



Allstate®

2015/2016

**CORPORATE
RESPONSIBILITY
REPORT**



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ORGANIZATIONAL PROFILE

In every aspect of our business, we strive to do the right thing—for our customers, our employees, our communities and our world.

Introduction

Allstate was founded in 1931, became a publicly traded company in 1993, and became fully independent in 1995, when it was spun off from Sears. Today, we are the largest publicly held personal lines property and casualty insurer in America. We are listed on the New York Stock Exchange under the trading symbol ALL and are widely known through the “You’re In Good Hands With Allstate®” slogan.

Allstate is more than an insurance company. We’re a growing network of small businesses with a team of trusted advisors in communities across the country. We provide total household solutions and deliver best-in-class customer experience. Allstate’s 78,000 employees, agency owners and agency staff care. We strive to make communities stronger, lives safer and futures brighter.

Through our products and services, we help families protect the things that are most important

to them. We improve the quality of life for millions of Americans, not only through our business, but through our commitment to communities and to corporate responsibility.

We make our Good Hands® come to life by contributing millions of dollars and volunteering thousands of hours each year.

Financial Strength and Performance

Allstate is one of the strongest companies in our industry. We had \$35.7 billion in revenues in 2015, a 1.2 percent increase from \$35.2 billion in 2014. Both Allstate Insurance Company and Allstate Life Insurance Company had an A.M. Best financial strength rating of A+ (second-highest of 16 categories) as of year-end 2015. Allstate held \$25.1 billion in capital resources at year-end 2015, and manages \$77.8 billion in assets in our well-diversified investment portfolio.

This financial strength enables Allstate to grow our business and keep our promises to stakeholders through good and bad economic conditions. Net income available to common shareholders for 2015 was \$2.1 billion, or \$5.05 per diluted common share. During 2015, we continued to invest in initiatives that help make communities safer and stronger, including \$36 million given by The Allstate Foundation, Allstate, and its employees, agency owners and agency staff.

For more detailed financial information, see our most recent annual report.

A Company That Cares

We are a 75,000-strong force for good, composed of employees, agency owners and agency staff. Of Allstate's employees, 56 percent are women and 33 percent are minorities. Our employees, agency owners and agency staff care deeply about our customers, the way we do business, our communities, and our place in society. We care enough not just to guess what our customers and stakeholders need and expect from us—we ask, and we engage.

Eight years ago, Allstate began a transformation to become a more customer-focused company. We introduced Our Shared Vision to capture the vision, values and operating priorities that make us a more competitive force in the market. Our Shared Vision was aspirational, and provided a strong foundation to inspire positive change throughout our company.

More recently, we created Our Shared Purpose—our guide to what it means to be an Allstater—to tell our story.

We help our customers live a good life by providing young people with opportunities to reach their full potential, empowering victims of domestic violence, volunteering in our local communities, and supporting nonprofits. Visit our Community Presence page for more information.

At the heart of Our Shared Purpose are six new leadership principles that define the behaviors we all need to embrace to be successful. We built these principles on the belief that every Allstater is a leader.

Our Shared Purpose

We Are the Good Hands: We help customers realize their hopes and dreams by providing the best products and services to protect them from life's uncertainties and prepare them for the future.

Strategic Vision: Deliver substantially more value than the competition by reinventing protection and retirement to improve customers' lives.

Corporate Goal: Create long-term value by serving our stakeholders, taking appropriate risks and leveraging our capabilities and strategic assets.

Our Values:

- Honesty, caring and integrity
- Inclusive diversity
- Engagement
- Accountability
- Superior performance

Our Priorities:

- Customer focus
- Operational excellence
- Enterprise risk and return
- Sustainable growth
- Capital management

Our Operating Principles:

- Put the customer at the center of all our actions.
- Use consumer insights, data, technology and people to create disruptive innovation to better

serve customers and generate growth.

- Execute well-considered decisions with precision and speed.
- Focus relentlessly on those few things that provide the greatest impact.
- Be a learning organization that leverages successes, learns from failures and continuously improves.
- Provide employees, agency owners and financial specialists with fulfilling opportunities, personal growth and performance-based rewards.
- Take an enterprise view of our people and processes, and work as a single team to advance Allstate rather than our individual interests.

Leadership Principles:

We empower every employee to lead and drive change.

- We're here to serve.
- We win together.
- We drive results.
- We're transparent.
- We continuously get better.
- We develop each other.

Allstate's Segmentation Strategy

When purchasing insurance or any other product or service, consumers have more choices than ever before. As a result, Allstate continues to refine our product offerings, marketing outreach and customer service based on careful research. Our company serves four different consumer segments with distinct interaction preferences (local advice and assistance versus self-serve) and brand preferences (brand-neutral versus brand-sensitive).

Allstate Global Entities

While we primarily serve Canadian and American markets, our operational presence extends to Northern Ireland and India as well. These global entities are critical to developing innovative technologies and business solutions for The Allstate Corporation.

Allstate Canada

Allstate Insurance Company of Canada has provided peace of mind to Canadians since 1953 with a full line of property and casualty insurance products and services.

Corporate Responsibility Focus

- Mothers Against Drunk Driving (MADD)
- United Way
- Junior Achievement

Employees

1,200+

Headquarters

Ontario, Canada

Esurance

Esurance® provides auto, homeowners', motorcycle and renters' insurance directly to consumers online and over the phone. With an easy-to-use mobile app, helpful online tools like photo claims and Coverage Counselor®, and knowledgeable experts available around the clock, Esurance is the smart choice for today's Web-savvy consumer.

Corporate Responsibility Focus

- Diversity and Inclusion Executive Council
- Employee resource groups
- Recycled Rides for families in need
- Hybrid claims vehicles and paperless customer experience
- Esurance Matching Gift Program
- Employee community volunteer programs

Employees

3,300+

Location(s)

San Francisco, California

[Click here to read more about Esurance.](#)

Allstate Northern Ireland Limited

Established in 1998, Allstate Northern Ireland Limited specializes in delivering high-quality, low-cost technology and business solutions to its parent company, The Allstate Corporation, and its subsidiaries.

Corporate Responsibility Focus

- Employee wellness
- STEM education funding and support
- Suicide and mental health awareness
- Employment support for people with autism
- Teen safe driving
- Recycling and waste reduction
- Water conservation

For more information about Allstate Northern Ireland Limited's corporate responsibility initiatives, [click here](#).

Employees

2,200+

Location(s)

Belfast, Londonderry and Strabane

Allstate India

Allstate India, or Allstate Solutions Private Limited (ASPL), began operations in India in 2012. We provide software development and business processing solutions support to the Allstate Corporation. ASPL is headquartered in the high-tech city of Bangalore, and serves as a key component of Allstate Technology and Strategic Venture's (ATSV's) international strategy.

Corporate Responsibility Focus:

- Women's empowerment and financial literacy
- Child welfare and education for low-income communities
- Training programs for children with disabilities
- Nature conservation
- Catastrophe relief
- Senior citizen well-being and support
- Employee welfare

Employees

1,440+

Location(s)

Bangalore and Pune, India

Awards and Recognition

Allstate is committed to being an industry leader. We are proud to be recognized for all the effort our employees put into forming Allstate's good hands. The following list shows some of the accolades we've recently received.

Corporate

- World's Most Ethical Company® 2015 and 2016 – the Ethisphere Institute
- 2015 Best Proxy Statement (large cap) – *Corporate Secretary*
- The World's Most Admired Companies 2015 – *Fortune*; Allstate ranked #7 in Property and Casualty Industry

Innovation

- Decade Award, Business Innovation Award and #13 on 2016 *InformationWeek* Elite 100 List – *InformationWeek*
- CIO 100 Award 2016 – *CIO*

Diversity

- Top Corporation for Women's Business Enterprise, 2016 – Women's Business Enterprise National Council (WBENC)
- Top 60 Companies for Executive Women 2016 – National Association for Female Executives (NAFE)
- Top 50 Companies for Diversity 2016 – *DiversityInc*
- Top 50 Companies for Executive Women 2015 – National Association for Female Executives (NAFE)
- 40 Best Companies for Diversity 2015 – *Black Enterprise*
- Top 35 Best Companies for Supplier Diversity 2015 – *Black Enterprise*
- 50 Out Front Best Places for Women & Diverse Managers to Work 2015 – *Diversity MBA*
- Best Companies for Multicultural Women 2016 – *Working Mother*

Corporate Responsibility

- Corporate Social Responsibility Leadership Award 2016 – Financial Services Roundtable
- 100 Best Corporate Citizens 2015 – *Corporate Responsibility*
- Top 100 Green Companies in the United States, 2016 – *Newsweek*

OUR SHARED PURPOSE

Our Shared Purpose is our guide to what it means to be an Allstater.

We make bold commitments to improve people's lives by leading the charge on teen safe driving, preparing customers for disasters, empowering domestic violence survivors and helping young people develop to their full potential.

At the heart of Our Shared Purpose are six new Leadership Principles that define the behaviors we all need to demonstrate to be successful. They are built on the belief that every Allstater is a leader.

We Are the Good Hands: We help customers realize their hopes and dreams by providing the best products and services to protect them from life's uncertainties and prepare them for the future.

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- Capital management

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Leadership Principles

We empower every employee to lead and drive change.

- We're here to serve.
- We win together.
- We drive results.
- We're transparent.
- We continuously get better.
- We develop each other.

To find out about Allstate's reach at the state level, view our state information and workforce data.

CORPORATE GOVERNANCE

We bring out the good by cultivating exceptional corporate governance through our long-time commitment to exemplary ethics, integrity and transparency.

Corporate Governance Structure

The three cornerstones of corporate governance at Allstate are dialogue, transparency and responsiveness. These values drive Allstate's success and define the actions of our Board of Directors, which ultimately holds responsibility for the activities of Allstate. This report is a manifestation of these values. In 2015, we undertook a standardized process of stakeholder dialogue through a sustainability materiality assessment. Each section of this report is a testament to our commitment to transparency. The topics in the report serve as our response to the questions, concerns and interests most frequently voiced by our internal and external stakeholders during the assessment. [Click here to learn more about our 2015 sustainability materiality assessment.](#)

At year-end 2015, Allstate's Board comprised 11 members. Tom J. Wilson serves as both the company's Chairman of the Board and Allstate's CEO. Mr. Wilson has served as Chairman of Allstate since May 2008 and as CEO since January 2007. Judith A. Sprieser has served as our independent lead director since May 2015. Among many other responsibilities, the independent lead director serves as a liaison between the chairman and the independent directors, chairs executive sessions of the independent directors, shapes agendas and information provided to the Board, and presides at all Board meetings as which the chairman is not present. [Click here to see our current Board of Directors.](#)

The primary role and responsibility of the Board is to oversee the affairs of the company for the benefit of the stockholders. Collectively, the Board holds responsibility for strategic oversight, stockholder advocacy, corporate governance and leadership. As the highest authority within the company, they are responsible for selecting executive leadership that manage and operate Allstate effectively and responsibly. The Board provides counsel and direction to the executive leadership of the company and monitors their performance. Their responsibilities include, but are not limited to, oversight of the corporation's business strategy, capital strategy, management selection, compensation programs, and Board structure and operations. The Board houses five sub-committees: Audit, Compensation and Succession, Nominating and Governance, Risk and Return, and Executive.

For more information on Allstate's corporate governance, including topics such as compensation,

Board independence and diversity, visit our Investor Relations site.

Governance of Sustainability

While the Board of directors is responsible for the overall performance of Allstate, the following three main bodies of leadership directly guide Allstate's corporate responsibility and sustainability efforts:

- **Our CEO and select executive leaders.** These individuals provide counsel, strategic oversight and direction to the groups below.

- **The Allstate Office of Corporate Responsibility.** Residing in Allstate's Corporate Relations department, the Office of Corporate Responsibility—in partnership with The Allstate Foundation—manages sustainability, environmental reporting, strategic philanthropy, corporate sponsorships and grants, employee engagement and companywide volunteer service. They regularly report to our senior executives regarding sustainability trends and initiatives. Our Corporate Responsibility Officers and other senior leaders meet up to three times a year to perform a comprehensive review of our corporate responsibility. This includes developing strategies for creating greater impact and identifying risks and opportunities related to environmental topics such as climate change. They report to the Board of Directors on the status of Allstate's corporate responsibility efforts.

- **The Allstate Sustainability Council.** Many topics that fall under corporate responsibility do not fall solely within the domain of the Office of Corporate Responsibility. To this end, Allstate has maintained a Sustainability Council since 2007. The Council, which meets quarterly, represents each of the following departments within Allstate:

- o Allstate Brand Operations
- o Accounting Services
- o Administration and Real Estate
- o Agency Operations
- o Allstate Technology and Strategic Ventures
- o Claims
- o Corporate Relations
- o Enterprise Risk and Return Management
- o Human Resources
- o Investments
- o Marketing
- o Product
- o Sourcing and Procurement

The purpose of this cross-functional council is to review opportunities regarding operational efficiency (particularly with respect to energy, emissions and waste), climate change and employee-focused sustainability initiatives. Allstate's senior vice president of corporate responsibility leads the Council and updates senior executives on its activity each year.

50-STATE SUMMARY

Introduction

Our 50-State Summary provides an overview of Allstate's economic impact in each state, including our Foundation giving, specific Allstate spending, employment and investment. Allstate's agency owners, financial specialists, customers and investors use this publication to quantify our impact in local communities.

Aggregated figures for our U.S. operations are featured below, and data for each state is included in the full 50-State Summary (includes the District of Columbia).

WORKFORCE DATA

Our commitment to transparency is evident in how we comprehensively report data on our employees, leaders, Board of Directors, as well as Allstate's agency owners and their staff. Click [here](#) to see the full report, including metrics for:

Diversity

- Diversity of employees, officers, managers, sales associates, office associates, agency workforce, exclusive financial specialists and the Board of Directors

Employee Engagement and Development

- Investments and participation in employee development opportunities
- Employee satisfaction and compensation
- Spend on employee well-being, including healthcare, well-being programs and day care
- Number of employees by state

Agency Owner and Staff Satisfaction

- Participation and satisfaction reported in our Agency Relationship Survey (ARS)



CR Strategy

LETTER FROM THE CEO

Allstaters share a common commitment to helping others. Every day, we're focused on three things:

- Helping people who are our customers
- Building a business that provides good returns to shareholders
- Improving our local communities

These commitments come together in our corporate responsibility efforts.

Allstate is working to create the 22nd century corporation. One that is a Force For Good. Customers, shareholders and employees will be well served. The people, capabilities and resources that are driving this transformation will also be focused on improving the local communities where we work and live. Customers will do business with us because of who we are, not just what we sell.

Allstate's approach to corporate responsibility is innovative, focused and long-term. Following are a few highlights:

- We have taken innovative approaches to reducing teen driving fatalities and reducing inner-city violence.
- Over the past decade, our many new approaches to helping victims of domestic violence

have been recognized for their meaningful impact.

- To date, our programs have helped more than 1.5 million young drivers and 580,000 survivors of domestic violence.
- We are partnering with Free The Children to support and reward youth for volunteering all across America.
- Some 67 percent of agency owners and employees are involved in community service.
- In 2014, The Allstate Foundation, Allstate Corporation, employees and agency owners gave \$34 million to support local communities. Over the past decade, Allstate's total giving reached nearly \$300 million.

Our commitment to be a leading corporate citizen includes Allstate's business practices as well. Our strong focus on a multicultural workplace and supplier network was recognized by Diversity Inc., which named Allstate to its Top 50 Companies for Diversity list for the fourth consecutive year. In addition, Allstate was recently recognized by Ethisphere Institute, the global leader in defining and advancing the standards of ethical business practices, as a 2015 World's Most Ethical Company. We also continued to lead in the fight against insurance fraud, leveraging our big data capabilities to detect criminal activity and to help avoid passing on these costs to consumers. Finally, in the past year we surpassed our long-term goal to reduce energy use in our owned facilities by 20 percent—six years ahead of schedule.

Through our actions we're helping people live a good life—today and for years to come. I hope you will take a closer look at our achievements and ongoing opportunity areas on our new Corporate Responsibility Report website.

A handwritten signature in black ink that reads "Tom Wilson". The signature is fluid and cursive, with the first name "Tom" being more prominent than the last name "Wilson".

Tom Wilson
Chairman and Chief Executive Officer

LETTER FROM THE SENIOR VP OF CORPORATE RESPONSIBILITY

Allstate's share a common commitment to helping others. Every day, we're focused on three things: helping people who are our customers, building a business that provides good returns to shareholders and improving our local communities.

Allstate's Purpose

I've had the privilege of telling Allstate's corporate responsibility story for nearly a decade. It's a story inspired by Our Shared Purpose, Allstate's caring nature, and our Chairman's deep belief that corporations can — and should — do more to proactively address issues challenging society.

It's a story about one company committed to being a force for good in people's lives, today and in the lives of future generations. And it's a story about how innovation, focus, and a systems-thinking mind-set can drive real change. We're particularly proud of our contributions to our country's youth and to the movement to end domestic violence.

Good Starts Young is our comprehensive program shining a light on America's youth and their role in society as problem solvers. We invest in social and emotional learning experiences that develop character and inspire youth to serve their community. In doing so, we believe we can help enable the next generation of leaders to reach their full potential and take part in causes greater than themselves. Last year, we contributed to programs that enabled 1 million youth to complete 2.6 million hours of service and raise \$3.8 million for charitable causes across the globe.

Over the past decade, we've helped transform the domestic violence issue through *Allstate Foundation Purple Purse*, our nation's longest-running program, focused on ending abuse through a proven solution: financial empowerment services for survivors. We've invested more than \$50 million in programs designed to offer solutions to reduce financial abuse, which is — in 99 percent of all domestic violence cases — a significant factor in victims' ability to break free and stay free of their abusers. And in the last two years, we've raised nearly \$5.5 million to help nonprofits build their capacity to meet survivors' needs.

Our overall corporate responsibility strategy extends far beyond these two signature areas. We regularly ask our stakeholders to tell us how we're doing on a variety of sustainability and business topics. This year, from our Materiality Analysis, we learned that we have several opportunities to improve our work:

- *Talent Attraction, Retention and Development.* America's transitioning workforce tests

conventional wisdom regarding talent management, *and* enables us to reinvent what it means to be an insurance company.

- *Climate Change.* A changing climate could affect claims and pricing, *and* offers us a chance to build more partnerships and demonstrate our commitment to operating responsibly.
- *Customer Privacy and Data Security.* New data technology will help us protect the privacy of our customers, *and* could lead to an era of more seamless and fluid customer experience.
- *Community Presence.* Our communities continue to face social, environmental, and economic challenges, *and* these challenges provide us with the opportunity to revitalize the relationship between the private and the public sector.

In recent years, we've delivered strong progress toward our Key Performance Indicators (KPIs). In 2010, we pledged to reduce Allstate's energy use by 20 percent by 2020. I'm pleased to report that the company actually surpassed this goal in 2014, a full six years ahead of schedule. Additionally, over the last eight years, we've significantly reduced paper mailings to customers, as well as paper use by employees. In the area of supplier diversity, we set a goal of achieving 9 percent of Allstate's total procurement spend with businesses owned by minorities, women, veterans, or members of the lesbian, gay, bisexual, and transgender community. In 2015, we moved closer to that goal with an 8.4 percent diverse-supplier spend.

I believe it's imperative to build strong cross-functional partnerships within the company to help address and manage our priority issues and KPIs. That's why we actively engage the Allstate Sustainability Council, composed of business unit leaders across the company, to help drive the transparency and authenticity of Allstate's environmental stewardship and steer the company's overall sustainability strategy. In the coming year, the council will be instrumental in setting new goals and targets, which we will post on this report site.

As Allstaters, we hold ourselves to the highest ethical standards while making positive contributions to our workforce, to society, and to the environment. We're honored to have been named as a World's Most Ethical Company® by the Ethisphere Institute in 2015 and 2016. It's an absolute privilege to work alongside teammates who care deeply about doing the right thing and building trust with our stakeholders. The Allstate team is diverse and highly driven to contribute in unique ways. We currently house 10 different Employee Resource Groups — each with its own value proposition and goals. Our employee population consists of roughly 56 percent women and 33 percent minorities, earning us a place on *DiversityInc*'s list of the Top 50 Companies for Diversity® for the fifth consecutive year. These types of recognition from Ethisphere and *DiversityInc* affirm our philosophy and practices and build an incredible amount of employee pride.

Every year I look forward to preparing and sharing the content in this report. We commit to providing our stakeholders with transparent and meaningful reporting by adhering to internationally recognized standards, as evidenced by this GRI-G4 core-level disclosure. I encourage you to explore our interactive Corporate Responsibility Report site to learn more about Allstate's purpose and how we're strengthening communities in the U.S. and beyond.

A handwritten signature in black ink that reads "Victoria Dinges". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Victoria Dinges
Senior Vice President, Corporate Responsibility

MATERIALITY AND STAKEHOLDER ENGAGEMENT

We continually seek stakeholder input to ensure we are focusing on what matters most within the vast universe of sustainability and corporate responsibility topics.

Stakeholder Engagement

Stakeholder inclusiveness is a core principle of GRI sustainability reports, and we do our best to identify all of Allstate's stakeholders and respond to their expectations and interests. We regularly engage the following stakeholder groups: agency owners, financial specialists, customers and consumers, employees, investors, nongovernmental organizations (NGOs), opinion leaders, policy makers and suppliers. We identify stakeholder groups by engaging with senior leaders, consulting our Sustainability Council, collecting feedback from employees and examining our value chain. We select stakeholders according to their knowledge and understanding of our company as a whole, orientation relative to or within the financial services industry and the extent to which they can impact or be impacted by Allstate. For this year's sustainability materiality assessment, we engaged our stakeholders through interviews, surveys and industry research.

In addition to engaging stakeholders for the purpose of our materiality assessment, we have many other ongoing engagement efforts. We engage customers and consumers, investors, agency owners, employees, policy makers and opinion leaders primarily through our annual reputation study. We administer this study in partnership with the Reputation Institute. During the assessment, we collect feedback from 8,000 individuals across these seven stakeholder groups, identify key topics and develop strategies to address gaps we may uncover. While this study constitutes one of our primary modes of stakeholder engagement, many are stakeholder-specific. To learn more about how we engage agencies, employees and suppliers in particular, click on each respective link.

Our Sustainability Materiality Process

Our 2015 sustainability materiality assessment followed the Global Reporting Initiative's (GRI) guidelines. The process begins with topic identification, followed by a prioritization of the resulting topics and concludes with an internal validation session.

Topic Identification

Because of the dynamic and rapidly evolving nature of our industry, Allstate is committed to refreshing our materiality assessment from time to time. Our most recent assessment began with an exploration of potentially relevant topics to Allstate and our stakeholders. We collected this list of topics by compiling sector-specific and public lists provided by various transparency-

focused sustainability organizations, including GRI and the Sustainability Accounting Standards Board (SASB). We also reviewed peers, industry research and other publicly available resources.

Topic Prioritization

After collecting a preliminary list of sustainability topics relating to the insurance industry, we began to engage our internal and external stakeholders. Following each engagement, we assessed evidence of each stakeholder's concern for a given topic. We ultimately translated this information into the matrix found below.

Topic Validation

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

Key Topics Raised in Our 2015 Sustainability Materiality Assessment

By conducting this assessment, we gained invaluable feedback regarding what matters most to Allstate and our stakeholders. In particular, the assessment found the following four topics to be the most significant to both Allstate and our stakeholders:

Climate Change

Stakeholders driving topic: Investors, Opinion Leaders, NGOs, Agencies, Allstate

Stakeholder Feedback: Climate change has the potential to affect Allstate's profitability due to the increasing number of weather-related catastrophic events. In particular, these events could increase the number of claims customers file and affect the stability of Allstate's investment portfolio. The rising number of claims could impact customer experience. Further, accurate integration of climate change into risk modeling continues to be important for the industry as a whole. Allstate has an opportunity to contribute to climate change mitigation using the extensive climate-related data that it collects, promoting sustainable policies and expanding the number of sustainable investments the company makes through its portfolio.

To find out more about how Allstate is managing this topic, see [Climate Change](#).

Community Presence

Stakeholders driving topic: NGOs, Agencies, Allstate

Stakeholder Feedback: While reputation is important to any company, it is particularly important for Allstate since the company promises to be there during some of the most trying times of customers' lives. Because Allstate believes in being a force for good in its communities, the company is better positioned to achieve its social impact goals and substantially improve trust with stakeholders—driving shared value.

To find out more about how Allstate is managing this topic, see [Community Presence](#).

Customer Privacy and Data Security

Stakeholders driving topic: Opinion Leaders, Agencies, Allstate

Stakeholder Feedback: This topic is linked to Allstate's reputation and commitment to ethics and integrity. Allstate should continue to train employees on data security and privacy practices; promote flexible, risk-based legislation and serve as a leader in its approach to cybersecurity for stakeholders.

To find out more about how Allstate is managing this topic, see Customer Privacy and Data Security.

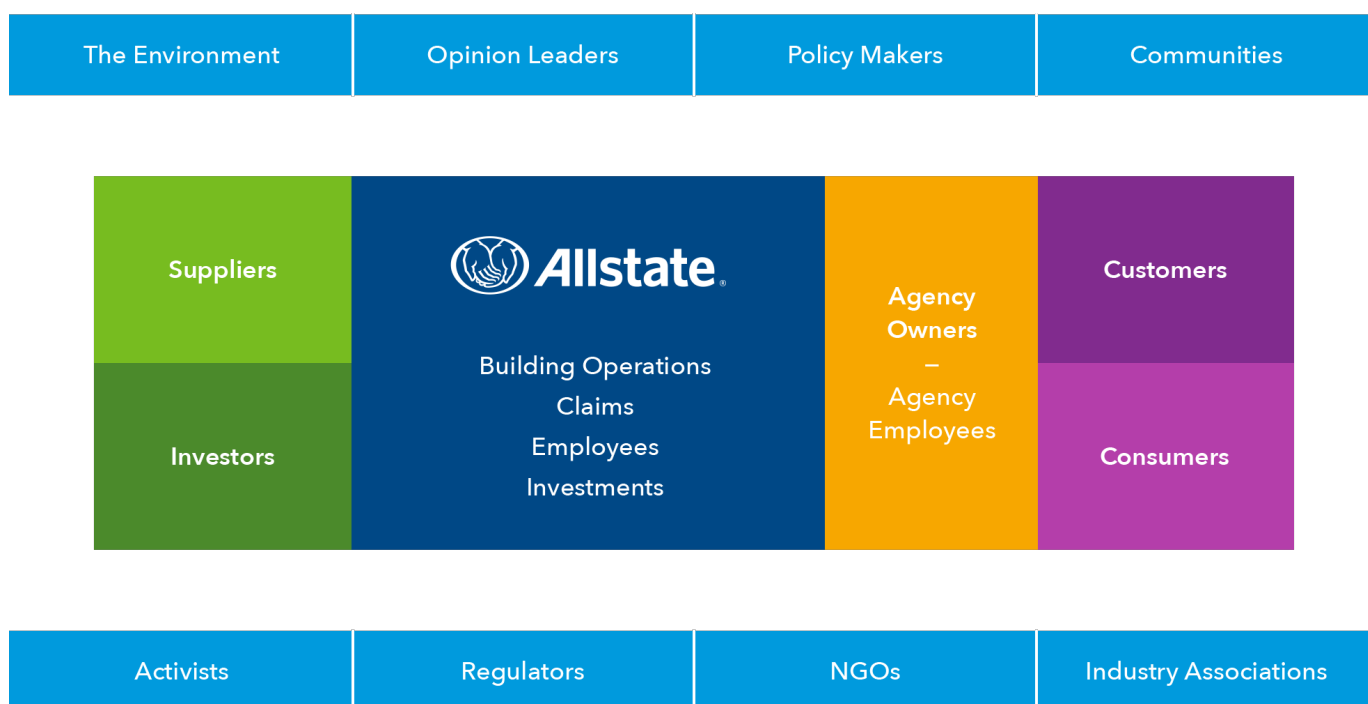
Talent Management

Stakeholders driving topic: Investors, Employees, NGOs, Agencies, Suppliers, Allstate

Stakeholder Feedback: Finding innovative ways to overcome the shortage of science, technology, engineering and math (STEM) professionals and adapt to an increasingly diverse world is vital to the future of Allstate's workforce. Generational differences also present new challenges; Allstate has an opportunity to further align corporate activity and messaging with the importance millennials place on corporate responsibility. Allstate should continue to emphasize retention by promoting professional development and engagement opportunities. It is important for the company to also provide agency owners and financial specialists with the support they need to maintain a healthy talent pipeline.

To find out more about how Allstate is managing this topic, see Talent Management.

Allstate Value Chain Map



ALLSTATE MATERIALITY: RELATIVE PRIORITY OF TOPICS

Our materiality assessment produced the following prioritization:





Environment

CLIMATE CHANGE

Climate change could pose considerable challenges to the insurance industry due to increased volatility and frequency of extreme weather, and the effect it could have on pricing and availability of insurance products.

Introduction

Climate change could alter the business landscape. Our risk management takes into account the increasing severity and frequency of weather-related natural catastrophes. As an insurer, we will continue to provide our industry expertise in formulating public policy solutions that both mitigate weather-related risks and reduce impacts on those most vulnerable. The following are key components of our climate change statement:

Background

Climate change refers to shifts in global average temperature, precipitation and wind patterns and is defined as a “change in the state of the climate that can be identified (e.g., by using statistical tests) by changes in the mean and/or variability of its properties, and that persists for an extended period, typically decades or longer.”¹

Rather than debate the causes or underlying reasons for climate change, Allstate focuses on the fact that increased severity and frequency of weather events and natural catastrophes impacts the cost and frequency of Allstate claims arising from droughts, flooding, hurricanes, forest fires, wild fires, and rising sea levels. Increasing frequency of catastrophic events and associated rate increases can also impact the Allstate customer experience. Our success depends in part on our ability to properly price, model, and underwrite climate-related risks and respond with climate-mitigating products and services. A changing climate also means we must identify risks and opportunities associated with changes in climate policy, technology, and physical risks.¹

¹ Intergovernmental Panel on Climate Change, *Climate Change 2013: Physical Science Basis* (Cambridge: Cambridge University Press), 126.

Products and Services

Allstate seeks to maintain an understanding of climate risks that directly affect both our insurance products and our assets, and we modify those products and protect those assets accordingly, to protect our shareholders, our customers, and our reputation.

To that end, we provide the Homeowners Policy Green Improvement Reimbursement Endorsement, which allows a customer who purchased this endorsement to replace covered, damaged or destroyed appliances or equipment with more energy-efficient items and be reimbursed the additional cost incurred to replace them.

The additional reimbursement applies to certain categories of Energy Star® products rated as energy-efficient by the Environmental Protection Agency—appliances and equipment such as washers and refrigerators; computers and electronics; heating and cooling equipment, such as air conditioners and fans; and certain plumbing and building products. These products generally save electricity or water, reducing a home's environmental impact while lowering homeowners' utility bills. Because of their energy-efficient rating, Energy Star products may help consumers reduce their greenhouse gas emissions associated with their use of home appliances. The Homeowners Policy Green Improvement Reimbursement Endorsement is offered in most states.

Operations

Allstate is conscious of the environmental footprint of our operations and continuously strives to decrease our impact. Efforts include reducing companywide paper use and helping customers do the same, as well as promoting recycling and energy reduction efforts at our facilities.

We consider ways to adopt key environmental priorities into all business functions and departments, and develop goals and corresponding Key Performance Indicators (KPIs). Allstate's Sustainability Council, composed of senior leaders from across the company, reviews the company's operations and other factors to identify key opportunities related to sustainable business practices. The Sustainability Council meets three times annually to guide environmental efforts from an enterprise-wide perspective, encourage and enable employee engagement with the company's sustainability strategy, and identify opportunities associated with environmental responsibility and climate change. The Council is led by Allstate's Senior Vice President of

Corporate Responsibility.

To mitigate Allstate's operational contributions to climate change, the Sustainability Council established an absolute emissions reduction goal and narrowed our environmental KPIs in two areas: paper consumption and energy usage.

In 2010, we pledged to reduce our energy use 20% compared to our 2007 baseline. Allstate surpassed this goal in 2014, six years ahead of schedule, and continues to work toward further reductions by consolidating office space; recapturing heat energy as a byproduct of Allstate's data center operations; and optimizing the use of energy efficient equipment and systems, including HVAC equipment and controls, reduced lighting power density designs and daylight harvesting in Allstate's offices.

Many of our energy reduction efforts focus on Allstate's owned building portfolio, including our headquarters located in Northbrook, IL, which encompasses approximately 1.9 million square feet of office space.

Allstate is a national member of the U.S. Green Building Council (USGBC) and participates in its Leadership in Energy and Environmental Design (LEED®) program. We have three LEED® Accredited Professionals on staff.

Each year, Allstate discloses our companywide carbon footprint to stakeholders, including our GHG emissions and strategy to manage them, via the CDP (Carbon Disclosure Project) voluntary questionnaire. Allstate also discloses our climate risk strategy and mitigation actions, which includes carbon emissions reduction efforts, through vehicles like the National Association of Insurance Commissioners' annual Climate Risk Survey.

Governance and Managing Climate Risks

Allstate manages enterprise risk under an integrated Enterprise Risk and Return Management (ERRM) framework with risk-return principles, governance, modeling and analytics, and importantly, transparent management dialogue. This framework provides a comprehensive view of risks and opportunities and is used by senior leaders and business managers to provide risk and return insights, and drive strategic and business decisions. Allstate's risk management strategies adapt to changes in business and market environments and seek to optimize returns.

Our risk-return principles define how we operate and guide decision-making around risk and return. These principles are built around three key operating components: maintaining our strong foundation of stakeholder trust and financial strength, building strategic value and optimizing return per unit of risk.

ERRM governance includes board oversight, an executive management committee structure, and chief risk officers. The Enterprise Risk & Return Council (ERRC) is Allstate's senior risk management committee that directs ERRM by establishing risk-return targets, determining economic capital levels and directing integrated strategies and actions from an enterprise perspective. The ERRC consists of Allstate's chief executive officer, president, business unit presidents, chief investment officers, enterprise and business unit chief risk officers and chief financial officers, general counsel and treasurer. Allstate's Board of Directors, Risk and Return

Committee and Audit Committee provide ERM oversight by reviewing enterprise principles, guidelines and limits for Allstate's significant risks, and by monitoring strategies and actions management has taken to control these risks.

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

Allstate manages and addresses risks on a short-term basis by continued development of the Sustainability Council. The Council ensures that risks and opportunities confronting company assets are considered when evaluating climate change-related risks at the enterprise level.

In addition, the company maintains a partnership with Ceres, a leading nonprofit organization that advocates for global sustainability leadership. Allstate also considers environmentally friendly investment opportunities with attractive risk/reward trade-offs and the company's investment portfolio includes debt investments in renewable energy projects.

Allstate's long-term strategy includes managing the risk of hurricane loss by, among other actions, purchasing reinsurance for specific states and on a countrywide basis for our personal lines property insurance in areas most exposed to hurricanes, limiting personal homeowners, landlord package policy and manufactured home new business writings in coastal areas in southern and eastern states, implementing tropical cyclone deductibles where appropriate, and not offering continuing coverage on certain policies in coastal counties in certain states.

Sustainable Investments

While our investment portfolio is primarily invested to generate competitive returns while keeping risk to appropriate levels, we are proud to also incorporate social responsibility into our overall approach.

The company's investment portfolio includes support of environmentally-friendly and socially-responsible investment opportunities with attractive risk/reward trade-offs. The portfolio includes debt investments in wind, hydro, solar, and geothermal projects. In 2015, our investments included a low-income-housing tax credit (LIHTC) portfolio of \$491 million, a renewable energy portfolio of \$230 million, and a socially responsible investment portfolio of \$51 million.

Public Advocacy for Climate Change Resilience

Climate change will likely exacerbate the frequency and severity of natural catastrophes.² Allstate recognizes the important role it plays in helping customers and communities prepare for and protect themselves from risks associated with climate change. That's why we partner with national and local organizations to better prepare and protect communities, strengthen the country's financial infrastructure to deal with major events, promote better loss prevention and

mitigation through stronger building codes and sensible land use policies, and develop programs to strengthen the ability of first responders to help communities recover from catastrophe. To that end, Allstate has maintained critical partnerships aimed at building resilient communities.

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

Allstate is an active member and financial supporter of the Insurance Institute for Business & Home Safety (IBHS). The IBHS mission is to conduct objective, scientific research to identify and promote effective actions that strengthen homes, businesses, and communities against natural catastrophes and other causes of loss. Allstate partners with IBHS to promote more durable homes and commercial buildings by improving building practices and by strengthening building codes so our communities are more resilient against natural catastrophes.

² Intergovernmental Panel on Climate Change, *Climate Change 2013: Physical Science Basis* (Cambridge: Cambridge University Press), 126.

ENERGY, EMISSIONS AND WASTE

Allstate is committed to reducing our environmental footprint by operating as efficiently as possible.

Introduction

As an industry with extensive climate-related risk, we believe it is in the world's best interest to reduce our environmental footprint. Managing our footprint also makes good business sense because it reduces our cost of operation.

Today, energy and waste reduction efforts are table stakes for sound stakeholder relationships. By demonstrating stewardship of the earth, Allstate nurtures its reputation as an environmentally and socially responsible company while enabling greater opportunities for our business and our stakeholders.

Caption: Allstate's daylight harvesting system uses daylight to offset the amount of electric lighting needed to light our office space and reduce energy consumption.

Energy and Emissions

In 2010, Allstate set a goal to achieve a 20 percent energy-use reduction against our 2007 baseline by the year 2020. Thanks to efforts across the enterprise, we surpassed this goal six years early in 2014. We are in the midst of setting new sustainability goals, including for our future energy use, all of which will be confirmed and shared on this report site. In the meantime, we continue to work toward reductions by consolidating office space, recapturing heat energy as a by-product of Allstate's data center operations and optimizing the use of energy efficient equipment and systems. Examples of this include HVAC equipment and controls, reduced-lighting power density designs and daylight harvesting in Allstate's offices. The cumulative effect of these efforts was a 5.1 percent drop in energy use from 2014 levels. In early 2016, we replaced two chillers at our headquarters in Northbrook, IL, which increased energy efficiency and cut operational costs.

Waste

At Allstate's corporate headquarters in Northbrook, IL, we recycle PET (polyethylene terephthalate) plastic bottles, aluminum, lightbulbs, metal scrap and paper. In addition to Allstate's recycling program, we manage waste through bottling stations, cafeteria waste dehydration and pulping, electronic communications offerings and secure shredding.

Water Fountains and Bottling Stations

More than two million tons of disposable water bottles sit in U.S. landfills.¹ To reduce the use of disposable water bottles, several years ago we launched an enterprise-wide bottling station program. Employees fill up their bottles with filtered tap water at bottle stations rather than purchasing disposable water bottles. In 2015, we prevented over 1.5 million disposable water bottles from entering the landfill. It takes four ounces of oil to manufacture a 16.9 ounce plastic water bottle. By this measure, Allstate indirectly prevented the equivalent use of 27,700 gallons of gasoline. Allstate maintains 230 bottling stations across our facilities, 30 of which were added in 2015.

Reducing Employee Cafeteria Waste

In 2013, the United States generated more than 37 million tons of food waste, accounting for 21 percent of all solid waste. The U.S. Department of Agriculture estimates that Americans discarded more than a third of all food produced in 2010.²

Caption: Cafeteria waste is processed and dehydrated in the Somat machine. The remaining compost material is used as a mulch additive. The South Plaza cafeteria at our Northbrook office is now a zero-waste zone.

Because food requires substantial resources to produce, discarding it wastes not only the food itself, but the resources that contributed to its production. Additionally, once food reaches the landfill, it begins to decompose. This process produces methane, a greenhouse gas that has an impact on the climate 25 times greater than CO₂.³

In order to address this international issue, in 2015, we installed a food pulper and dehydrator at our headquarters. The pulper grinds food waste which we then feed through the dehydrator system. After we process the food waste, only five percent of the volume remains, which serves as a rich soil amendment for our campus landscaping. Our home office cafeteria, which is also our largest, is now zero-waste.

Paper Reduction

Paper is Allstate's largest source of potential waste. To this end, we have implemented numerous reduction initiatives. In the absence of a specific reduction target (which will be released in 2017), we aim to maintain or exceed prior-year employee paper reduction levels.

We have a Print Optimization and Paperless Task Force that is comprised of business unit leaders from across the company. The team monitors and tracks employee and customer printing and paper use and works with the enterprise communications team to run employee awareness campaigns on the costs of printing—operationally and to the planet.

We make every effort to keep documents in electronic form. When dealing with confidential documents, this is not always possible. To address this waste stream, Allstate maintains a secure shred program where paper documents are shredded and recycled.

We encourage reduction in customer paper use and are transitioning to electronic forms of

communications. This helps cut costs and reduces both our footprint and our customers' footprint. Allstate currently has three paperless initiatives available to our customers: eSignature, ePolicy and eBill. Customers can sign up for these free services through My Account, our online customer self-service hub.

¹ https://thewaterproject.org/bottled-water/bottled_water_wasteful

²

<https://www.epa.gov/sustainable-management-food/sustainable-management-food-basics#what>

³ <https://www3.epa.gov/climatechange/ghgemissions/gases/ch4.html>



Society

CUSTOMER PRIVACY AND DATA SECURITY

Allstate's promise to help customers live a good life includes our commitment to protect their personal information.

Introduction

In today's world of hyper-connectivity and big data, customer privacy and data security has been thrust into the collective conscience of the business community. While information technology enables instantaneous communications, it has also prompted a need for new and innovative approaches to security, to keep pace with the rapidly evolving cyber threat landscape. As Allstate works to develop additional remote connectivity solutions and foster an integrated digital enterprise, we continue to dedicate resources to ensure these enhancements are secure, practical and beneficial for our customers.

We recognize how the quality of Allstate's security program impacts our company's reputation and our customers' trust in us. We sell a promise to help our customers live a good life even in times of uncertainty. Customers experience the integrity and value of this promise, in part, through our ability to protect the information they share. By carefully and responsibly handling their information, we can advance our reputation among consumers, driving strong business relationships and creating shared value.

Policies

Allstate has strict customer privacy requirements as stated in our privacy policy (for Allstate insurance companies):

- We do not sell our customers' personal or medical information to anyone.
- We do not share our customers' information with non-affiliate companies that could use it to contact our customers' about their own products and services, unless permitted pursuant to a joint marketing agreement.
- We require persons or organizations that represent or assist us in servicing our customers' policy and claims to keep their information confidential.
- We require our employees to protect our customers' personal information and keep it confidential.

Please see our privacy statement for more on how Allstate protects our customers' personal information.

In addition to our privacy statement, Allstate has implemented the following policies:

- Our Enterprise Information Security Policy. This internal, proprietary policy covers the entire company.
- Our Information Technology (IT) Usage Policy. This policy governs our operations and helps ensure that customer data is not shared or altered inappropriately. Our Information Security Council (ISC), which includes our chief information security officer, technology officers and other select business officers, reviews this policy.

Risk Assessment

Allstate's risk-based approach to developing a holistic information security strategy leverages the National Institute of Standards and Technology (NIST) Cybersecurity Framework, with support from other standards and best practices.

Governance

Cybersecurity risk oversight is provided by the audit, and risk and return committees quarterly, and the full Board as requested. Our chief information security officer regularly communicates key metrics and information to the Allstate Board of Directors. In addition, the CEO and senior executives at Allstate regularly receive reports on the status of ongoing cybersecurity initiatives. Allstate Information Security (AIS) owns and manages our standards and policies. A dedicated team within AIS monitors cybersecurity risks and conducts regular reviews. The chief information security officer works closely with the chief privacy officer and the privacy team. Finally, we collaborate with government agencies and other industry resources and information sharing groups to keep our leaders informed regarding cybersecurity trends and best practices.

Training

Investing in a strong, integrated digital enterprise system with appropriate security controls is just one way we protect our customers' data. We understand it comes down to people. Training our employees to maximize the value of these controls is a critical and complementary part of our cybersecurity management.

Annual Compliance Confirmation

Each year, we educate our employees on the privacy and cybersecurity protocols outlined in our policies. Participants must agree to comply with these protocols. We communicate with employees throughout the year and refresh their knowledge of Allstate's enterprise security standards and practices.

We periodically update and review the content of this course to ensure it reflects current and emerging trends in cybersecurity, as well as new security installments, tools or standards. The training also revisits recurring problems in cybersecurity, such as phishing and ransomware, and provides clear guidance on how to mitigate these risks.

Supply Chain Data Security

Allstate emphasizes the importance of customer privacy and data security with vendors through our Procurement standards and practices. See Sustainable Procurement for more information.

COMMUNITY PRESENCE

Allstate is a force for good. By forming strong relationships in the communities where we work and live we initiate a cycle of positive feedback, a cycle of shared value.

Introduction

At Allstate, we recognize the important role the communities we serve play in our success. They provide us with talent—our most valuable asset. Consequently, we see engagement with them vital to the success of our company. By engaging with and supporting local programs, we contribute to economic prosperity. Through a variety of initiatives, we empower our employees, agency owners and financial specialists to be advocates within their communities in ways that reflect their creativity and unique interests.

Millennials have a heightened interest in, and awareness of, corporate social responsibility. Demonstrating Allstate's commitment to corporate citizenship through employee volunteerism and community involvement will continue to play an important role in attracting our future workforce.

Allstate and The Allstate Foundation work in partnership on our current focus areas, each with a corresponding program:

- Youth empowerment (Good Starts Young)
- Domestic violence (The Allstate Foundation Purple Purse)
- Volunteering (Helping Hands Program)
- Support for nonprofit leaders (Greater Good)

Giving

The 2015 Allstate Giving Campaign raised \$6.48 million from Allstate employees, agency owners and agency staff contributions, up from \$6.2 million the prior year. Participation in the campaign rose from 50 percent in 2014 to 53 percent. For every dollar donated by Allstaters, the company matches with a 15 cent donation. Similarly, the company matches donations to United Way with five cents for every dollar. Administrative costs of the Giving Campaign were covered by Allstate.

Volunteering

Our employees bring out the good by contributing time and talent to a variety of organizations through the Allstate Helping Hands Corporate Volunteer Program. From painting, serving meals,

applying our expertise through skills-based volunteering and sharing our leadership lens through our officer nonprofit board placements, Allstate uses our human capital to help make communities stronger. In 2015, our 112 Helping Hands Committees cumulatively donated 230,000 hours of service, a 15 percent increase over 2014. To show our support for the involvement of our employees, agency owners and financial specialists and augment their impact, we also provide grants to the organizations they volunteer for.

Through our Good Work. Good Life. Good Hands.® program, we identify community service elements that are important to Allstate employees and promote their values and interests in:

- Efforts in environmental sustainability
- Community involvement programs: Helping Hands, Bring Out the Good Month and the Purple Purse walk
- National campaigns: Allstate Foundation Purple Purse and Good Starts Young

Allstate Bring Out the Good Month

In 2015, Allstate held its inaugural Bring Out the Good Month, expanding on our traditional Week of Service. The month was a great success with:

- 7,737 Allstate volunteers participating
- More than 372 hands-on, community-based projects
- 14,833 volunteer hours
- A total donation of \$350,000 in volunteer time, plus \$75,000 in grants to local charitable organizations

Allstaters donate time and talent year-round and extend their services far beyond Bring Out the Good Month.

Supporting Nonprofit Leaders

The Allstate Foundation's Greater Good Nonprofit Leaders Program, a collaboration with Northwestern University's Kellogg School of Management, is designed to develop high-potential leaders at mid-sized nonprofit organizations. The program, launched in 2014, lasts for one year and includes one-on-one executive coaching and four academic sessions. Allstate covers all program costs, including the cost of travel for the participants. In 2015, Greater Good participants:

- Utilized 175 hours of executive coaching
- Completed 1,872 hours of academic instruction
- Increased by 50% over 2014 levels with a total of sixteen participants

[Click here to learn more about the Greater Good Nonprofit Leaders Program.](#)

The Ripple Effect: One Leader's Experience with The Allstate Foundation's Greater Good Nonprofit Leaders Program

Joe Mutuc was a nine-year top performer and Director of Career Services with Cara (The Cara Program) when he learned about Allstate's Greater Good Nonprofit Leaders Program. As a driven, successful leader at a medium-sized nonprofit, he was an ideal candidate for the program.

During the Greater Good program, Joe strengthened his skills as a values-based leader. He also honed a variety of other skills: sharpening business acumen, understanding financial statements and tailoring communications to different stakeholder audiences. By increasing his skills in these areas, Joe became better equipped to lead critical conversations and engage in strategic planning at Cara. He believes the Greater Good experience positioned him well for the promotion he received shortly after completing the program.

Through one-on-one coaching, Joe learned that business solutions arise more quickly when he took the time to work through challenges with his colleagues. The coaching inspired him to help secure mentors for his team members. In Joe's words, "mentorship is a gift that keeps on giving. I have grown so much during my time at Cara, and I want to be able to pay it forward. I look forward to sharing and applying knowledge gained from the Greater Good program with my organization."

Cara builds hope and self-esteem by helping people affected by poverty attain and retain jobs. The organization produces hundreds of jobs each year. Visit their website to learn more about Cara.

Strengthening Nonprofit Boards

Through our Allstate Officer Nonprofit Board Program, we help our officers engage with the boards of nonprofits whose missions advance our strategic social impact areas. By participating in this program, our officers have the opportunity to expand their network, gain valuable leadership experience and give back to the community. In 2015, 70 of our officers served on the boards of 83 organizations. This represents a 35 percent increase over 2014 active involvement, and we expect the program will continue to see strong growth.

Youth Empowerment

Through our Good Starts Young program, we inspire the next generation of leaders to reach their full potential, take part in causes greater than themselves and help make the world a better place. Participating youth receive the tools and resources needed to build character, discover their inner voice and develop social and emotional skills.

As part of Good Starts Young, Allstate and The Allstate Foundation are national co-title sponsors of WE, a nonprofit organization that offers programs to broaden students' understanding of social issues and help them determine how to take action. One of WE's programs, WE Schools, provides schools and youth-serving organizations with a yearlong educational program with free service-learning lesson plans, curriculum, activities and campaigns. The program empowers youth with the tools they need to address pressing issues in their communities and across the globe.

Through our youth empowerment efforts:

- 1 million youth participated in WE schools, completing 2.6 million hours of service and raising \$3.8 million during the 2015-2016 school year.
- More than 1 million students have completed "JA Economics for Success," a financial literacy curriculum supported by The Allstate Foundation that helps middle school students grasp the basics of smart money management and minimization of financial risk.

Empowering Survivors of Domestic Violence

Research shows 25 percent of women have been subjected to domestic violence at some point during their life. In many cases, survivors of domestic violence do not have the financial means to escape their circumstances. In fact, financial factors are the strongest indicators of a woman's ability to leave an abusive relationship.

Allstate breaks this cycle with The Allstate Foundation Purple Purse campaign. Purple Purse empowers domestic violence survivors by improving their financial literacy and asset building skills, increasing their chances of successfully escaping their abusive partners. By assisting survivors, Allstate creates shared value: We enable survivors to escape from their harmful circumstances, which gives them the opportunity to invest in the insurance products and services they need to live a good life.

As a leading insurance company, Allstate possesses the expertise and scale necessary to make a positive and tangible impact on the domestic violence crisis in America. Purple Purse addresses domestic violence through education, partnerships, grants, academic collaborations and state-level coalitions.

Providing Free Financial Management Curriculum for Survivors of Domestic Violence

The Allstate Foundation's Moving Ahead Through Financial Management curriculum, developed in partnership with the National Network to End Domestic Violence (NNEDV), provides survivors with a wide range of educational materials on money management and personal finance. The curriculum was tested and validated by the Rutgers University's School of Social Work and is made available online at no cost.

Training Domestic Violence Counselors

In 2015, Allstate and NNEDV hosted the 11th annual Financial Empowerment Symposium. This symposium promotes best practices and provides curriculum training to domestic violence advocates. To date, our "train-the-trainer" program has educated 8,000 advocates from more than 1,800 organizations from all 50 states.

Supporting State and Regional Domestic Violence Coalitions and Services

The Moving Ahead Financial Empowerment Grant Program provides grants to state-level coalitions with a focus on ending domestic violence through economic empowerment of survivors. Similarly, The Allstate Foundation Regional Domestic Violence Grants offer funding for local financial empowerment services. In order for a state coalition or region to receive a grant, they must address one of Purple Purse's four focus areas: financial literacy; microloans and Individual Development Accounts; job readiness and job training; or microenterprise.

Raising Funds for Domestic Violence Organizations

In 2014, The Allstate Foundation led a fundraising effort for domestic violence organizations through its inaugural Purple Purse Challenge. Hosted on CrowdRise with fundraising incentives provided by The Allstate Foundation, our Challenge raised nearly \$2.5 million for 136 community partners. In 2015, we raised \$3.1 million and added more than 25 new community partners.

Since launching in 2011, Purple Purse has achieved enormous success. The campaign has invested over \$50 million to end domestic violence and provided assistance to nearly 800,000 women. In 2015 alone, the Purple Purse campaign:

- Raised \$558,000, a 25% increase over 2014
- Served more than 197,000 survivors
- Involved 5,900 agency owners, a 268% increase from 2014
- Involved 4,830 employees, a 7% increase from 2014
- Saw a 407% rise in campaign participants

SUSTAINABLE PROCUREMENT

At Allstate, we demonstrate environmental and social leadership in our purchasing decisions to ensure our stakeholders are in good hands.

Introduction

Due to our size and global purchasing activity, we recognize our procurement practices have far-ranging impacts. This offers Allstate the opportunity to leverage our influence and positively impact our value chain. We are proud of our business practices, and our work in sustainable procurement is just one of the many ways we demonstrate our commitment to sustainability and corporate responsibility. We will continue to hold ourselves and our suppliers accountable for how we impact our stakeholders.

Sustainably managing our supply chain mitigates risk. By understanding how suppliers are managing topics such as emissions, waste, compliance or cybersecurity we, in turn, can better articulate Allstate's expectations of them. By actively managing these risks, we increase the confidence of stakeholders who depend on Allstate's performance.

Another way Allstate brings out the good is through our supplier diversity program. Identifying and doing business with diverse suppliers contributes to an inclusive economy and broadens our pool of potential suppliers.

Supplier Impacts

We manage environmental and social impacts in our supply chain through a combination of agreements, surveys, scorecards, policies (such as our Supplier Code of Conduct) and resource reduction programs. We are in the process of developing key performance indicators (KPIs) and targets to more effectively monitor the impact of our sourcing efforts.

Cybersecurity

As business deepens its reliance on information technology, customer privacy and data security is increasingly important. To mitigate the risks of an information security breach arising from a supplier relationship, we include mandatory on-boarding and off-boarding processes in our supplier contracts. Through these processes, we train suppliers to recognize behaviors that increase risk, familiarize them with Allstate's corporate values and evaluate security protocols of every supplier with access to sensitive data.

Resource Reduction and Sustainability Road Map for Suppliers

This year our sourcing and procurement team prioritized our most important sustainable

procurement initiatives through a rigorous analysis of Allstate's resource use. As a result of this assessment, we focused our responsible purchasing program on computer equipment, furniture, leased properties, paper products, professional services, software, utilities and our corporate vehicle fleet. For each resource, we identified key performance indicators (KPIs) to include in the supplier scorecard and created Sustainable Procurement Playbooks that provide detailed rationale behind assessing material impacts and how suppliers should respond to the KPIs. We distributed the Playbooks to Allstate's commodity managers in each spend category, who then used the tools to help suppliers provide required information for each KPI.

Allstate recognizes minority, women and veteran enterprises as those that are at least 51 percent owned and operated by minorities, veterans or women. Minority suppliers include: LGBTQ, African-American, Hispanic-American, Native American and Asian-Pacific Islander-American (Asian-Indian included).

Supplier Diversity

Allstate is committed to achieving its long-term goal to have 9 percent of the company's total procurement spend with diverse businesses. In 2015, we achieved 8.83 percent diverse spending for a total of \$461.7 million. To be eligible for our Supplier Diversity Program, a company must provide certification as a minority-, woman-, veteran- or LGBT-owned business by one of the following councils:

- The National Gay and Lesbian Chamber of Commerce (NGLCC)
- The National Minority Supplier Development Council (NMSDC)
- U.S. Pan Asian American Chamber of Commerce Education Foundation (USPAACC)
- The Women's Business Enterprise National Council (WBENC)
- The Department of Veterans Affairs (VA) Center for Veterans Enterprise Vendor Information Pages (VIP) database

We evaluate progress by measuring our targeted spend in the first five categories listed below. We also measure our inclusive spend in all 13 categories identified by the Small Business Administration (SBA) as diverse and of special interest in meeting statutory obligations. These include:

- Minority/Women-Owned Business Enterprises (M/WBEs)
- Minority-Owned Business Enterprises (MBEs)
- Women-Owned Business Enterprises (WBEs)

- Disabled Business Enterprises (DIS)
- Disabled Veterans Business Enterprises (DVETs)
- Disadvantaged Business Enterprises (DBEs)
- Historically Black Colleges or Universities (HBCUs)
- Historically Underutilized Business Zone (HUB Zone)
- Small Business Administration 8(a) Program (SBA8(a))
- Small Disadvantaged Business Enterprises (SDBs)
- Veteran-Owned Business Enterprises (VETs)
- Small Business Enterprises (SBEs)
- Lesbian, Gay, Bisexual, Transgender, Questioning – Owned Business Enterprises (LGBTQs)*

* Additionally, Allstate includes businesses certified by the National Gay and Lesbian Chamber of Commerce (NGLCC) as owned by a member of the LGBTQ community.

Building Ties with Diverse Groups Through Memberships

Allstate works with select organizations to conduct national benchmarking, connect with diverse suppliers and identify successful practices in supplier diversity. Allstate is a member of the following organizations:

- The National Minority Supplier Development Council
- Women's Business Enterprise National Council
- National Veteran-Owned Business Association
- National Gay and Lesbian Chamber of Commerce
- United States Hispanic Chamber of Commerce
- United States Pan Asian Chamber of Commerce

Industry Recognition

A number of external organizations recognized our supply chain diversity efforts in 2015. We received the following awards:

- Top 35 Best Companies for Supplier Diversity 2015 – *Black Enterprise Magazine*
- 2016 Corporate 101: America's Most Admired Corporations – *Minority Business News USA*
- Buyer of the Year – Cynthia Moore, Sourcing & Procurement Solutions – *ChicagoMSDC*
- WE 100 Corporations of the Year – *Women's Enterprise USA Magazine*
- 2015 America's Top Corporations – Silver – *Women's Business Enterprise National Council*

Training the Next Generation of Diverse Suppliers

Every year we host the Allstate Supplier Diversity Exchange. This event gives diverse suppliers and start-up companies the opportunity to network with Allstate and our major suppliers. The program creates a mutually beneficial relationship: Allstate helps support businesses in underserved areas and participating companies become better positioned to win contracts.

We also select diverse businesses to participate in our mentorship program. Throughout 2014 and 2015, we selected 11 suppliers to participate in this program where they received training, resources and networking opportunities.

Read more about Allstate's 2015 Supplier Diversity Exchange and supplier diversity programs.

FINANCIAL INCLUSION

Allstate is proud to protect people against life's uncertainties and we strive to ensure those with limited means have the same opportunity to benefit from being in our good hands.

Introduction

Financial inclusion lies at the intersection of business and social value. We initiate a cycle of positive feedback and shared value by working to build a financially inclusive business. In cultivating this approach to financial inclusion, we challenge ourselves to create innovative products and services to meet our customers' needs and outperform our competition.

Financial inclusion is a license to operate in the insurance industry; legal and reputational considerations are an important part of our management of this material topic. The insurance industry is regulated to ensure that insurance product prices are risk-based.

Our efforts in financial inclusion focus on:

- Offering fair prices;
- Providing economic empowerment to survivors of domestic violence and;
- Investing in affordable housing.

Offering Fair Prices

Allstate agency owners and financial specialists value and build personal relationships with each of their customers. They work with customers to achieve the best insurance solutions for their needs at the right price for them. Allstate's pricing has been and continues to be determined by risk and costs. Insurance prices are risk-based so that lower-risk drivers pay less than higher-risk drivers. We use information such as driving safety record, driving characteristics and type of vehicle to provide our customers with accurate and competitive prices. We regularly update our pricing to ensure our customers benefit from the most advanced approaches. As a result, our prices are highly competitive and fair, providing our customers with the best value.

Empowering Survivors of Domestic Violence

One unique way we address financial inclusion is through our work with survivors of domestic violence. When we give survivors the tools and access they need for a healthy financial life, we empower them to participate more fully in the economy. This financial engagement ultimately provides value to Allstate.

Many survivors of domestic violence lack the financial literacy and assets to escape their circumstances. Allstate helps to break this cycle with The Allstate Foundation Purple Purse campaign. Purple Purse empowers domestic violence survivors by improving their financial literacy and asset building skills, increasing their chances of successfully escaping their abusive partner. To read more about the work of The Allstate Foundation Purple Purse, see Community Presence.

Investing in Affordable Housing

Impact Community Capital (ICC) was founded in order to create a bridge between low-income communities in need of investment and insurance companies with a need to entrust their policyholders' capital in impactful and profitable investments. Since its inception, the sum of ICC's socially responsible investments in underserved communities has grown to more than \$1 billion. The ICC invests in affordable housing, healthcare and economic development.

Since 2000, Allstate has helped ICC increase its ability to finance affordable housing by investing in securitized loans packaged by its Impact Community Impact Loan (Impact CIL) affiliate. Impact CIL purchases mortgage loans on newly constructed or rehabilitated affordable multifamily housing properties, most of which are eligible for Low Income Housing Tax Credits (LIHTC). When the mortgage pool reaches an optimal size, the loans are securitized. Under the Community Impact Loan Program, Impact CIL has provided more than \$800 million of financing on project loans containing more than 33,000 low-income housing units.



Workforce

AGENCY ENGAGEMENT

Allstate agency owners are the individuals our customers seek out in times of challenge. They are small business owners who play an outsized role in their communities, dedicating their knowledge and resources to making life better across America.

Introduction

Owning an Allstate agency is one of the best small business opportunities in America and an important part of our value chain. Customer surveys clearly demonstrate that frequent, positive interaction with Allstate's agency owners is the most important driver of satisfaction.

Agency owners form the basis of our reputation. To help enhance our reputation, Allstate has a goal to support and enable agency owners to serve as reliable and trusted advisors within their communities. We do this by providing them with the resources they need to become actively engaged.

Because agency owners and financial specialists are independent contractors who run their own businesses, it is critical that we maintain close ties with them. By doing so, we protect our vital connection to the market. To this end, we constantly seek open dialogue and feedback from our

agency owners through forums, boards, surveys and other groups.

Engaging Agencies through Feedback

National Advisory Board

We facilitate dialogue among company leadership, agency owners and financial specialists through the National Advisory Board (NAB). The NAB consists of nearly 90 agency owners and financial specialists, representing nearly every state. Through the NAB, they voice issues and create solutions for the agency system. They also serve to strengthen the relationship between Allstate and the agency force. To this end, the NAB convenes Allstate leadership, agency owners and financial specialists throughout the year to discuss how Allstate's decision-making will impact their businesses and customer satisfaction.

Agency Executive Council

In 2008, we formed the Agency Executive Council (AEC). Its mission is to collect input from agency owner thought leaders on Allstate's strategy to better serve customers, while ensuring a profitable sales model for Allstate and Allstate agencies. The AEC is actively engaged in helping Allstate to promote agency ownership as one of the best small business opportunities in America.

Pioneer Technology Agencies Group

Technology continues to transform the business landscape, and these developments bring great benefit to agency offices and the customer experience. The Pioneer Technology Agencies (PTA) group consists of agency owners and financial specialists who convene to provide insight into how technological advances and initiatives impact agency operations. They do this by testing and providing feedback on key technology initiatives. This helps Allstate increase speed to market, minimize agency operational disruption and improve adoption of technology and processes.

Agency Relationship Survey

Allstate's Agency Relationship Survey (ARS), conducted every fall, offers Allstate insight into the engagement, satisfaction, challenges and concerns of agency owners, financial specialists and independent agents. The purpose of the survey is to identify actionable opportunities to build Allstate's relationship with the individuals who represent Allstate in their communities.

Despite challenges trending within the insurance industry, the 2015 ARS illustrates the strong and healthy relationship Allstate shares with agency owners and financial specialists. Agency owners are proud to represent Allstate (87 percent favorable). In particular, the support they receive from Allstate's claims support and field sales leaders were given the most positive scores.

Allstate Agencies: Trusted Advisors in the Community

Agency owners and financial specialists provide value as trusted advisors through involvement in their communities. The company and The Allstate Foundation provide various tool kits to agency owners. These kits contain helpful resources that help agency owners increase their local presence and educate and engage their communities on Allstate's signature societal issues. The kits proved to be popular last year, with 6,277 agency owners and financial specialists who ordered 9,472 kits. In total, 61 percent of agency owners and financial specialists engaged in

Allstate's community efforts in 2015.

Disaster Preparedness

Agency owners help communities understand the importance of preparing for natural disasters. In 2015, agency owners, in partnership with The Allstate Foundation and Points of Light, hosted 14 disaster preparedness events and assembled 13,000 disaster preparedness kits. These kits included essential items such as hand-crank flashlights, first aid kits, hand sanitizer, water bottles and dust masks, and were distributed to individuals and families in need.

Teen Safe Driving

Teen driving accidents are the leading cause of death among teens, ahead of homicide, suicide, cancer and drugs, due primarily to driver inexperience. Allstate creates educational materials agency owners and financial specialists can use to bring awareness to the impact that factors such as driver distraction, speeding and failure to wear seat belts have on driver safety. In 2015, 24 percent of all agency owners enrolled in #GetThereSafe, a program dedicated to promoting teen safe driving.

"Thanks for allowing me to protect my community by doing more than selling insurance. Through programs like #GetThereSafe I'm happy to help teens understand that driving a car means taking responsibility for themselves and others on the road."
Agency Owner, Susan Gilmore-Layton
(New Jersey)

Good Starts Young

At Allstate, we believe that by empowering the next generation we build a brighter future for all. Our WE youth empowerment program aspires to increase youths' confidence by helping them build life skills, excel academically, get ready for the workplace and become engaged citizens by volunteering in their community. Through their interactions with Good Starts Young, agency owners and financial specialists have an opportunity to inform community stakeholders—parents, educators, community leaders and others—about Allstate's youth empowerment programs. Allstate focuses on helping advance academics through social learning, addressing today's most pressing issues and bringing out the good in communities across the globe. In 2015, 11 percent of agency owners enrolled in Good Starts Young programs.

Purple Purse

Purple Purse is a public awareness and fundraising campaign aimed at creating long-term safety and security for domestic violence survivors. Agency owners and financial specialists engage with

their communities to help educate them about the financial abuse that traps victims in 98 percent of all domestic violence cases. Through activities like the Purple Purse Challenge and the Purple Purse Walk, employees, agency owners and financial specialists have raised millions of dollars for local organizations. In 2015, agency owner engagement with Purple Purse rose 285 percent, with 57 percent of all agency owners enrolled in Purple Purse programs.

“Like a lot of people, I was oblivious as to why victims of domestic violence simply don't leave. Through Purple Purse, I now understand the number one reason domestic violence survivors stay in or return to an abusive relationship is [that] they don't have the financial resources to break free. Our agency is proud to help these women start a new life.” Agency Owner, Jon Boulware (California)

Supporting the Best Small Business Opportunity in America

Allstate is committed to making Allstate agency ownership the best small business opportunity in America. To help agency owners and financial specialists thrive in today's market, we provide the following support:

- *Education.* Our best-in-class education tools and resources help agency owners and financial specialists understand the products and services they can offer customers. We also support them as small business owners through programs like virtual mentorships, best practice sharing and interactive workshops. In 2015, we increased efforts to provide agency owners, agency staff, financial specialists and sales leaders with virtual, targeted content to equip them with on-demand access to answers and information.
- *Staffing Support.* We offer agency owners a wide range of programs and resources to assist them in attracting, retaining and developing their employees. By providing agency owners with resources like effective agency staff recruiting materials, and awards and recognition programs for their staff members, we are enabling their success as small business owners, not just insurance agents.
- *Equity.* The economic interest that agency owners build through their book of business is a unique and compelling aspect of Allstate's agency value proposition.

The Ray Lynch Community Service Award is dedicated to the memory of former Allstate agent Ray Lynch of Fayetteville, North Carolina, who built a successful agency around a remarkable record of community service during his 32 years with the company. Inspired by his example, Allstate created this award in his honor.

David Erb Receives the 2016 Ray Lynch Community Service Award

Put Amelia Erb on a swing and she was like any other carefree child—soaring and smiling, the wind in her hair and her feet high off the ground.

The day-to-day reality was entirely different for this five-year-old born with agenesis of the corpus callosum, an absence of the membrane that connects the two hemispheres of the brain, and microcephaly, a rare disease that can include abnormal brain development, delayed motor functions, seizures and other neurological issues.

Amelia unexpectedly died following a seizure in August 2015. The unimaginable loss inspired Natalie Erb and her husband, Tennessee Agency Owner, David Erb, to transform their heartache into something good and beautiful.

Shortly after Amelia's death, the couple established the nonprofit Milly's Wings in the hopes of building their area's first "universal playground" that would accommodate children with and without disabilities.

David Erb's tireless work toward that goal, as well as his ongoing commitment to multiple other nonprofits, helped earn him the 2016 Ray Lynch Community Service Award.

A \$250,000 goal

Though microcephaly has been in the news lately as researchers explore a possible link with the Zika virus, the Centers for Disease Control and Prevention reports that the lifelong condition impacts 12 or fewer babies per 10,000 live births in the U.S. every year. There's currently no standard treatment.

At age five, Amelia functioned as a nine-month-old, unable to sit up independently or eat on her own. Still, all her challenges fell by the wayside when she was on a playground swing.

With Milly's Wings, David and Natalie hope to raise \$250,000 to build their playground. In the

short time since they formed the nonprofit, they've garnered local media attention and maintain a Facebook page and a website where people can contribute online.

"He makes everyone feel so good"

According to his field sales leader, Candace Smith, it's that kind of passion that has cemented Erb's reputation as an agency owner committed to giving back to his community.

"As I meet other agency owners, I discovered that David is known first for his community involvement," she said. "He is completely dedicated to his office and his team members and the community he's serving."

Much of Erb's volunteerism targets organizations that help people with disabilities or address issues that have affected him personally. In addition to Milly's Wings, he's served as chairman for the Alzheimer's Tennessee fundraising walk, which raises up to \$85,000 annually to benefit research about the disease that afflicted his grandfather and, subsequently, his father.

He also has served the North Anderson County Boys and Girls Club, the Clinch River Home Health board, the Aid to Distressed Families of Appalachian Counties and the Business Advisory Council for Emory Valley Center—among others.

"Because of the number of boards he sits on, he helps all these organizations do their job a little better," said Naomi Asher, executive director of United Way of Anderson County. "And the stronger they are, the stronger we are, and the more people we can help."

"Leave this place better than you found it."

For Erb, it's a matter of understanding what's truly important.

"Once you have children, you realize it's not all about you," he said. "You start thinking you want to leave this place better than you found it."

The acorn, as they say, doesn't fall far from the tree. And the family trait is being passed along to another generation, too.

The Erbs' seven-year-old daughter, Fiona, who once was frightened by Amelia's seizures, learned to comfort her younger sister during those times. And Fiona's developed her own unique affection for others with disabilities.

"I can tell you this: She's acutely aware of other people's suffering," Erb said. "She's extremely compassionate, and she looks through differences. When she sees someone in a wheelchair, she goes up to them and talks to them. She asks their name and holds their hand."

Award puts Erb at the "pinnacle" of his career

It wasn't until Erb was on stage at National Forum with all 13 nominees in Las Vegas that he learned the award was about to come his way.

"I was reading the teleprompter as Tom [Wilson] spoke," he said. "The teleprompter moved up, and I saw, 'David and his wife Natalie.' I just went cold. That's how I found out: I read it on the

teleprompter. There was clapping, Natalie joined me on stage, and we bawled our eyes out.”

And though Erb’s view may continue to be through tear-filled eyes at times, he can see the significance of all he’s built and what’s yet to come.

“This is the pinnacle of my career,” he said. “I’m with a company I love. I work with people I love; I have a fantastic team. I’m with the woman I should be with. And I had close to six years with the most amazing little girl.”

“And now I have a calling.”

Ray Lynch Community Service Award

Every year, each region nominates an agency owner or financial specialist who demonstrates excellence in both business and community service. Each nominee receives a \$2,000 grant from The Allstate Foundation that he or she can distribute to a nonprofit organization of his or her choice. One of the 14 finalists is then chosen as the Ray Lynch Community Service Award winner and receives an additional \$5,000 Allstate Foundation grant.

In addition to this year’s Ray Lynch Community Service Award winner David Erb, the 2016 nominees were:

- John Alsop, California
- Josh Barger, Texas
- Paul Dellauniversita, New York
- Lisa Jusino, Midwest
- Carolyn Lankford, Southeast
- Tom Paterson, Florida
- Marty Randal, Northeast
- Rick Robertson, Capital
- Armando Rubio, Southwest
- Shawn Schmidtke, Northwest
- Tammy Stubbs, West Central
- Sam Tanoos, North Central
- Brian Zimmerman, Allstate New Jersey

TALENT MANAGEMENT

Our people are our most valuable asset. Their skill, dedication and caring define Allstate and bring out the good for our customers.

Introduction

Allstate's business strategy, culture and ability to achieve its goals depend upon one thing: our people. Ultimately, the people we hire determine our ability to succeed.

As our employee surveys consistently show, providing our employees with exciting career paths and educational opportunities improves morale and engagement. These positive outcomes contribute to our reputation and legacy of having a dynamic and productive workforce. Because Allstate is a large employer, we understand that through employee engagement we have significant influence on our communities and economies. We take this responsibility seriously, and want to ensure that this legacy continues.

Attraction

We sustain an efficient and skilled workforce by attracting high-quality candidates through tried and true processes. However, we realize the attraction processes of the past are not the same as the attraction processes of the future. America's demographics are increasingly diverse, and include groups not typically thought of in the insurance industry, such as STEM professionals. Allstate recognizes the importance of inclusivity and diversity in our workforce. [Click here](#) for more information on how we promote inclusive diversity at Allstate.

Retention

Retaining top-quality talent is a high priority at Allstate. We also recognize that talent retention is hardly a one-size-fits-all endeavor. That's why our Workforce Insights team oversees the unique retention needs of individual business units.

In addition to understanding the unique needs of individual business units, the Workforce Insights team uses ongoing research platforms to inform recommendations: predictive attrition, quality-of-hire analysis, and our Good Work. Good Life. Good Hands® program. Our predictive attrition research associates the risk of departure for particular key leaders, and—should certain individuals demonstrate notable risk—a “stay” interview is organized to determine how Allstate can improve in order to retain that individual. Our quality-of-hire research builds models to determine which traits drive success and length of tenure in employees.

Our Good Work. Good Life. Good Hands® program identifies the strategic link between the things prospective and existing employees value and what we offer in exchange for their work. Improving the attraction, retention and engagement of Allstate employees will ultimately improve the organization's ability to serve our customers, agents and communities—and each other.

Employee Life cycle Survey Program

Our Employee Life cycle Survey program is an important tool for gauging the attitudes, beliefs and behaviors of our employees. We use this program to determine which initiatives, programs and efforts are most important to supporting employee morale. The program includes:

- A 90-day retention survey to check in with new hires to assess their integration into Allstate.
- Our 9-month Quality of Hire survey sent to hiring managers to determine the effectiveness of the support team (i.e. talent acquisition, recruiters etc.) and the quality of the candidate hired.
- Our annual employee VOICE survey, which measures employee work experience, including engagement, satisfaction and manager effectiveness. Employee participation in the survey continues to rise, with 84 percent participation in 2015, up 4 percent from the year prior. Employees cited manager support of work-life balance and an environment of respect as strengths (93 and 90 percent favorability rating, respectively). Much of our Voice survey is based upon best practices learned through our participation in the Mayflower Group, a consortium of premier companies that have large employee bases similar to Allstate's. The consortium also provides a source for us to benchmark our results against other participating companies.
- The Good Work Pulse survey, which runs several times throughout the year and is a complementary tool to our VOICE survey. The Pulse survey allows us to collect timely information and data so we can assess employee attitudes and initiatives to determine their effectiveness and take immediate action when needed.
- An exit survey and interview process. When employees decide to leave Allstate, we conduct this process to determine what they found most compelling about Allstate's employee value proposition, reasons for leaving, and future plans.

Career Development

We dedicate extensive resources to developing leaders at all levels, whether they have direct reports or lead by taking the initiative. Some programs are available to all employees, while others are available to select audiences. Regardless of their role, all employees have a wealth of resources at their disposal.

Talent Connection

Allstate invests in training opportunities for our employees so that they can be successful throughout their careers. In 2015, we invested more than 1 million dollars in learning technology alone.

Talent Connection is Allstate's integrated talent management system. The system contains modules for:

- Attracting and hiring new employees.

- Promoting internal advancement of current employees.
- Registering for learning opportunities such as webinars, seminars and classroom training. In 2015, our employees completed 273,238 courses, with 31,261 unique learners accounting for 328,820 hours of learning.
- Receiving comprehensive feedback from managers, peers and teams.

Tuition Reimbursement

Allstate offers tuition reimbursement to employees who demonstrate an interest in getting a college degree, an advanced degree or an additional degree. Whether the degree enhances their knowledge, is job-specific, or works toward a change in career, all of our employees are eligible for the program. Up to \$5,250 is made available per employee per year. In 2015, we invested \$3.7 million in professional education.

Own Your Career Development Portal

In addition to the Talent Connection modules related to career development, we also offer a portal dedicated to providing our employees with tools and resources to assist them in setting career goals. It helps employees identify their strengths and opportunities, grow their network, develop their résumé, and initiate career-related conversations with managers and peers across the company.

Enterprise Talent Management and Talent Share

Our Enterprise Talent Market (ETM) philosophy and Talent Share programs support the internal advancement of our employees. With approximately 41,100 employees at Allstate, there is no better place to begin our hiring process than with our own people. When a position opens in any department across the company, any Allstate employee can apply for the position. Not only does this program reduce the costs associated with hiring an external candidate, it also preserves the cumulative knowledge and maturity of Allstate's culture. In the first two years of ETM, internal placement rates doubled, and remain steady.

In 2015, we began leveraging our Talent Share program for more labor-intensive projects, and we integrated Claims into the program. As a result, the number of participants increased to 620 participants in 2015.

Department-Specific Development

While company-wide training initiatives are an important part of creating a unified culture and promoting general expertise, we also recognize the need to promote department-specific expertise. Here are just a few examples of how we tailor our training:

- Our Technology Department provides SkillSoft technical skills training, via an online course library and online books, on a variety of topics such as Agile, Scrum, Java, VMWare, Mobile Web and ITIL practices.
- Our Life and Retirement Distribution Department offers development workshops. These workshops include activities such as peer networking, compensation transparency, a book club focused on leadership, and workshops that increase awareness and understanding of other business units.

[Leadership Development](#)

At Allstate, all employees are leaders. We offer a number of programs that help individuals, with and without direct reports, to develop their leadership skills. Following are a few examples.

Leadership Development Program (LDP)

Allstate's LDP is committed to continuously identifying and developing talent to become its future leaders. Using our Succession and Talent Review Process, we identify high-potential candidates and help equip them for successful futures as leaders at Allstate. In 2015, Allstate had 122 participants in the program.

New Leader Development Studio (NLDS)

NLDS targets new leaders who are assuming direct reporting responsibilities for the first time at Allstate. Apart from covering the essential administrative functions associated with leading a team, NLDS focuses primarily on developing the self-awareness that is crucial to effective and inspiring leadership, paying special attention to the impact and ability of new leaders to drive results.

Critical Conversations

The Critical Conversations course is open to all employees. The course takes participants through the fundamentals of coaching and illustrates Allstate's preferred coaching model aimed at enabling employees to have more impactful conversations with peers, direct reports and managers.

Live and On-Demand Seminars

In addition to formal training, Allstate provides employees with in-house learning and development opportunities throughout the year using the latest live and on-demand streaming technology. Offerings vary depending on the focus of the content and the areas of expertise of the speakers.

- **The Good Work Series** is an ongoing celebration of the Good Work pillar of our Employee Value Proposition (EVP) and focuses on nurturing an inspiring workplace culture.
- **Good Work Week** is an annual, themed, multi-day event that renews our commitment to the Good Work Series. Internal and external speakers are showcased to help employees connect their work to the company's purpose and business results.
- **Leaders as Teachers** provides internal perspectives from Allstate executives on leadership and other topics pertinent to our business strategy.
- **Thought Leader Forum** introduces an external point of view on business and leadership to accelerate development.

INCLUSIVE DIVERSITY

“Inclusive Diversity is a key business strategy and competitive advantage for Allstate. It’s about creating a work environment where diversity is valued, so all employees can reach their potential while maximizing their contributions to our customers and shareholders.”

Christy Harris, Vice President Talent Acquisition & Inclusive Diversity

Introduction

Diversity, in every sense of the word, is a hallmark of Allstate’s culture, and the benefits of an environment that supports inclusive diversity are clear. Research repeatedly demonstrates that inclusive diversity contributes to the satisfaction, creativity, innovation, problem-solving ability, engagement and community involvement of employees. We value the contributions and unique attributes that each individual brings to Allstate.

The communities we operate in are growing evermore diverse. In light of this long-term trend, we are proud that Allstate has a unique value proposition and culture in which people of all backgrounds are welcomed, connected and engaged.

At Allstate, we promote the inclusive diversity of our workforce through:

- Policies and Practices
- Leadership Principles and Values
- Employee Resource Groups (ERGs)
- Training and Development
- Employee Engagement Surveys
- Supplier Diversity (to read more, see Sustainable Procurement)

Our Performance

We are proud of Allstate’s culture, which reflects the effort and care spent cultivating a vibrant, diverse workforce. In 2015, our employee population consisted of 56 percent women and 33 percent minorities. Of Allstate’s officers and managers, 34 percent are minorities. Allstate agency owners are also diverse, with a reported 25 percent women and 21 percent minorities.

Our efforts continue to capture the attention of leading diversity organizations. For the fifth consecutive year, Allstate was named to *DiversityInc*’s Top 50 Companies for Diversity®, placing 33rd. These results reflect Allstate’s focus on its talent pipeline, equitable talent development,

CEO's and leadership's commitment to diversity, supplier diversity, and diversity management initiatives—all of which are core to *DiversityInc's* annual assessment. We've also received the following diversity awards:

- Top Corporation for Women's Business Enterprise, 2016 – Women's Business Enterprise National Council (WBENC)
- Top 60 Companies for Executive Women 2016 – National Association for Female Executives (NAFE)
- Top 50 Companies for Executive Women 2015 – National Association for Female Executives (NAFE)
- 40 Best Companies for Diversity 2015 – *Black Enterprise*
- Top 35 Best Companies for Supplier Diversity 2015 – *Black Enterprise*
- 50 Out Front Best Places for Women & Diverse Managers to Work 2015 – *Diversity MBA*
- Best Companies for Multicultural Women 2016 – *Working Mother*

Managing Inclusive Diversity

Our corporate policies and practices related to inclusive diversity serve as a guide for our leaders. Our Shared Purpose—which outlines Allstate's vision, corporate goals, values, priorities, and operating and leadership principles—highlights inclusive diversity as one of our five core values. Our employees understand the power of collectively living Our Shared Purpose and use it to guide our business pursuits. Inclusive diversity cascades through all levels of the company and is reinforced in our Code of Ethics.

Allstate leverages an Enterprise Diversity Leadership Council (EDLC) to enhance our emphasis on inclusive diversity. The EDLC serves as a catalyst and amplifier for opportunities that advance inclusive diversity across the company. It achieves this by:

- Identifying and prioritizing actions to be taken
- Taking accountability for achieving targeted results
- Ensuring clarity and understanding of the business relevance of inclusive diversity

In 2015, the EDLC drove the creation of inclusive diversity commitments that are intended to increase our results even further through enhanced leadership accountability across the company.

The mission of the Employee Resource Group (ERG) program is to provide an open forum where employees with a shared interest aspire, develop and collaborate to reach their highest potential, represent Allstate in our communities, and serve as a key resource to the company for specific consumer, employee and agent insights.

[Get to know Carly.](#)

A transgender woman and proud Allstater with a long and successful career at the company.

[Employee Resource Groups](#)

Another key strategy of Allstate's focus on inclusive diversity is Employee Resource Groups (ERGs). Allstate offers 10 ERGs, each with unique value propositions and goals. ERGs serve as a forum where our employees can develop themselves professionally and share life experiences inside and outside of Allstate. Employee involvement in ERGs grew to 7,629 in 2015 (23 percent of all employees), a 12 percent increase over 2014.

Our ERGs include:

- 3AN – Allstate Asian-American Network
- FAN – Allstate Foster and Adoption Network
- AAWN – African-American Working Network
- AVETS – Allstate Veteran Engagement Team and Supporters
- AWIN – Allstate Women's "I" Network
- PLAN – Professional Latino Allstate Network
- PRIDE – for Allstate's LGBTQIA employees
- PWT – Parents Working Together
- YPO – Young Professionals Organization
- I@A – Intrapreneurs at Allstate

Many of our ERGs go above and beyond to help others live a good life. In 2015, our ERGs collectively volunteered 25,000 hours. For more information on our ERGs and their unique activities, see our 2015 ERG report.

[Training Our Leaders on Inclusive Diversity](#)

We require all new employees to complete inclusive-diversity training. We also educate our managers on the value of diversity in the workplace. Training covers a variety of topics, including self-awareness regarding cultural identity and unconscious bias, and provides tools to help employees leverage inclusive diversity and create a more inclusive environment. The training also enables participants to complete self-assessments on their level of cross-cultural competency. Additionally, we host special diversity programs focused on critical topics such as gender identity and transitions, religion in the workplace, and generational differences. Lastly, many of these topics, especially the emphasis on unconscious bias and leveraging inclusive diversity, are embedded into other management development training and programs throughout the enterprise whenever possible.

Employee Engagement Surveys

Our annual VOICE survey measures employee work experience, including engagement, satisfaction, and manager effectiveness. In 2015, we received a score of 80 or above on all questions relating to inclusive diversity. According to VOICE, scores of 80 and higher indicate “exceptional performance.” These are powerful results since inclusive diversity also scored as one of the most important drivers of engagement, satisfaction and intent to stay. Additionally, we slice the data by race/ethnicity, gender and tenure to ensure that all employees have similar favorable responses and to identify opportunities to provide support for specific groups, as needed. We received consistently similar engagement results across all groups in 2015 as well.

EMPLOYEE HEALTH AND SAFETY

Allstate strives to set the standard for employee safety and health.

Introduction

Allstate's safety mission is for all employees, contractors and visitors to return home safely every day. The company's approach goes beyond compliance and focuses on exceeding federal requirements. Rather than limit our focus to the Occupational Safety and Health Administration's (OSHA) construction industry regulations, Allstate uses OSHA's general industry regulations, 29 CFR 1910, as a starting point.

Employee safety is a moral imperative—and it makes good financial sense. Allstate focuses on preventing injuries so employees and contractors can live their lives normally. Prevention also saves the company money by avoiding lost work time and medical claims.

Allstate effectively manages workplace safety through several measures:

- Safety equipment
- Safety training and education
- Monitoring and audits
- Governance

Safety Equipment

Allstate provides personal protective equipment at no charge to employees. Our 140 locations have working fire extinguishers and 344 automated external defibrillators (AEDs). Portable extinguishers are evaluated annually with additional quick checks monthly. We actively monitor the age of each piece of safety equipment and ensure that AED replacement pads and batteries ship automatically prior to the expiration date. To supplement our safety equipment, a new corporate program enables employees to receive CPR and AED training.

Safety Training and Education

Our safety training provides employees the specific education they need, based on their role within the organization. While Allstate is primarily an office environment, our printing and communications center, service centers, record centers and engineering employees require targeted training.

In total, Allstate provided targeted safety training to 579 employees throughout the enterprise, exceeding OSHA, National Fire Protection Association and U.S. Environmental Protection Agency expectations. Where safety issues could have catastrophic results, Allstate trains employees

annually—exceeding OSHA requirements. Beyond training, Allstate posts weekly blog articles on safety-related issues. These articles, available to all employees, provide valuable safety information and tips.

Monitoring and Audits

Our instructor-led, online safety training ensures employees understand safe processes from beginning to end. Allstate performs periodic safety observations of employees who work in high hazard environments to ensure they correctly perform their tasks. In locations with a triple net lease, the company performs annual safety site audits based on OSHA general industry guidelines.

Slips and falls are Allstate's most common safety issue; sometimes these occur due to wet or icy weather conditions. The company evaluates parking lots, entranceways and doors to ensure no identifiable trip hazards exist. Allstate's safety team works closely with the security team to review incident reports and correct safety issues to minimize the risk of future accidents.

From an environmental perspective, Allstate has an ongoing indoor air quality (IAQ) program. Every two to four years, we conduct IAQ surveys in most locations to assure that they are safe and meet Allstate's IAQ comfort guidelines. In 2015, we conducted 64 IAQ surveys. The Administration and Real Estate Department leads several other initiatives to ensure a safe environment for employees and protection of the natural environment. For example, each year the team leads Asbestos Awareness Training and Spill Plan Training Sessions. The company uses an online portal to track which employees receive safety training, how often and how well they perform.

Allstate's Enterprise Workforce Safety Committee is led by a Human Resources Vice President. This committee, which includes representatives from Risk Management, Administration and Real Estate, Legal, Compliance and Corporate Relations, meets regularly to discuss how to mitigate safety concerns.

Employee Health and Wellness

We believe that people do their best work for customers when they feel good themselves. That's why Allstate employees have access to an array of market-competitive benefits and programs to help support their physical health, financial security and work-life balance.

Through our Allstate Good Life® well-being programs, we have learned that people are more likely to make healthy choices like exercising, eating right and getting physical checkups, when they are influenced by their peers to do so. We have a network of over 200 well-being champions throughout our organization. These employees are empowered to help create a culture of well-being in over 100 Allstate offices.

We also recognize that people take better care of themselves when they have the tools to help them make their own health decisions. In 2015, 26,319 Allstaters took part in online health risk assessments, which helped employees identify their strengths and potential problem areas and initiate a productive conversation with their doctors. Over 2,820 employees took advantage of health coaching to work on issues such as reducing stress or changing food habits. There were 16,958 unique employees and 4,927 spouses/domestic partners who earned at least one \$100

wellness incentive.

Financial well-being is just as important as physical well-being in supporting employees' ability to do their best work. In 2015, we added the option for employees to make Roth contributions to our 401(k) plan. This addition offers employees more flexibility in retirement strategies. Over 9 percent of new hires have taken advantage of this new feature.

Allstate also continued to provide financial well-being seminars during its 4th Annual Financial Fitness Week. Attendance reached a new high with 5,941 employees attending and viewing sessions on personal finance. We offered live sessions in 12 offices and broadcast them enterprise-wide. Our topics target a wide range of audiences, from early-career millennials to late-career professionals.

A Biometric Screening Wake-Up Call

Over the years, Jackie Lynch, a regulatory compliance consultant in Allstate's Northbrook office, had participated in a number of on-site biometric screenings. Although the results usually indicated that some of her numbers were well above normal levels, she dismissed them as inaccurate. "I've always been a thin person, so I sort of doubted the results," says Jackie. "I figured because it was a finger-stick test versus a full blood draw, the results couldn't have been right. In my mind, I didn't look like what I thought someone with high cholesterol would look like."

However, in November 2014, Jackie had a wake-up call. While she was out on maternity leave, she had a biometric screening through her personal physician. To her surprise, the doctor confirmed what previous on-site biometric screenings had shown. Her triglycerides and cholesterol levels were sky high and, if left untreated, could lead to heart failure.

A 34-year-old mother of two, Jackie was determined to get her health on track. She began following a strict diet and exercising at least an hour a day, four days a week. When she returned to her doctor three months later, Jackie had brought her triglycerides down to normal levels and her cholesterol down to a borderline high level. According to Jackie, "You can't change your genetics, but you can change your lifestyle to a healthier one."

To this day, Jackie continues to work on keeping her biometric numbers within healthy levels by monitoring her food intake and exercising at least three days a week. She encourages other Allstaters to regularly participate in the company's biometric screenings. "Allstate's biometric screenings are a great opportunity to gain insight into your health, even if you think you are healthy. I would encourage all of my colleagues to get screened and take their results seriously."



Business Practices

PRODUCT AND CLAIMS INNOVATION

When we continuously improve our customer experience, our business thrives, and we enable our customers to live a good life.

Introduction

At its core, insurance represents a collaborative approach to risk, and Allstate is the resource broker for this collaboration. By accurately and efficiently assessing and managing claims, we continue to be a force for good and maintain the trust of our valued customers. By innovating, we ensure our business successfully maneuvers the rapid industry transitions due to advances in information technology.

Knowledge Management

The world's workforce is changing and the learning and training preferences of millennials are different from past generations. They prefer digital, centralized media. To support our evolving claims team, in 2016, Allstate began implementing our knowledge management system. We customized and designed the system to provide claims employees with uniform information. This includes centralized training content that is palatable to a wide-range of employees. Today, our claims process is increasingly streamlined and consistent. This strategy also:

- Increases employee efficiency, improving customer experience
- Improves the quality of claims handling
- Reduces informal training time
- Reduces redundant resources and effort needed to create, distribute and maintain

We know the customer experience begins and ends with our employees. Our team's capability to deliver high quality and consistent claims experiences is at the core of driving high customer satisfaction.

Continuous Improvement

Continuous Improvement (CI) is a management system that improves customer experience, agency owner and staff experience and business outcomes by empowering employees to advance their work methodology. The CI deployments have generated excitement and significant impact around employee engagement, customer experience and efficiency dimensions. To date, we have implemented CI in all claims express operations. By year-end 2016, all auto field operations will participate in the CI environment, totaling more than 35 claims offices.

Efforts are underway to deploy a systemic CI model across the remaining claims lines of business. This approach will be piloted at the senior leadership level and include a national deployment strategy and a root-cause problem-solving database. Our goal is to complete the implementation of CI across all claims offices by the end of 2017.

Preventative Home Care

Many of us know of preventative healthcare. In that same vein, Allstate is helping homeowners consider preventative care of their homes. Our Home Checkup program gives our customers an in-depth assessment of their home to help them better understand their risks and provide recommendations of maintenance measures. We tailor the assessment, conducted onsite by an Allstate inspector, to the interests and home care goals of each customer.

Simplifying the Claims Process

We work hard to ensure our claims process is as simple and stress free as possible. By continuously improving our claims process, we drive customer retention and satisfaction. In 2014, we undertook an assessment of our claims process called End 2 End. The assessment found customers prefer interacting with one claims professional throughout the process rather than multiple people. In response, Allstate now assigns a claim owner to each case. The owner is responsible for the entirety of the claims process, including:

- Reaching an agreement on liability with the at-fault insurance carrier and expediting the customer deductible upon agreement
- Informing insureds and claimants when supplemental damage to their vehicles is identified and explaining the impact to repair time and rental car extension
- Incorporating the explanation of medical payment or personal injury protection coverage and process as part of the initial loss fact-gathering contact rather than having a medical specialist perform the explanation

Results of the trial show the average number of claims professionals our customers encountered dropped from 4.5 to 2.1 in 2014. In 2015, we began migrating all of our claims processes to this

new model, including our property claims.

Beyond the clear benefits to our customers, we found this process improved our claims handlers' familiarity with the claims process as a whole. Further, it improves their ability to establish personal relationships with our customers because of their increased interaction. In light of this success, we are committing more resources to continuous improvement in this area.

Quantitative Research and Analytics

Allstate's quantitative research and data analytics team works to leverage our data management system, NextGen, to identify and prevent risks to our customers. While this system provides our workforce with actionable tasks, the team maximizes its value by applying their models to create milestones, making our risk identification even more proactive.

We also use data analytics to predict and identify fraudulent claims. To this end, we continuously update sophisticated mathematical models developed by our Special Investigation Unit (SIU). In 2015, we submitted 23 civil actions against fraud perpetrators, seeking damages of nearly \$69 million.

Improving Access to Information

The accessibility and quality of data continues to improve across the business landscape. In order to capitalize on this megatrend, we created several initiatives that increase our connectivity with customers.

- **Connected Home:** We offer customer discounts for installing monitoring devices for intruder alarms, smoke detection, carbon monoxide leaks, lighting, temperature level and appliance usage.
- **The Allstate Digital Locker®:** To expedite claims in the case of an event, Allstate developed The Allstate Digital Locker application, available by phone or internet connection, which allows users to keep a digital list of their personal property.
- **Drivewise:** Using a mobile app or plug-in device, we can inform our customers when they are demonstrating risky driving behavior. More recently, we modified the program to give cash back to customers with safe driving habits.

Technology

Advances in technology continue to open doors to previously unimaginable services. Surveys indicate that our customers are looking for more control of their insurance experience through digital media. By developing the technologies involved in the claims process, we empower our customers to contact us with ease.

Self-service

While Allstate will always maintain options for a personal insurance experience, many of our customers voice a strong interest in self-service options. To meet the rising demand for self-service insurance, Allstate is improving our online claims experience. Already, we are revamping our online presence by streamlining the process of filing and checking the status of claims.

Virtual Interactions

The rise of audio-visual communication presents Allstate with tremendous opportunities to improve the quality and experience of our claims process. We currently utilize several applications to virtually connect with our customers and vendors to collaborate during the claim's life cycle including the assessment of damage. We are actively testing new drone technology to potentially deploy to better service our customers, for example, in flooded or hurricane impacted areas where access is limited.

QuickFoto

We have an app for that. QuickFoto allows our customers to upload photos of their auto accidents. Using these photos, we can rapidly assess damages and complete the claims process, often within a few days.

Fast Mobile e-Payment

Our Fast Mobile e-Payment system, requiring only an email address or mobile phone number, is the new industry standard for quick and stress-free claims payment. This new digital payment process dramatically cuts wait time and paper waste. Fast Mobile e-payment is faster than electronic fund transfers and is available across the U.S. It works with any bank for all Allstate auto and property insurance claims that have a single payee.

RESPONSIBLE INVESTMENT

Allstate leverages our resources as an institutional investor to be a force for good.

Introduction

With over \$77.8 billion in assets, Allstate's investment decisions represent a critical part of our corporate footprint. How we choose to invest our assets affects our employees, customers and investors. By investing in high-performance portfolios, our employees enjoy financial stability, we protect our ability to pay the claims of our customers and we attract further investment.

In 2015, we set aside approximately \$772 million of our investments to invest in portfolios that are both high performance and socially responsible. Our socially responsible portfolios not only provide Allstate with strong returns, but also often yield positive externalities, the financial impacts of which are difficult to quantify. We provide the best value to our shareholders by taking a competitive and holistic approach to investing.

Last year, our \$772 million in sustainable investments included:

- \$51 million in our Socially Responsible Investments portfolio
- \$491 million in a low-income-housing tax credit (LIHTC) portfolio
- \$230 million in renewable energy

Nurturing Diverse Talent in Asset Management

The number of multicultural and diverse households continues to grow, shifting the United States toward a nation where minorities compose a majority of the population. Despite research showing that diverse investing teams consistently outperform less diverse investing teams, women and minorities are still underrepresented in the private equity and real estate private equity investment sectors. Allstate works to secure the continuity of our workforce through a variety of diversity initiatives (to read more about inclusive diversity at Allstate, [click here](#)). To ensure our investment team demonstrates superior performance and helps bridge the underrepresentation gap, Allstate created the Diversity Emerging Managers program.

The goal of Allstate's Diversity Emerging Manager program is to identify the next generation of women and minority investment managers. To do this, we collaborate with Grosvenor Capital Management to select women- and minority-owned firms that demonstrate excellence to participate in the program. Of the \$100 million allocated to the program, Allstate has committed \$65 million toward participating firms. We carefully assess the returns on the funds we commit for investment.

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

Impact Community Capital

Impact Community Capital (ICC) was founded to create a bridge between low-income communities in need of investment and insurance companies with a need to entrust their policyholders' capital in impactful and profitable investments. Since its inception, the sum of ICC's socially responsible investments in underserved communities has grown to more than \$1 billion. The ICC invests in affordable housing, healthcare and economic development.

Since 2000, Allstate has helped ICC increase its ability to finance affordable housing by investing in securitized loans packaged by its Impact Community Impact Loan (Impact CIL) affiliate. Impact CIL purchases mortgage loans on newly constructed or rehabilitated affordable multifamily housing properties, most of which are eligible for Low Income Housing Tax Credits (LIHTC). When the mortgage pool reaches an optimal size, the loans are securitized. Under the Community Impact Loan Program, Impact CIL has provided more than \$800 million of financing on project loans comprising more than 33,000 low-income housing units.

The Perspectives Charter Schools and Allstate Partnership

In 2010, Allstate Investments began hosting students from Perspectives Charter School, a school on the South Side of Chicago, at our Northbrook, IL headquarters. Over the course of the five-day internship, up to 20 high school juniors are exposed to the broad range of professions at Allstate, with a focus on investing, which is a professional field often overlooked by high school students. This program enables Allstate to deepen our relationship with the Chicago community.

The program introduces the students to investment concepts and what it means to trade for a large institutional investor. Through our Investing Challenge, the students apply these investment concepts by selecting stocks, tracking performance and presenting the results to the Investment Department. The internship also provides the students with opportunities to meet diverse employees from various disciplines across the company, including marketing, legal, technology, agency ownership, communications and human resources. We emphasize to the students the need to plan for their career through a strong focus on their education and networking, and to plan for retirement at an early age—both of which help to achieve long-term financial health. We are proud of this unique partnership and continue to expand the reach and depth of programming each year.

ETHICS AND INTEGRITY

Integrity is central to our business. We believe that doing what's best for our customers begins and ends with operating by only the highest ethical principles.

Introduction

Allstate's success depends on our collective culture of ethics. We are proud of our reputation, which we have built on the sturdiest of foundations: integrity, honesty, caring, accountability and superior performance.

Conducting business with integrity doesn't just attract new customers and benefit our bottom line—it engages our workforce. We received an 82 percent favorable score (considered “exceptional” performance) on our 2015 VOICE survey for our environment of trust. Allstate's environment of trust is one of our nine most significant drivers of engagement, retention and satisfaction, according to the survey.

Code of Ethics

Allstate's Code of Ethics outlines the values that are the core of who we are and what we do. Our values define our culture and our beliefs, and set forth expectations for how we conduct our work. In addition to our Code of Ethics, we have policies for:

- Anticorruption/bribery
- Antitrust/competition
- Confidential information
- Conflicts of interest
- Data privacy (e.g., employees, customers, consumers)
- Diversity/discrimination/equal employment opportunity
- Fair dealing (fair business practices)
- Fair employment
- Gifts and entertainment
- Information security
- Insider trading
- Intellectual property
- Misconduct investigations
- Non-retaliation
- Political contributions, activities and lobbying
- Procurement integrity/dealing with suppliers/supply chain oversight
- Protecting company assets

- Records management and retention
- Social media
- Workplace harassment
- Workplace health and safety

Governance

Allstate has a robust governance structure for ethics and compliance. In 2015, we had approximately 400 Allstaters across the enterprise focusing on ethics and compliance initiatives. Of these, our Chief Ethics and Compliance Officer is the most senior individual overseeing our ethics and compliance program. In this role, our CECO is responsible for the company's code of conduct; ethics and compliance budgeting; the hiring of related positions; and, to a lesser extent, procurement practices. The CECO meets with the Board of Directors twice per year and reports on the company's performance and initiatives.

We also house an Internal Controls Committee that is cross-functional and includes managers and executives. The committee convenes on a quarterly basis and discusses a wide variety of management topics related to ethics and compliance, including performance, education, risk and culture.

Ethics and Compliance Risk Assessment

We conduct a highly collaborative risk assessment on an annual basis. Through this assessment, we assess risks related to:

- Anticorruption/bribery
- Antitrust/competition
- Conflicts of interest
- Data privacy laws and regulations relevant to employee, customer, or consumer data
- Financial integrity and fraud
- Gifts and entertainment
- Information technology security
- Insider trading
- Money laundering
- Political contributions, activities and lobbying
- Procurement integrity/dealing with suppliers/supply chain oversight

Training and Communication

Board of Directors

Allstate's culture of integrity begins with our most senior leaders. Our Board of Directors receives specialized ethics and decision-making education. In addition, we provide them with training on topics such as insider trading, cyber security, conflicts of interest and regulatory developments.

Employees

We distribute our Code of Ethics to all of our employees along with a formally documented ethics and compliance education curriculum. We conduct ethics and compliance training both as a standard part of the onboarding process and on an annual basis, and monitor its effectiveness through a variety of internal measures. As of 2015, 100 percent of our employees had completed ethics and compliance training—a condition of employment at Allstate.

In addition to Code of Ethics training, select employees undergo risk-specific training that addresses topics such as anticorruption, conflicts of interest, data privacy, equal opportunity, insider trading, procurement, social media, workplace harassment and money laundering.

Managers

All of our managers undergo targeted training with respect to their special responsibilities toward compliance and ethics.

We focus our manager training on creating an environment where employees feel comfortable speaking up when they observe unethical behavior, handling reports, and preventing retaliation. To measure the impact of our training, we:

- Document manager feedback
- Track misconduct
- Record the frequency with which the Code of Ethics is downloaded
- Conduct an employee survey annually to determine the strength of Allstate's culture of ethics

Our culture of ethics survey is one of the primary drivers of feedback within our ethics and compliance initiatives. After we compile the results, the CECO presents them to each senior leader at a face-to-face meeting. At this meeting, we identify areas of strength and of opportunity, and many of our business areas develop their own customized solutions to address them.

Recognition

Allstate was named as a 2015 and 2016 World's Most Ethical Company® by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. The "World's Most Ethical Companies" designation recognizes those organizations that significantly influence the way business is conducted by fostering a culture of ethics and transparency at every level of the company. To qualify, companies are scored in five categories, including ethics and compliance; corporate citizenship and responsibility; a culture of ethics; governance and leadership; and innovation and reputation.

Reporting Concerns

We encourage our employees to report any activity they observe or experience that causes concern. Should an employee decide to report a concern, they can contact their manager, another manager, or a Human Resources representative. Additionally, they can utilize our companywide reporting process, available 24/7, via phone or web. They also can choose to remain anonymous if the law permits. In 2015, approximately 44 percent of our employees who filed reports chose to do so anonymously.

After an employee files a report, it is tracked within our established case management system. The system records and logs reports and related investigations regardless of how the report was originally made.

Allstate policy and the Code of Ethics prohibit any form of retaliation for reporting a workplace or ethical concern.



Public Policy

POLICY INVOLVEMENT

Allstate is actively involved in public policy advocacy at the state and federal levels.

Allstate is actively involved in public policy advocacy at the state and federal levels. Extensive state-based regulation of insurance, the importance of a fair court system to our customers, and the priority we place on personal safety and property protection combine to compel Allstate to seek to shape sound public policy. By participating in the development of good public policy and offering ideas and resources in this arena, we help our customers protect themselves from life's uncertainties and prepare for the future.

Board Oversight and Contribution Governance

Allstate maintains a rigorous oversight process for its advocacy efforts. In addition to complying with public disclosure laws at the state and national levels, we maintain internal guidelines and procedures that govern our public advocacy and political activities. With regard to corporate contributions to candidates, our General Counsel and the Senior Vice President for Government and Industry Relations determine the candidates and committees to which our support is offered. **These contributions are subject to further oversight by the company's Board of Directors.**

Internal guidelines and procedures ensure that our public policy efforts remain consistent with the company's operating priorities while advancing positions that promote the long-term interests of our shareholders, employees, agencies, and customers. Subject matter experts and government relations professionals in the company are responsible for working with organizations and associations that the company supports. A team of dedicated public policy and legal professionals oversees and manages Allstate's public policy engagement, reporting to senior management and the company's Board of Directors.

Allstate's use of corporate resources in the public policy arena is consistent with the company's strategic vision of reinventing protection and retirement for the consumer and is not based upon the personal views of any individual member of management or the Board of Directors. The specific deployment of corporate resources is presented formally to the Board each year and is always guided by the principle of what is best for the interests of our shareholders, employees, agencies, and customers.

Overview of Expenditures

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

In 2015, the company's efforts in this arena utilized approximately \$14.5 million in corporate funds, which represents .04 percent of revenues. In addition, for the same period, the employee-funded political action committees contributed approximately \$259,910 to a wide variety of political organizations and candidates.

As part of our public policy efforts, the company supports various organizations, including those that may engage in lobbying activities, and contributes to candidates and political committees. Our resources are allocated among the following categories: research, coalitions, national trade associations, state trade associations, advocacy professionals, and corporate political contributions. This report describes each of the categories and the amount we spend in each category. We devote nearly 50 percent of these corporate resources toward research. Approximately 77 percent of the total company support is directed to tax-deductible, non-lobbying endeavors.

EFFORTS WE SUPPORT

Allstate supports research groups, partners with advocacy organizations and contributes to groups that advocate meaningful change for insurance consumers.

Research

Allstate supports research groups and other organizations that provide information that is used to shape public policy debate and inform consumers and businesses about key issues affecting insurance consumers. Our support is largely focused on improving safety on roads and in homes and combatting insurance fraud. In 2015, Allstate provided nearly \$7.5 million to research organizations such as the National Insurance Crime Bureau and the Insurance Institute for Highway Safety (see the list of major organizations that Allstate supported in 2015 within this report). The Insurance Institute for Business and Home Safety envisions a world where the durability of homes and commercial buildings is a core societal value—greatly reducing human financial losses, as well as community disruptions, that result from natural and man-made disasters.

Coalitions

Allstate partners with advocacy organizations and other coalitions throughout the country to promote various public policy positions. In 2015, Allstate provided about \$1.2 million to coalitions, with \$337,000 (28 percent) attributed to lobbying efforts.

Throughout our history, we have also endeavored to make roads safer. We were pioneers in the advocacy of mandatory seat belts and airbags in cars. Today, many of our employees and agencies devote significant time every day to promoting safer driving, and work with community groups, parents, teen drivers, schools, and national organizations. Allstate provides significant human and financial resources to organizations that save lives, prevent injuries, and reduce losses caused by crashes on the nation's highways. For example, Allstate supports Advocates for Highway and Auto Safety, a champion in the effort to save the lives of drivers and passengers.

National and State Trade Associations

Allstate contributes to groups that advocate meaningful change for insurance consumers, nationally and in individual states. In 2015, Allstate provided almost \$2.6 million to national trade associations, with approximately \$1 million (38 percent) attributed to lobbying efforts and just under \$1.7 million to state trade associations, with approximately \$399,000 (23 percent) attributed to lobbying efforts.

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

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

[Advocacy Professionals](#)

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

[The major organizations that Allstate supported in 2015 include:](#)

Advocates for Highway and Auto Safety

Advocates for safe-driving initiatives, including a commonsense approach to graduated driver licensing and ways to reduce distracted driving to protect those most important to us—our children.

American Council of Life Insurers

Represents more than 300 legal reserve life insurance and fraternal benefit society member companies operating in the United States.

Association of National Advertisers

Provides leadership that advances marketing excellence and shapes the future of the industry.

CERES

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

Certified Automotive Parts Association

Improves the marketplace for consumers through certification and advocacy of quality

replacement auto parts.

Coalition Against Insurance Fraud

An alliance speaking for consumers, insurance companies, government agencies and others that provides information, research, data, services, and insight.

Financial Services Roundtable

Protects and promotes economic vitality and the integrity of its members and the U.S. financial system.

Insurance Information Institute

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

Insurance Institute for Business & Home Safety

Strives to reduce the social and economic effects of natural disasters, with a unique, state-of-the-art, multi-risk applied research and training facility.

Insurance Institute for Highway Safety

Aims to improve motor vehicle safety through its premier research facility.

Insurance Institute of Michigan

Serves the insurance industry as a central point for education, media, legislative, and public information on insurance issues.

Life Insurance Council of New York

Works to create and maintain a legislative, regulatory, and judicial environment that encourages its members to conduct and grow their life insurance businesses in New York State.

National Insurance Crime Bureau

Leads a united effort by insurers, law enforcement agencies, and representatives of the public to prevent and combat insurance fraud and crime through data analytics, investigations, training, legislative advocacy, and public awareness.

Personal Insurance Federation of California

Keeps personal insurance affordable and available for California consumers through state government advocacy and political action.

Personal Insurance Federation of Florida

Keeps personal insurance affordable and available for Florida consumers through state

government advocacy and political action.

Quality Parts Coalition

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

Texas Coalition for Affordable Insurance Solutions

Works toward a stable and competitive insurance marketplace to best serve the industry and the consumer.

The Rand Corporation

Conducts nonpartisan research dedicated to improving policy decision-making.

U.S. Chamber of Commerce

Represents the interests of more than 3 million businesses of all sizes, sectors, and regions, and advocates for pro-business policies that create jobs and grow our economy.

CONTRIBUTIONS TO CANDIDATES

Allstate contributes to state candidates for public office, political parties, political committees, and other entities.

Corporate Contributions

In 2015, Allstate contributed approximately \$448,000, representing 3 percent of its total public policy expenditures of nearly \$14.5 million dollars to state candidates for public office, political parties, political committees, and other entities organized and operating under 26 U.S.C. Section 527.

ALLPAC and MIALLPAC Contributions

The Allstate Insurance Company Political Action Committee (ALLPAC) is a voluntary, nonpartisan political action committee (PAC) comprising eligible individual employees. These personal contributions support candidates for federal and state office who support the competitive marketplace and understand and bring attention to the issues of importance to our industry generally and the Allstate group of companies specifically. In 2015, ALLPAC had 333 members, contributing a total of \$279,468, with an average contribution of approximately \$839 per participant.

ALLPAC contributions to candidates are governed by a board of directors composed of company employees. Candidates receiving PAC contributions must demonstrate one or all of the following: a commitment to free enterprise and a competitive marketplace, sound judgment on issues of concern to our industry, a supportive voting record, and viability as a candidate. During 2015, ALLPAC contributed a total of \$259,910 to state and federal candidates for public office as well as political committees.

The Michigan Allstate Insurance Company Political Action Committee (MIALLPAC) is a Michigan-only PAC funded by eligible Allstate employees, and abides by the same practices and procedures as ALLPAC. During 2015, MIALLPAC had 14 members, who contributed a total of \$9,561, with an average contribution of \$683 per participant. MIALLPAC contributed a total of \$3,000 to state candidates and political committees in 2015.

Grassroots Lobbying

Allstate leverages an intranet-based system, called Take Your Stand, as a means to engage interested agency owners and employees through grassroots activism on important public policy initiatives. Through the company's grassroots platform, Allstate agency owners and employees

can communicate directly with elected federal and state officials on public policy matters that are important to Allstate and our customers. Participation in Take Your Stand activism and relationship identification is completely voluntary.