

Principles for Sustainable Insurance (PSI) Farmers Insurance® Annual Disclosure 2023

In November 2022, Farmers Insurance Exchange became the first U.S.-based insurer to sign onto the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Sustainable Insurance (PSI), expanding on an existing commitment to operate in a way that positively impacts its customers, employees, and communities by incorporating Environmental, Social and Governance (ESG) considerations into its business.

As a signatory, Farmers® is also called to demonstrate accountability and transparency by publicly communicating progress in implementing the Principles, which Farmers has outlined in the following information:

Principle 1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

ESG Strategy and Leadership Council	In 2022, Farmers established an ESG Leadership Council, a cross-functional team of representatives from across the enterprise responsible for formulating and executing on the organization's ESG strategy. Members of the Leadership Council commit to championing ESG initiatives within their own business unit and acting as stewards of Farmers ESG plans.
DEI&B Commitment	Farmers continues to build on its foundational commitment to Diversity, Equity, Inclusion and Belonging (DEI&B) and achieving its vision for DEI&B by embracing workforce diversity and the differences that make the organization stronger; nurturing an accepting and inclusive culture where employees feel a sense of belonging; and evolving its corporate citizenship strategy to support economic empowerment in underserved communities in addition to disaster resilience.

Principle 2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Consumer Education and Green Product Offerings	Farmers offers discounts for property insurance customers whose homes achieve ENERGY STAR and/or LEED certifications. The organization also provides resources and educational materials related to wildfire mitigation, flooding, hurricanes, earthquakes and other perils to help consumers prepare for the unexpected.
Environmental Sustainability	Farmers continues to take measures to become a more environmentally friendly organization, committing to conducting an ongoing analysis of our operational carbon footprint to better understand and reduce the environmental impact of our business. As part of our Go Green initiative, Farmers has outlined enterprise-wide priorities around eliminating single-use plastics, reducing printing by encouraging customers to take advantage of paperless options and implementing a digital voting process for policyholders, transitioning to a hybrid and electric fleet of company vehicles, reducing electricity usage, and using renewable electricity in our offices and owned data centers through on-site solar generation and the purchase of Renewable Energy Certificates (RECs).

Impact Investing	<p>The Farmers organization has been committed to providing capital to traditionally underserved communities for over two decades. Farmers entities, along with other large insurance companies, founded an entity called Impact Community Capital (ICC) in the late 1990s to provide investment capital to help bolster California's low-income communities and populations. Since its founding, ICC and the Farmers organization have invested over \$2.4 billion and \$400 million, respectively, in traditionally underserved communities in California and beyond. A commitment to socially responsible investing has been institutionalized in the Farmers enterprise through inclusion in investment and risk policies, as well as filed Socially Responsibility Investing (SRI) policy statements with the California Department of Insurance.</p>
Go Green Team and Community Grants	<p>Farmers actively engages employees on ESG topics in a variety of ways. For example, the Farmers Go Green Team was established to help reinforce the enterprise's commitment to environmental sustainability. The program helps empower and educate employees on how to reduce their carbon footprint, and provides opportunities to get involved through informational webinars, resources to share best practices, and sustainability-related volunteer opportunities.</p> <p>Farmers also demonstrates our commitment to sustainability by providing grants to nonprofits focused on the environment, which help to make our communities more resilient in the face of natural disasters. We've worked with organizations such as the National Environmental Education Foundation, TreePeople, American Forests, City Plants Los Angeles, and Friends of Grand Rapids Parks to plant trees and improve our cities, parks, forests, and our own backyards.</p>

Principle 3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Industry Organizations and Research	<p>Farmers continues to participate in dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies. Farmers is an active member of the Institute for Business and Home Safety (IBHS), which works to reduce the social and economic effects of natural disasters and property losses by conducting research and advocating for improved construction, maintenance and preparation practices. Funding from Farmers and other member companies has helped IBHS to conduct its critical research, including creating the FORTIFIED HOME™ and FORTIFIED Commercial™ construction standards. Other insurance industry organizations with which Farmers actively engages include the Insurance Institute for Highway Safety (IIHS), the Advocates for Highway and Auto Safety, the California State Board of Fire Services, Fire Safe Council and Fire Safety Institute.</p>
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Philanthropic Strategy and Nonprofit Support	As Farmers strives to maintain a high standard of responsible corporate citizenship, the organization is committed to giving back and making a difference in the communities we serve through a strategic focus on economic empowerment and disaster resilience. Farmers has a longstanding relationship with national nonprofit partner SBP, whose mission is to shrink the time between disaster and recovery for individuals and communities. As part of our work with SBP, Farmers supports their FEMA Advocacy program, which advocates for innovation and policy reform at the local, state and federal levels to improve speed, predictability and access to recovery resources for survivors. We've also provided funding to support SBP's Recovery Acceleration Fund (RAF). The RAF is an impact investment fund that helps to speed up the process for low- and moderate-income families to rebuild and repair homes that have been damaged due to a disaster. Additionally, Farmers supports the Institute for Diversity and Inclusion in Emergency Management (I-DIEM) and is the presenting sponsor of the HERRricane program, which is focused on developing and elevating women as leaders in the emergency management field. In 2022, Farmers announced a five-year extension to our relationship with the Advocates Pro Golf Association (APGA) Tour and supporting the cause's efforts in bringing more diversity to the game of golf.
Civic Engagement	Farmers continues to build and maintain important relationships with legislators, regulators and other government officials to advocate for key issues and build consensus to advance meaningful public policy. Through its commitment to being a responsible corporate citizen, Farmers works with internal and external stakeholders to promote important industry matters with broad societal implications, including auto and highway safety, resilient and sustainable building and construction practices, as well as waste-reduction and resource conservation initiatives.

Principle 4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

PSI Disclosure	Farmers Insurance is dedicated to developing and submitting information about its progress in implementing the Principles as part of the PSI's annual disclosure process. Farmers completed its first disclosure in the fourth quarter of 2023.
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