Approach to Climate Risk

Climate change represents an urgent global concern for all companies, including Allstate. Allstate's approach is to safeguard our customers while having sustainable business practices and adequate returns.

A changing climate means we must identify risks and opportunities, which can be either physical in nature, such as extreme weather patterns, or related to transitions such as policy shifts and the development of new technology. Allstate works to understand how this directly and indirectly affects our products, assets and liabilities.

Allstate’s business viability depends on effectively modeling, pricing and managing risks, including risks related to climate change. We manage climate risks within our integrated Enterprise Risk and Return Management (ERRM) Program, which applies risk-return principles, modeling and analytics, governance, and transparent management dialogue to understand the company's highest-priority risks.

We have identified the following climate change risks:

1) **Insurance Risk** – An increase in severe weather events has raised loss costs for homeowner’s insurance, requiring risk management actions such as changes in pricing, product coverages, reductions in policies in force, underwriting practices, and reinsurance utilization. We expect that the impacts from climate change will continue to be concentrated in property insurance.

2) **Investment Risk** – Our business success depends on effectively modeling, pricing and managing climate-related risks, and developing products and services to address the impact of severe weather. We identify, measure, manage and monitor material risks, including climate change, through a risk evaluation framework which is reviewed by the Board of Directors. We employ some of the same practices from our underwriting to model climate risk within our investment portfolio. We consider potential environmental and severe weather risks when we assess the size and maturity profile of our positions. Sectors with higher potential exposure are primarily invested in public markets and we have limited exposure to sectors with higher climate risk including oil, gas and coal production, airlines and airports, and commercial real estate with higher catastrophe risk. Additionally, we incorporate ESG considerations and climate-specific metrics into our asset management decisions.

3) **Reputational Risk** – Climate change matters deeply to internal and external stakeholders. They have high expectations for how Allstate manages its response to climate change. Our commitment to mitigating the risks of climate change is collaborative across our external partnerships and public engagements.

About this Report

Allstate is providing the following table that indicates where readers can find disclosures within publicly available documents that address the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)**. Allstate intends to further align its disclosures with the recommendations of the TCFD by completing scenario analysis work already underway. Allstate is in the process of developing a financed emissions inventory and heat map which helps identify the impact of our portfolio on climate change and facilitate emissions reductions. Allstate also realizes attractive risk adjusted returns through investments that finance solutions to climate change. Allstate will continue to work toward setting science-aligned targets and establish an approach to integrating carbon-reduction targets into investments and operations.

TCFD Index

Recommended Disclosures	Response/Comment
Governance	
a) Describe the board's oversight of climate-related risks and opportunities.	The Board has oversight of all risk and return activities and reviews environmental, social and governance (ESG) matters to prioritize efforts and progress. Two committees are also responsible for additional oversight: Nominating, Governance and Social Responsibility Committee and Risk and Return Committee. The Board's Nominating, Governance and Social Responsibility Committee oversees ESG priorities, strategy and reporting. The Board's Risk and Return Committee oversees climate change risks and opportunities through the lens of Allstate's Enterprise Risk and Return Management (ERRM) framework. The Risk and Return Committee conducted a thorough review of Allstate's climate risk and return management approach in 2020 and 2021. For a full description of our Board's oversight of climate risk, please see 2022 Proxy Statement, pg. 31, and 2020 CDP Climate Change Responses, C1.1, C1.1a, C1.1b.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Enterprise Risk and Return Council (ERRC) meets monthly and is Allstate's senior risk management committee below Board level. The ERRC is made up of Allstate's CEO, vice chair, chief investment officer, general counsel, treasurer, area of responsibility (AOR) presidents and enterprise and AOR risk and financial officers. It supports ERRM by establishing risk and return targets, determining economic capital levels, and directing integrated strategies and actions from an enterprise perspective. The chief risk officer chairs the ERRC and ensures that it performs its duties, and reports to the CEO. Business areas identify, measure, manage, monitor and report on risks at a granular level, including climate risks, and risks in excess of

limits or tolerances are reported regularly to the ERRC and Board's Risk and Return Committee in the ERRM Summary Report. For a more detailed description of our ERRM framework, see pgs. 80-82 of the Annual Report on Form 10-K.

Allstate also maintains an ESG Steering Committee. Its cross-functional members identify key risks and opportunities related to sustainable business practices and help implement Allstate's enterprise ESG road map. The Committee is comprised of individuals from strategy, finance, financial products, technology, marketing, innovation and corporate brand, enterprise risk and return management, human resources, legal, investments, Property-Liability, and protection products and services. Allstate's senior vice president of corporate strategy and senior vice president of corporate law co-chair the committee, which meets monthly and updates senior executives. The ESG Steering Committee has established three working groups on Climate, Inclusive Diversity and Equity, and Privacy to further drive thought leadership and progress throughout the organization on these important initiatives.

On the Investments side, the Responsible Investing Committee monitors ESG investing trends and best practices and periodically reports about its activities to the ESG Steering Committee and other leaders within Allstate. This Committee also monitors the investment portfolio for exposures to climate change. Different sectors are classified based on exposure to environmental risks, including climate change, and environmental risks are incorporated in the sizing and maturity profile of our positions. Sectors with higher potential exposure are primarily invested in public markets, providing flexibility to adjust exposures. Commercial real estate investments are classified based on their modeled exposure to catastrophe risks.
For additional information regarding management's role in assessing and managing climate-related risks and opportunities, see 2020 CDP Climate Change Responses, C1.2, C1.2a, C-FS2.2b, 2022 Proxy Statement, pg. 31, and Accountability under the Climate Strategy and Disaster Resiliency section of our Sustainability Report.

Strategy

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risks and return opportunities are evaluated across six key categories (strategic, insurance, financial, investment, operational, and culture) with climate impacting all six areas. Increased severe weather has raised loss costs for auto and homeowner's insurance, requiring changes in pricing, product coverages, underwriting practices and reinsurance utilization. Impacts will continue to evolve due to the increasing effect of severe weather driven by climate change. Physical and transition risks exist within the investment portfolio, along with opportunities associated with "green" investments and emerging technologies. See 2022 Proxy Statement, pgs. 49-50.

For a more complete description of risks and opportunities identified, please see 2020 CDP Climate Change Responses, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e, C2.3b, C2.4b, and the Risk Factors section of the Annual Report on Form 10-K, pgs. 21-29, for a list of risks impacting Allstate.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Managing climate-related risks and opportunities has been a priority at Allstate for over 25 years as it impacts all aspects of our business, particularly homeowner's insurance. We have worked to mitigate the effect of more severe weather on customers' homes and shareholder returns, which has impacted where we provide protection, what the protection covers, pricing, utilization of risk reduction efforts such as reinsurance, provision of third-party products, and regulatory and compliance initiatives. Substantial progress has been made to make homes safer through better building codes, and to improve affordability by pooling risks and modifying our business practices. As the climate continues to change, this expertise will serve customers and shareholders well, and Allstate will continue to adjust its strategy and risk profile to protect shareholders, customers, and its reputation. The Board's Risk and Return Committee reviewed the impact of climate change on the company's short- and long-term strategies in 2020 and 2021. See 2022 Proxy Statement, pgs. 31 and 50. The catastrophe reinsurance program is part of Allstate's catastrophe management strategy. For information about the reinsurance program, see Risk Management section below. In 2020, Allstate's Investment Management Committee adopted a Responsible Investing Policy that outlines expectations for Investment professionals to consider available data for ESG-related factors when making investment decisions. Allstate expects its Investment professionals to refrain from making certain types of investments that may result in significant ESG-related risks. In addition to the Responsible Investing Policy, the Investment Management Guidelines state that Investment managers' analysis and decision-making consider ESG issues when assessing risk/return trade-offs for a particular investment. Allstate Investments' compliance department maintains a restricted list that defines prohibited types of investments, which are typically entities whose activities are fundamentally inconsistent with Allstate's values or are likely to result in reputational or other significant risks.

	For more information on how climate-related risks and opportunities have influenced Allstate's businesses, strategy and financial planning, please see [2020 CDP Climate Change Responses, C3.1d, C3.1e, C-FS3.2a, C-FS3.2b, C-FS3.3a.]
c) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.	We analyze the potential impact of climate-related changes as part of the strategic planning process. Allstate's strategy to increase market share in the personal property-liability business and expand protections offerings for customers is resistant to increased severe weather. After experiencing severe catastrophe losses in 2004 and 2005, Allstate repositioned the homeowner's business, which is now consistently profitable. Along with changing product details and underwriting practices, the company created a comprehensive catastrophe reinsurance program to reduce certain risks. Additionally, Allstate's Catastrophe Modeling and Analytics Team and Pricing Groups monitor climate change information as part of their analysis of weather-related trends. Models developed internally and by third-party vendors are used along with Allstate's historical data in assessing property insurance exposure to catastrophe losses. Losses and changes in exposure are analyzed and reported to senior leaders each quarter. Allstate's internal stress tests focus on predicting business continuity, resiliency, and solvency through a variety of catastrophe scenarios. The Catastrophe Modeling and Analytics Team also partners with the Investments group to model the catastrophe exposure of real estate investments and portfolios. Allstate measures and monitors insurance risk (which includes claims frequency and severity and catastrophes and severe weather) with different approaches, including stochastic methods and scenario analysis. For additional details related to the reserving process for property and casualty insurance claims, see pgs. 86-92 of the Annual Report on Form 10-K. For a full description of Allstate's process, please see 2020 CDP Climate Change Responses, C3.1a, 3.1b, and Policies and Procedures under the Climate Strategy and Disaster Resiliency section of our Sustainability Report. Work is underway to complete our full climate change scenario analysis. We will update this report with further information as soon as it is available.

Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.	We manage climate change risk as part of the ERRM program. Enterprise risks and opportunities are identified, prioritized, measured, managed, monitored, and reported under an integrated ERRM framework, which includes our risk appetite statement, Risk and Return Principles, key risk and return categories, governance, modeling, analytics, and transparent management dialogue. The Board's Risk and Return Committee also annually assesses risk associated with extremely low frequency scenarios For a full description of risks and opportunities identified, please see 2020 CDP Climate Change Responses, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e, C-FS2.2f, C2.3, C2.3b, C2.4, C2.4b. For additional information regarding our climate management process, please see 2022 Proxy Statement, pgs. 12 and 49-50; and Policies and Procedures under the Climate Strategy and Disaster Resiliency section of our Sustainability Report. For information regarding how Allstate manages climate risks and opportunities in our investment portfolio and our operational emission reduction initiatives, please see 2020 CDP Climate Change Responses, C-FS3.2, C-FS3.2a, C-FS3.2b, C-FS3.3, C-FS3.3a, C4.3, C4.3a, C4.3b, C4.3c, C4.5, C4.5a.
b) Describe the organization's processes for managing climate-related risks.	On an ongoing basis, Allstate identifies, assesses, mitigates, reports and monitors material risks, including climate change, through our integrated ERRM program. This enables holistic management of key risks and incorporates risk and return management into our business model. The ERRM program includes our risk appetite statement, Risk and Return Principles, key risk and return categories, governance, modeling, analytics, and transparent management dialogue. Risks that are considered material are escalated to senior management and the Board. Allstate manages property risks through pricing, underwriting and reinsurance. This includes: • purchasing multi-year reinsurance protection as well as aggregate coverage, • limiting new business for personal lines auto and property insurance in areas most exposed to hurricanes, • implementing tropical cyclone and/or wind/hail deductibles or exclusions where appropriate, and • partnering with federal and state governments for over 25 years to create programs to provide protection for insureds most exposed to climate change.

The catastrophe reinsurance program is part of Allstate's catastrophe management strategy, which is intended to provide shareholders with an acceptable return on the risks assumed in the personal lines business, reduce earnings variability, and provide protection to customers. It includes coverage for losses to personal lines property, personal lines automobile, commercial lines property or commercial lines automobile arising out of multiple perils, in addition to hurricanes and earthquakes. The program continues to support a risk tolerance framework that targets less than a 1% likelihood of annual aggregate catastrophe losses from hurricanes, earthquakes and wildfires, net of reinsurance, exceeding $2.5 billion, based on model assumptions currently used. The program materially reduces exposure to catastrophe losses and employs a multi-year approach to lessen the amount of reinsurance being placed in the market in any one year. See our Investor Relations website for our Reinsurance Update.

On the Investments side, investment physical risks are managed through modeling, underwriting and insurance, and investment portfolio exposure is managed through credit research and liquidity.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Risks and return opportunities are evaluated across six key categories: strategic, insurance, financial, investments, operational, and culture. Climate change impacts all of these categories:

- Strategic: changes to property construction trends and the transportation system create risks and opportunities,
- Insurance: rising severe weather and precipitation levels impact loss trends for auto and homeowner's insurance, and increase the overall market size for homeowner's insurance,
- Financial: liquidity and capital levels must be considered relative to catastrophe losses while potential new financial disclosure requirements could also increase financial reporting risk,
- Investments: there are risk implications for specific holdings and sectors, as well as opportunities in "green" investing,
- Operational: considerations include regulatory compliance, model accuracy and business continuity, and
- Culture: employees are establishing higher standards for acting in the best interest of society.

For additional information, please see pgs. 80-82 of the Annual Report on Form 10-K and 2020 CDP Climate Change responses, C2.2, C2.2a, C2.3b, and C2.4b.

Metrics and Targets

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Please see 2021 Form 10-K, which discloses annual catastrophe losses, effect of catastrophe losses on combined ratio in total and by line of business, catastrophe losses and reserve re-estimates by line of business, and catastrophe loss by size and type of event. See pgs. 39, 40-46 and 53-56 of the Annual Report on Form 10-K. For information regarding the metrics for our operational climate impact, please see information under Policies and Procedures in the Operational Footprint section of our Sustainability Report.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	For our emissions data, please see 2020 CDP Climate Change Responses, C6.1, C6.2, C6.3, C6.5, C6.10, C7.9a, C7.9b. Our emissions data is also available in the Operational Footprint section of our Sustainability Report. Risks exist; however, management of these risks is fully integrated into our business model. For more on our related risks, please see 2020 CDP Climate Change Response, C2.3.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Allstate intends to further align its disclosures with the recommendations of the TCFD by completing scenario analysis work already underway. Allstate is in the process of developing a financed emissions inventory and heat map which helps identify the impact of our portfolio on climate change and facilitate emissions reductions. Allstate also realizes attractive risk adjusted returns through investment vehicles that finance solutions to climate change. Allstate will continue to work toward setting science-aligned targets and establish an approach to integrating carbon-reduction targets into investments and operations.