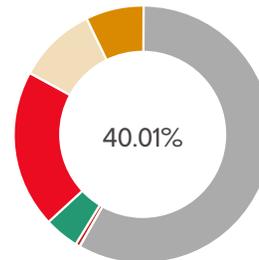
#### Racial and ethnic diversity



#### Racial and ethnic diversity



#### Racial and ethnic diversity



0.00%	American Indian/Alaskan Native
5.49%	Asian
11.36%	Black/African American
6.23%	Hispanic/Latino
0.73%	Native Hawaiian/Other Pacific Islander
2.56%	Two or More Races
73.63%	White

0.52%	American Indian/Alaskan Native
3.08%	Asian
14.81%	Black/African American
6.43%	Hispanic/Latino
0.15%	Native Hawaiian/Other Pacific Islander
1.81%	Two or More Races
73.21%	White

0.43%	American Indian/Alaskan Native
4.05%	Asian
18.99%	Black/African American
9.56%	Hispanic/Latino
0.22%	Native Hawaiian/Other Pacific Islander
6.77%	Two or More Races
59.99%	White

Year-end 2021 data

# Empowering others

## Supplier diversity

Embracing diversity and inclusion extends to the vendors and suppliers we work with every day. Twenty years ago, we established the Supplier Diversity program to source qualified diverse suppliers to fulfill State Farm’s procurement needs through suppliers that are at least 51% owned by minorities, women or veterans; service-disabled veterans; or by Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) entrepreneurs. A diverse supplier base helps support our business needs and makes a positive economic impact in the communities we serve. Supplier diversity positively influences customers and communities in ways that go far beyond what we can do alone.

### Progress in 2021

As of the end of 2021, diverse suppliers made up 9% of all supplier expense, which is an increase from 6.6% in 2020. Our goal is to reach at least 10% with diverse suppliers in 2022.

## Supplier diversity ‘matchmaking’ builds strong relationships

Sherrie Matthews is the proud owner of PrintSolutions Inc., which specializes in design, print and mail production. PrintSolutions is a certified LGBTQ+ woman-owned company that is 100% operated by women and has 68 employees.

According to Sherrie, “Every customer deserves my best effort. Investing my time answering questions and offering solutions is something I view as essential in developing a business partnership. Communicating with my customer through each phase of a project is integral for me.”

The Supplier Diversity team’s matchmaking event gives diverse suppliers an opportunity to pitch their products and services to decision-makers and managers throughout State Farm. This event has resulted in multiple contracts for diverse suppliers, spanning over many departments and business areas.

PrintSolutions stood out in the 2021 event, and shortly afterwards signed a contract with State Farm Administrative Services.

According to Amy Cortese, the director over the supplier diversity work, “The Supplier Diversity team is excited to continue to foster strong relationships like we have established with PrintSolutions!”



# Empowering our people

## Employee Resource Groups (ERGs)

State Farm has sponsored Employee Resource Groups (ERGs) since 2002. The groups support our goals to build a sense of community and belonging among employees and offer personal and professional development opportunities that contribute to the success of our business. They also positively impact our neighborhoods by awarding Company-funded grants to various nonprofit organizations of ERG members' choosing. When we onboard new State Farm employees, they are given the opportunity to attend an ERG fair and join an ERG if they are interested.

In addition, we continue to mature our ERG Incubator. Initially created in 2021, the Incubator is a diverse group of volunteers representing each of our 12 ERGs, which shares ideas and provides perspective on business questions, issues or opportunities.

In 2021, the ERGs offered leadership mentoring sessions for women, a leadership development experience for Hispanic/Latino employees, and a program offered to Black/African American and Asian American/Pacific Islander employees to help support them in their drive for personal and professional success.

**By the numbers:**

- 10,000+ employee members across 12 ERGs, an increase of almost 3% in 2021
- 161 events were held in 2021 — an increase of 7%; examples include panel discussions, seminars and community volunteering opportunities
- \$120,000 in grants awarded to charitable organizations through 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 (M².A.N.)



My Generations (MY Gen)



Pride



Women and Technology (W&T)



Women's Networking Group (Wnet)



Young Business Professionals (YBP)

# Empowering our people

## Supporting employee needs and values

State Farm encourages employees to bring their authentic selves to work and supports them in and out of the office with meaningful benefits.

### New 2021 health benefits

- We introduced **Included Health**, a dedicated care concierge focused on making the health care system work better for the State Farm LGBTQ+ employees and their loved ones.
- We introduced **Sword Health**, which gives State Farm employees access to a dedicated virtual physical therapist who helps employees complete exercises and relieve pain from the comfort of their own homes.
- We held a Companywide panel discussion on mental health. State Farm offers a range of mental health-focused resources for employees, including free confidential 24/7 counseling support via **LifeWorks**.
- To help employees navigate the challenges of the pandemic, State Farm introduced **Crisis Leave**, providing temporary supplemental time-off benefits for absences due to COVID-19 in employees' households.

### 2021 Professional and personal development resources

- Nearly 500,000 courses were completed by State Farm employees and leaders on the Degreed learning platform. Degreed provides a wide range of articles, videos and modules. Popular topics included digital literacy, growth mindset and unconscious bias.
- Over 900 leaders took advantage of personally tailored skills coaching from the BetterUp program.
- We improved our tuition assistance benefit for employees pursuing postsecondary degrees by introducing direct billing at select higher education institutions to reduce employees' out-of-pocket expenses. We now provide up to \$7,500 per year toward a bachelor's degree and \$10,000 per year for a master's degree. Tuition, books and many fees are eligible for coverage under this benefit.
- State Farm introduced EY Navigate, a highly personalized service that helps employees determine and realize their financial goals. It offers free unlimited access to one-on-one consultation with EY financial planners and online tools.

### Employee Assistance Fund

The State Farm Employee Assistance Fund provides short-term financial assistance for employees experiencing significant hardship. In 2021:

- The fund awarded \$1.3 million in aid to employees in need.
- The fund received \$1.1 million in donations from employees, matching gifts and the State Farm Companies Foundation.
- The average aid amount was \$2,418 and ranged from natural disaster relief to assistance in domestic abuse situations.

# Empowering our people

## Employee satisfaction

- Employee satisfaction — 3 out of 4 employees are satisfied with their jobs<sup>1</sup>
- Diversity — 9 out of 10 employees feel diverse values, viewpoints and backgrounds are valued in the organization
- Inclusion — More than 9 out of 10 employees feel accepted and included in their workgroup<sup>1</sup>
- View of development opportunities at State Farm — 7 out of 10 employees believe they have developmental opportunities at State Farm<sup>1</sup>

<sup>1</sup> All indices reflect 2021 results derived from quarterly employee surveys. The Employee Engagement Insights is a measure of Job Satisfaction, Organizational Commitment and Job Initiative which are outcomes linked with employee engagement. The Organizational Environment Insights is a measure of the environment our leaders influence by measuring employee perceptions of: Diversity, Inclusion, Developmental Opportunities, Recognition and Knowledge of Performance. Employee survey results for State Farm do not include HiRoad Assurance Company.

## Matching Gift and Good Neighbor Grant

State Farm encourages agents, employees and retirees to be good neighbors by giving back to the communities where they live and work. In 2021, State Farm Companies Foundation donated more than \$14.1 million to 10,886 nonprofits and schools across the United States to support the generous donations and volunteerism of our people.

**Matching Gift Program:** State Farm Companies Foundation matches charitable contributions made by eligible State Farm agents, employees and retirees to qualified nonprofit organizations, public and private K-12 schools, and two- and four-year U.S. colleges and universities. Matches can be made in amounts between \$25 and \$4,500, with an annual match cap of \$4,500 per calendar year for each associate.

**Good Neighbor Grant Program:** The State Farm Companies Foundation awards a \$500 grant on behalf of each eligible State Farm employee who volunteers a minimum of 40 hours per calendar year to an eligible nonprofit organization. A \$500 team grant can be earned as well for associates who volunteer 40 hours or more as a team at an event or in a calendar year to an eligible nonprofit organization.



# Governance

## Protecting what matters

Our customers trust State Farm to keep the promise of helping them recover from the unexpected.

Strong governance is foundational to upholding that promise. We hold ourselves to high standards of ethics and integrity. We expect this level of commitment in our workplace, our marketplace, the communities we serve and from our suppliers. Our founding values from nearly 100 years ago still guide us today. The State Farm culture is rooted in leaders and employees at all levels doing the right thing. We strive to continually improve communication to help ensure all employees understand our values, policies and expectations.



# Our leadership

## Leadership

Led by our Chief Executive Officer (CEO), leadership communicates shared values, standards of conduct and employee expectations through the Code of Conduct, messaging and day-to-day leadership behavior.

## Board of Directors

The Board of Directors oversees the organization, its strategy and its risks. As directors of a mutual company, the Board of Directors takes a long-term view of the Company's strategy and oversight of risks for the benefit of the policyholder group as a whole. Its oversight extends to management to lead in a way that promotes an ethical culture and the long-term health of State Farm through financial strength and operational effectiveness.

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 and customer 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.

[Learn more about our current Board of Directors.](#)

## State Farm Executive Management Team



**Michael Tipsord**  
Chairman, President & CEO



**Mary Schmidt**  
EVP & Chief Administrative Officer



**Paul Smith**  
EVP & Chief Operating Officer



**Rand Harbert**  
EVP & Chief Agency, Sales & Marketing Officer



**Jon Farney**  
SVP, Treasurer and CFO



**Joe Monk**  
SVP – Financial Services



**Steve McManus**  
SVP & General Counsel



**Cathy Wallace**  
SVP & Chief Risk Officer



**Chris Schell**  
SVP – Property & Casualty



**Fawad Ahmad**  
SVP & Chief Digital Officer



**Kristyn Cook**  
SVP – Agency & Marketing

## State Farm Mutual Automobile Insurance Company Board of Directors

(as of 3/2022)

**Dan E. Arvizu** – Chancellor, New Mexico State University System

**Keith Block** – Former Co-Chief Executive Officer, Salesforce.com, Inc.

**Charles K. Bobrinsky** – Vice Chairman and Head of Investment Group, Ariel Investments

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

**W. Steven Jones** – Professor of Organizational Behavior and Strategy, University of North Carolina

**W. H. Knight Jr.** – Professor of Law, Seattle University School of Law

**Vicki A. O'Meara** – Chairman, AdSwerve

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

**Debra L. Reed-Klages** – Former Executive Chairman, Sempra Energy

**Pamela B. Strobel** – Former Executive Vice President and Chief Administrative Officer, Exelon Corporation

**Michael L. Tipsord** – Chairman, 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 Operating Officer, Nordstrom, Inc.

# Board governance of ESG

While the Board of Directors has oversight responsibility for the ESG strategy as a whole at State Farm, oversight of certain elements of our ESG program is performed by the following board committees as set forth in each committee 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:** Reviews ESG efforts such as corporate social responsibility, diversity and inclusion initiatives and workforce engagement.

- **Nominating & Corporate Governance Committee:** Assists the board in maximizing board effectiveness, monitoring corporate governance practices and developments, and assists the board with its composition and its oversight of ESG efforts related to corporate governance, including ESG disclosures.
- **Technology Committee:** Oversees the role of technology within the Company’s operations including innovation and digital strategy, and oversees the information security and privacy program.

The Corporate Governance framework establishes and promotes the ethical culture at State Farm through the Code of Conduct and tone at the top from the Board of Directors and leadership. The framework of policies based upon our values, expectations and external standards such as legal, regulatory and auditing standards, as well as customer expectations, guide employees’ conduct. Employee conduct is monitored and accountability measures are in place.



—  
 “Strong corporate governance practices serve as the foundation supporting our brand and assuring integrity and trust in our business practices and employee conduct.”



**Lynne Yowell,**  
 VP of Corporate Governance  
 and Corporate Secretary

# Privacy and data security

State Farm is committed to maintaining utmost consumer trust and confidence. We provide our Notice of Privacy Policy the first time we do business with a customer. It's also available on [statefarm.com](https://statefarm.com), by request or as otherwise required by law. We review our Notice of Privacy Policy regularly to ensure we're remaining aligned with our commitments.

Our Chief Information Security Officer (CISO) is accountable for the information security strategy, program, policy and governance at State Farm. The Chief Compliance Officer (CCO) is responsible for oversight of compliance risk management, with the Privacy Official, who reports to the CCO, being accountable for the privacy program. Dedicated privacy and security teams help execute the strategies. There is collaboration and shared responsibility between both areas to promote a secure, compliant and ethical culture.

## Customer privacy

State Farm is 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 information security and privacy policies framework sets up 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. In addition, we regularly review our policies and practices, monitor our computer networks and test the strength of our security.

## Training

We have a robust information security awareness and privacy training program for all State Farm associates, agents and agent team members focusing on areas that are crucial to the protection of customer information, including:

- Expected behaviors, management responsibilities and business procedures for day-to-day roles
- Types of information and associated obligations
- Information protection practices, including password requirements, retention and disposal of information and security software updates
- Information security and privacy threats, including social engineering, phishing and insider threats
- Reporting a potential incident for investigation and response

Additional elective courses cover a variety of in-depth privacy and information security topics.



# Privacy and data security

## Data collection and use

For details on what types of data we may collect and how we will use it, see our [Notice of Privacy Policy](#) on [statefarm.com](#).

## Commitment to our customers

Our [Notice of Privacy Policy](#) describes how we protect, collect, use and share customer information. Customer information means all nonpublic information related to an identified individual, which is sometimes called personally identifiable information.

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

## 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 customers expect it, it's the right thing to do and our brand and reputation depend on it. Ultimately, every associate at State Farm is accountable for following policies and procedures to maintain information security and privacy.

## Information security governance

Our information security program is designed to 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.

Our information security strategy takes a risk-informed approach, integrating technology, policies, procedures and training to mitigate information security risk. It seeks to ingrain in all employees that "information security is everyone's business."

The Program relies on business partners who are directly involved with oversight, execution and maturation including the CISO, CCO, the Chief Risk Officer, the board of directors and various committees. 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.

State Farm security teams have both operational and policy-making responsibilities. Our professional teams use the latest technologies to track and respond to real-time cyber threats to State Farm networks 24/7. These teams also set information security policy for State Farm and govern business practices and processes as new capabilities are created for customers.

## Building a risk-aware culture

All State Farm associates are responsible for complying with information security policies. In addition to the annual mandatory information security awareness and privacy training, we conduct year-round phishing exercises and offer immediate feedback and training resources to boost employee vigilance. We provide additional role-based training to those in specialized product and customer-facing areas and those with elevated access.

## Educating customers about safeguarding their information

To keep customers informed about security risks and how to protect their data, [statefarm.com](#) hosts a detailed [Security and Fraud section](#). In it, we provide guidance on topics such as creating strong passwords, spotting scams (including phishing) and reporting suspicious activity. We also offer security tips such as how to safely use the internet, social media and devices in our articles on [Simple Insights](#).

# Investments, resiliency and accountability

## Investment strategy, including ESG

State Farm’s investment team evaluates and monitors risks and opportunities associated with our investment portfolios in order to preserve the Company’s financial strength and to help keep our promises to our policyholders. In general, the investment team seeks to evaluate all material risk factors, including ESG factors, that may have an impact on a company’s future prospects, operating performance or valuation. State Farm’s Investment Policies specifically address ESG.

- State Farm invests in green bonds and provides financing to entities and funds that are engaged in energy efficiency projects, as well as in municipal and state governments, commercial mortgages and real estate, and utilities and energy companies with green initiatives as a subset of their business operations. State Farm also directly supports various initiatives associated with investing in social or community development opportunities, including affordable housing or providing capital to support diversity and impact investing.
- State Farm monitors and evaluates changes in climate and weather patterns in conjunction with assessments of changing sources of energy and the innovation necessary to produce economic, reliable and sustainable energy over time.
- State Farm has limitations on investing in certain industries or sectors. Restrictions on investments in unregulated coal-fueled energy generation limit the exposure within the utilities industry and investments are not made in coal-focused mining companies.

## Business resiliency

State Farm is a resilient organization that’s focused on delivering on our promises to our customers regardless of any events we may face in the future. In 2021, we launched a centralized Resiliency program to bring more focus and consolidation to our resiliency approach. The program takes an integrated approach to resiliency risks across Business, Risk, Operations, Technology and Cyber. This approach has already enabled us to strengthen our planning and infrastructure for weather-related events, identify our most critical processes across the enterprise, establish a new Operational Resiliency General Policy, and enhance site reliability engineering capabilities. We’ll continue to use this program to remain proactive in managing risks.



## Accountability

To ensure we do the right thing, 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 our Code of Conduct. Employees complete a refresher course on an annual basis.

### Compliance & Ethics Hotline

A Compliance & Ethics Hotline offers 24/7 access for individuals to report concerns, ask questions or seek guidance about compliance or ethics matters. Individuals can choose to remain anonymous and can access the hotline through a phone number or online. Each report is reviewed and investigated.

### Open door policy

There is also a long-standing “open door” policy at State Farm whereby any employee may seek out a member of management to discuss a concern.

# Business practices: doing the right thing

The way State Farm conducts its business is directly tied to the expectations set for employee conduct and behavior in the Code of Conduct. To ensure business operations and practices are consistent with those same expectations, there is a broad system of controls and continuous monitoring that we consistently carry out.

## Financial controls

Financial operations are a critical component of the organization’s effectiveness and overall health. Our accounting and analytics functions – including strategic planning, financial processing and financial reporting – are performed in accordance with internal and external guidelines, including regulatory guidelines, which help ensure accurate reporting. We test and evaluate our financial controls through our internal audit function and independent external auditors.

## Enterprise risk management (ERM)

ERM processes allow State Farm to assess risks and opportunities together, which helps us 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 throughout the organization.

## Regulatory oversight

State Farm operates in most jurisdictions across the United States. Our operations are performed in compliance with applicable federal, state and local laws and regulations. At the federal level, scrutiny of the basis may include, for example, tax compliance or employment standards. At the state and local levels, insurance regulators pay close attention to financial reporting, information security, underwriting processes and claims practices, among other areas.

## Internal and external auditing

The State Farm internal audit team provides business areas with an independent and objective review of the adequacy and effectiveness of their operations’ internal controls. Following professional auditing standards and government regulations and laws, the internal audit function helps maintain a financially sound organization, minimizes significant risk of losses and triggers 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.



# The State Farm Group of Companies

State Farm-branded products are marketed through independent contractor-exclusive agents.

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## Parent Company

State Farm Mutual Automobile Insurance Company

## Insurance Affiliates

State Farm Life Insurance Company

State Farm Life and Accident Assurance Company

State Farm Fire and Casualty Company

State Farm Indemnity Company

State Farm Guaranty Insurance Company

State Farm General Insurance Company

State Farm Florida Insurance Company

State Farm Lloyds

State Farm County Mutual Insurance Company of Texas

State Farm Classic Insurance Company

State Farm Investment Management Corp.

State Farm VP Management Corp.

## Other Insurance Affiliates

HiRoad Assurance Company

Dover Bay Specialty Insurance Company

MGA Insurance Company, Inc.  
(a subsidiary of GAINSCO, Inc.)

# Looking ahead

Being a good neighbor is a continuous journey

To create a better world around us, we keep doing more and looking for new opportunities as we celebrate our 100th anniversary year.

In next year's report, for example, you'll read more about how we're making progress on our commitment to reduce greenhouse gases, including additional funding of renewable energy resources in Illinois and Texas. You'll also hear more about our progress with supplier diversity and how our \$100 million investment commitment for minority communities and the advancement of racial equity is making a difference. You'll read about the ways we've continued to meet more employee needs by enhancing and expanding their benefits package.

Ultimately, these kinds of efforts will help us create a neighborhood we're proud to pass on to the next generation. Together, we'll help make a better world.

To stay up to date on our ESG efforts and progress, see [Good Neighbor Stories](#).

