Approach to Climate Risk

Climate change represents an urgent global concern for all companies, including Allstate. The changing climate directly affects Allstate's business: We've paid out $30 billion to customers in the last 10 years as a result of catastrophe claims. Allstate's approach is to safeguard our customers while having sustainable business practices and adequate returns.

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

Allstate's insurance businesses depend on effectively modeling, pricing, and managing risks, including those related to climate change. Allstate manages climate risks using our integrated Enterprise Risk and Return Management (ERRM) framework, which applies risk and return principles, modeling and analytics, governance, and transparent dialogue to proactively manage the company's highest-priority risks.

Insurance, investment and reputational risk categories are significantly impacted by climate change.

- Insurance risk: More severe weather events are increasing loss costs for homeowners insurance, requiring risk management actions such as changes in pricing, product coverages, underwriting practices and reinsurance utilization.
- Investment risk: Climate change presents physical risks to real estate and infrastructure investments, as well as transition risks that impact holdings in certain industries, requiring consideration within investment underwriting and portfolio management activities. The evolution of society to a low-carbon footprint presents opportunities to both participate in the development of solutions and to earn attractive investment returns.
- Reputational risk: Climate change matters deeply to customers and other key stakeholders, and Allstate continues to collaborate through external partnerships and public engagements, as well as enhance disclosures to provide transparency into our strategy, progress and goals in the area.

Allstate aims to achieve net zero Scope 1 and 2 greenhouse gas emissions by 2030. By the end of 2025, Allstate will set a target for Scope 3 emissions.

About this Report

Allstate is providing the following table that indicates where readers can find disclosures within publicly available documents that address the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)**. Allstate intends to further align its disclosures with the recommendations of the TCFD in the future. Our climate-related progress and disclosures can be found on **AllstateSustainability.com.**

The index was last updated in April 2024.

TCFD Index

Recommended Disclosures	Response/Comment
Governance	
a) Describe the board's oversight of climate-related risks and opportunities.	Our governance approach underscores Allstate's dedication to sustainability practices and accountability throughout our operations. The Board oversees all risk and return activities, including those related to climate change, and reviews sustainability matters to prioritize efforts and progress. The Board believes sustainability benefits Allstate's stakeholders and drives long-term value creation. The Nominating, Governance and Social Responsibility Committee supplements the Board's review of sustainability matters and receives regular updates on sustainability matters. The Risk and Return Committee (RRC) oversees climate change risks and opportunities using Allstate's Enterprise Risk and Return Management (ERRM) framework, while the Enterprise Risk and Return Council (ERRC) evaluates climate change risk in coordination with the Environmental, Social and Governance (ESG) Steering Committee, which focuses on Allstate's broader sustainability efforts. The Board regularly hears from Allstate's chief risk officer (CRO) about climate change risks and reviewed climate risk at multiple meetings in 2023. For a full description of our Board's oversight of climate risk, please see Allstate's CDP Climate Change 2023 response, C1.1, C1.1a, C1.1b, C1.1d.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The ERRC meets monthly and is Allstate's senior risk management committee below the Board level. The ERRC directs ERRM activities by establishing risk and return targets,

determining economic capital levels, and monitoring integrated strategies and actions from an enterprise risk and return perspective. The ERRC consists of Allstate's chief executive officer (CEO), chief financial officer (CFO), chief risk officer (CRO), chief legal officer (CLO) and other senior leaders. The CRO chairs the ERRC and ensures that it performs its duties, and reports to the CEO. For a more detailed description of our ERRM framework, see pgs. 82-83 of the 2023 Form 10-K.

Our chief sustainability officer works with leadership from across the company to guide Allstate's sustainability efforts and reports regularly to the nominating, governance and social responsibility committee and the full Board.

Allstate has had an ESG Steering Committee (formerly, the Sustainability Council) since 2007. It includes leaders from across the company and is co-chaired by the senior vice president of Corporate Strategy and the chief sustainability officer. The ESG Steering Committee supports Allstate's ongoing commitment to environmental, health and safety, corporate social responsibility, human capital management, corporate governance, sustainability, and other public policy matters.

The ERRC evaluates climate change risk in coordination with the ESG Steering Committee.

On the Investments side, multiple tiers of leadership play a role in our responsible investment approach. This includes the Board, relevant Board committees, the ESG Steering Committee, the Sustainability team and the Responsible Investing Committee. Allstate Investments' Management Committee oversees the Responsible Investing Committee (RIC). The RIC monitors sustainable investing trends, evaluates sustainable investing best practices, supports the work of the ESG Steering Committee and periodically reports on its activities to other senior leaders within Allstate. In conjunction with Allstate's Investments Risk Committee, the RIC also monitors our investment portfolio for potential exposures to climate risks or impacts. For additional information regarding management's role in assessing and managing climate-related risks and opportunities, see Allstate's CDP Climate Change 2023 response, C1.2, C1.3, and the Climate Resilience section of Allstate's Sustainability Report.

Strategy

a) Describe the climate-related risks and opportunities the organization has

Risks and return opportunities are evaluated across six key categories (strategic, insurance, financial, investment, operational, and culture) with climate impacting all six areas. Increased severe weather has raised loss costs for auto and homeowner's insurance, requiring changes in

identified over the short, medium, and long term.	pricing, product coverages, underwriting practices and reinsurance utilization. Impacts will continue to evolve due to the increasing effect of severe weather driven by climate change. Physical and transition risks exist within the investment portfolio, along with opportunities associated with transition to a lower carbon economy. Physical risks also exist within Allstate's operations as critical processes at Allstate could be disrupted by a variety of scenarios, including loss of facility due to weather-related occurrences. Allstate has identified the following climate-related risks with the potential to have a substantive financial or strategic impact on its business: • Insurance risk: current regulation (medium term) • Acute physical: capital adequacy and risk-weighted assets (short term) • Operational risk: increased operating costs (short term) • Reputational risk: shift in consumer preferences (medium term) • Market risk: reduced profitability of investment portfolios (medium term) Allstate has identified the following climate-related opportunities with the potential to have a substantive financial or strategic impact on its business: • Products and services: shift in consumer preferences (medium term) • Returns on investment aligned with the transition to a lower carbon economy (medium term) • Direct operations: use of lower-emission source of energy (medium term) For a more complete description of risks identified, please see Allstate's 2023 CDP Climate Change Response, C2.3, C2.3a, C2.4, C2.4a, and the Risk Factors section of the 2023 Form 10-K, pgs. 22-31, for a list of risks impacting Allstate.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Managing climate-related risks and opportunities has been a priority at Allstate for over 25 years, as it impacts all aspects of its business. Allstate has worked to mitigate the effects of more severe weather on customers' homes and shareholder returns, which has impacted where it provides protection, what the protection covers, pricing, utilization of risk reduction efforts such as reinsurance, provision of third-party products, and regulatory and compliance initiatives. Substantial progress has been made to make homes safer through better building codes, and to improve affordability by pooling risks and modifying Allstate's business practices. As the

climate continues to change, this expertise will serve customers and shareholders well. Allstate will also continue to adjust its strategy and risk profile to protect stakeholders and its reputation.

The identified climate-related risks have influenced Allstate's strategy in the following areas:

- Products and services: Allstate seeks to understand climate risks that directly affect both our insurance products and our assets. We modify those products and protect those assets accordingly, to protect our stakeholders and reputation.
- Supply chain and value chain: Under our Chief Procurement Officer, the Sustainability Sourcing Lead is dedicated to overseeing our sustainable procurement strategy that evaluates, tracks, and mitigates ESG risk exposure, increasing visibility and transparency in the supply chain.
- Investment in research and development: Allstate's long-term strategy includes investments in technology, data, and analytics to further drive efficiencies in our operations and the products Allstate offers its customers.
- Operations: Allstate seeks to maintain an understanding of climate risks that directly affect our insurance products, assets and investment portfolio, and to adjust our strategy and risk profile accordingly to protect our stakeholders and reputation.

Climate-related risks and opportunities also factor into Allstate's financial planning process.

On the Investments side, where appropriate, we consider incorporating environmental, social and governance factors into our decision-making process for investments in order to reduce risk and enhance impact while delivering attractive risk-adjusted financial returns. Allstate wants to help the world transition to a lower-carbon emissions footprint by considering investments in companies that provide capital for their transition. As part of its impact sub-portfolio, Allstate invests in companies, funds, and assets that support climate change mitigation and adaptation and that seek to improve the natural world. Allstate expects its investment professionals to refrain from making investments that may result in significant ESG-related risks including, but not limited to, investments prohibited by the Investment Guidelines.

For more information on how climate-related risks and opportunities have influenced Allstate's businesses, strategy and financial planning, please see Allstate's CDP Climate Change 2023 response, C2.3a, C2.4a, C3.1, C3.3, C3.4, C-FS3.7, C-FS3.7a.

c) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

We analyze the potential business impacts of climate change as part of the strategic planning process. Allstate's strategy to increase market share in the personal property-liability business and expand protection offerings aims to protect its customers from increased frequent and severe weather. Along with changing product details and underwriting practices, the company has a comprehensive catastrophe reinsurance program to reduce certain risks.

Allstate measures and monitors insurance risk (which includes claims frequency and severity, and catastrophes and severe weather) with different approaches, including stochastic methods and scenario analysis. We use qualitative and quantitative climate-related scenario analysis (NGFS scenarios framework, RCP 4.5 and RCP 7.0) to inform our strategy:

- Allstate's Catastrophe Modeling and Analytics Team (CMAT) and Pricing Groups monitor climate change information as part of their analysis of weather-related trends. We capture a distribution of potential scenarios using assumptions calibrated to varying climate change scenarios. Losses and changes in exposure, as well as business continuity, resiliency, and solvency, are analyzed and reported to senior leaders bi-annually. Projections are also reported annually, with additional monitoring provided as needed for both actual and projected reporting. CMAT also partners with the Investments group to model the catastrophe exposure of real estate investments and portfolios.

- Allstate's Business Continuity Management team has business continuity plans for Allstate's critical processes. Those plans address a variety of scenarios, including loss of facility due to weather-related occurrences. Allstate's business continuity lifecycle involves identifying the most critical processes, developing Business Continuity Plans for them, and then performing exercises for each plan. The lifecycle is performed annually.

For additional details related to the reserving process for property and casualty insurance claims, see pgs. 88-94 of the 2023 Form 10-K.

For a full description of Allstate's process, please see Allstate's CDP Climate Change 2023 response, C3.2, C3.2a, C3.2b.

Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.

We manage climate risk using our integrated Enterprise Risk and Return Management (ERRM) framework. It includes governance, processes, culture and activities that are performed on an integrated enterprise-wide basis, following our risk and return principles.

Under the ERRM framework:

- The Insurance Risk and Return Analytics team and Pricing groups assess climate change information and update product leadership.
- The Responsible Investing Committee and Investments Risk Committee assess our portfolio for potential short- and long-term exposures to climate change.
- Enterprise Economics and Risk Analysis performs scenario analysis to assess potential impacts on capital from various scenarios, including weather-related ones.

External experts also help us understand future changes to the hazard component of catastrophe models prompted by climate change. Finally, we consider relevant emerging regulations in our risk assessment and risk management process to ensure that risks are managed properly.

For a full description of risks and opportunities identified and our risk management process, please see Allstate's CDP Climate Change 2023 response, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e, C2.3, C2.3a, C2.4, C2.4a.

For information regarding how Allstate manages climate risks and opportunities in our investment portfolio and our operational emission reduction initiatives, please see Allstate's CDP Climate Change 2023 response, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e, C-FS3.2a, C-FS3.2b, C4.3, C4.3a, C4.3b, C4.3c, C4.5, C4.5a.

b) Describe the organization's processes for managing climate-related risks.

On an ongoing basis, Allstate identifies, assesses, mitigates, reports and monitors material risks, including climate change, through our integrated ERRM program. This enables holistic management of key risks and incorporates risk and return management into our business model. The ERRM program includes our risk appetite statement, Risk and Return Principles, key risk and return categories, governance, modeling, analytics, and transparent management dialogue.

Allstate has been able to adapt to increased catastrophe risk through actions that include:

- purchasing multi-year reinsurance protection as well as aggregate coverage,
- limiting new business for personal lines auto and property insurance in areas most exposed to hurricanes,
- implementing tropical cyclone and/or wind/hail deductibles or exclusions where appropriate, and
- partnering with federal and state governments for over 25 years to create programs to provide protection for insureds most geographically exposed to climate change.

The catastrophe reinsurance program is part of our catastrophe management strategy, which is intended to provide our shareholders with an acceptable return on the risks assumed in our personal lines business, reduce earnings variability, and provide protection to our customers. Our current catastrophe reinsurance program supports our risk tolerance framework, which utilizes a modeled 1-in-100 annual aggregate limit for catastrophe losses from hurricanes, earthquakes and wildfires of $2.50 billion, net of reinsurance. Allstate's catastrophe reinsurance program materially reduces our exposure to wind, earthquake, and wildfire losses. We employ a multi-year approach to placing reinsurance coverage to lessen the amount of reinsurance being placed in the market in any one year.

On the Investments side, our investment risk management framework helps manage both physical and transition risks. Physical risks for direct real estate are managed through modeling, underwriting and insurance. Investment portfolio exposure to industries with high carbon emissions and transition risks is managed through credit research process, investment limits to ensure diversification, and sufficient liquidity to adjust holdings through time.

For a full description of Allstate's process for managing climate-related risks, please see [CDP Climate Change 2023 response, C2.1, C2.2, C-FS2.2d, C-FS2.2e, C2.3, C2.3a.]

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

Allstate's ERRM framework revolves around maintaining a strong foundation, building strategic value and optimizing return per unit of risk. These objectives encompass priorities such as maintaining capital strength, solvency, and liquidity, complying with laws, acting ethically, and protecting customer and proprietary information. On an ongoing basis, Allstate identifies, assesses, mitigates, reports and monitors material risks, including climate change, through our integrated ERRM program.

Risks and return opportunities are evaluated across six key categories: strategic, insurance, financial, investments, operational, and culture. Climate change impacts all these categories. For a full description of risks and opportunities identified and our risk management process, please see Allstate's CDP Climate Change 2023 response, C2.1, C2.2, C2.3, C2.3a, C2.4, C2.4a.

Metrics and Targets

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Please see Allstate's 2023 Form 10-K, which discloses annual catastrophe losses, effect of catastrophe losses on combined ratio in total and by line of business, catastrophe losses and reserve re-estimates by line of business, and catastrophe loss by size and type of event. See pgs. 42-50 of the 2023 Form 10-K. For information regarding the metrics for our operational climate impact, please see information under in the Climate Resilience section of Allstate's Sustainability Report.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	For our calendar year 2022 emissions data, please see Allstate's CDP Climate Change 2023 response, C6.1, C6.2, C6.3, C6.5, C6.10, C7.7, C7.7a, C7.9a, C7.9b, C8.1, C8.2, C8.2a, C.8.2g. See our 2024 CDP report, once published, for measured and verified emissions from calendar year 2023.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	To support the transition to a low-carbon economy, we're working to achieve net zero Scope 1 and 2 greenhouse gas emissions by 2030. We'll set a target for Scope 3 emissions by year-end 2025. Allstate intends to further align its disclosures with the recommendations of the TCFD in the future. For our emission target and progress, please see Allstate's CDP Climate Change 2023 response, C4.1, C.4.1c, C4.2, C4.2c.