## First American

# 2022 Sustainability Report





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# 2022 AT-A-GLANCE



## Social Responsibility 8

- For the seventh consecutive year, we were named to the Fortune 100 Best Companies to Work For® and the Best Workplaces for Women™ lists.
- We received a **perfect score of 100 percent** on the Human Rights Campaign Foundation's Corporate Equality Index.
- Approximately 35 percent of our employees have been with the company for over 10 years.
- We had a **14.4 percent** voluntary employee turnover rate, compared with the benchmark average of 15.9 percent.
- According to our 2022 survey, based on the Trust Index© survey by Great Place to Work®, 90 percent of respondents reported that First American is a great place to work.

- We continued our commitment to gender, racial, and ethnic diversity in the workplace.
  - Approximately 43 percent of senior leadership and 62 percent of our mid-level management employees are women.
  - Approximately 31 percent of our employees self-identify as being from racial or ethnic minority groups.
  - We have established seven employee resource groups, with more in the formation stages, that are organized around particular interests, affiliations, or affinities.

# 2022 AT-A-GLANCE

## Environmental Responsibility &



- We made our CDP Climate Change response public for the 2022 submission.
- We expanded our coverage of leased facilities in our greenhouse gas inventory.
- We reduced electricity use at owned facilities by 15 percent year-over-year.

### Governance in



- The Governance Committee of the Board of Directors reviews and considers material environmental, social, and governance (ESG) trends that are applicable to the company and related company practices on an annual basis, including a review of this Sustainability Report.
- We have been publicly reporting on our corporate responsibility and sustainability performance in our proxy statement since 2018.
- The company began reporting the status of our efforts towards implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) from the Financial Stability Board in this report, adding transparency to our efforts.
- 2022 Board of Directors composition:
  - 8 of our 11 Board Directors are "independent," as defined by the NYSE.
- 3 members of the Board of Directors were women.
- 1 member of the Board of Directors self-identified as belonging to a racial/ethnic minority group.

# ABOUT THIS REPORT

This 2022 Sustainability Report marks
First American's sixth year publishing a
public annual report on our actions taken
on environmental, social, and governance
(ESG) matters.

This year's report is once again aligned to the standards set forth by the Sustainability Accounting Standards Board (SASB). The SASB Standards define disclosures for sustainability information that are financially material to specific industries. We believe that SASB alignment adds an important level of validity and transparency to our reporting and supports consistent and comparable sustainability disclosures.

Our disclosures are aligned to two industry standards as defined by SASB. The primary is the Services Sector: Professional & Commercial Services Standard (SV-PS), and the secondary is the Financials Sector: Insurance Standard (FN-IN). Refer to the SASB Index at the end of this report for more information.

In addition, this report marks the first year of presenting our efforts towards implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) from the Financial Stability Board. The recommendations provide a framework for companies to disclose their efforts on mitigating climate-related risks and realizing opportunities through their governance, risk management, business strategy, and tracked metrics and goals.

Unless otherwise noted, this report is as of December 31, 2022, and excludes the company's international and specialty insurance operations, which together accounted for approximately 10 percent of the company's revenue in 2022.

# LETTER FROM THE CEO



I'm pleased to present First American's sixth annual report on our sustainability program.

Each year we incorporate best practices and consider input from shareholders to enhance and advance our program.

This past year, we included SASB disclosures
to provide a comprehensive, measurable view
of our sustainability program for investors.
This report also provides a status update
of our efforts toward implementing the

recommendations of the Task Force on Climaterelated Financial Disclosures (TCFD). I'm happy to report we've made significant progress on both fronts.

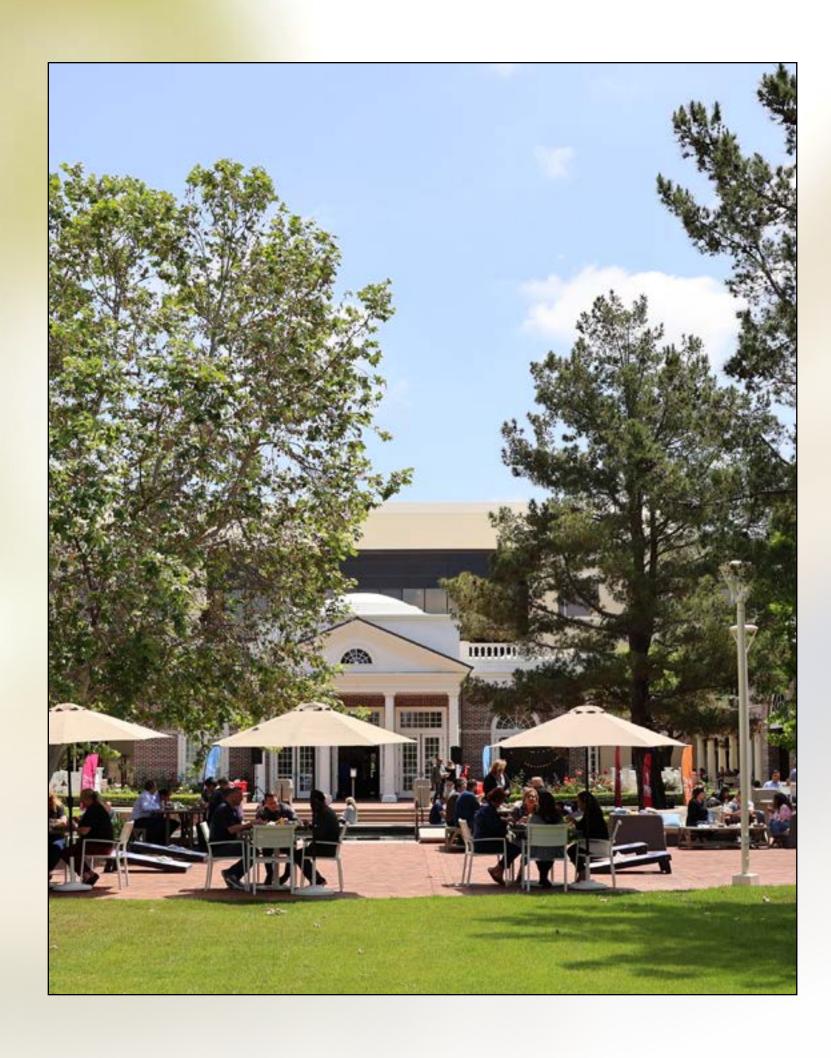
Our success is directly tied to our talented workforce, which continues to be recognized for its diversity and for its essential contribution to our world-class culture as evidenced by being named to the 100 Best Companies to Work For by Great Place to Work® and Fortune Magazine in 2022 for the seventh consecutive year.

Sincerely,

#### Ken DeGiorgio

**CEO** 

# INTRODUCTION



In this section

### **About First American**

First American Financial Corporation
("First American") is a premier provider of
title, settlement, and risk solutions for real
estate transactions. With its combination
of financial strength and stability built over
more than 130 years, innovative proprietary
technologies, and unmatched data
assets, the company is leading the digital
transformation of our industry.

First American also provides data products to the title industry and other third parties; valuation products and services; mortgage subservicing; home warranty products; banking, trust, and wealth management services; and other related products and services. With total revenue of \$7.6 billion in 2022, the company offers our products and services directly and through our agents throughout the U.S. and abroad.





- In 2022, the company issued approximately 700,000 title insurance policies through our direct operations across the U.S. generating 43% of the company's title premiums and escrow revenue, with agent title policies accounting for the remaining 57%.
- 13,821 employees in the U.S. (21,153 worldwide).
- Approximately 900 facilities in the U.S. with our corporate headquarters in Santa Ana, California.
- In 2022, total revenue of \$7.6 billion (\$8.1 billion excluding net investment losses).
- In 2022, \$2.45 diluted earnings per share (\$6.09 excluding net investment losses).
- 2022 total return to shareholders of -31 percent (10-year return of 11 percent annualized).

# First American: The Standard Bearer

Tracing its roots to 1889, First American is now a premier provider of title, settlement and risk solutions for real estate transactions.

Throughout its history, the company has remained dedicated to the values and standards by which it conducts business. These values, along with the outstanding people who embody them every day, are what keep First American growing, thriving and continually providing the products and services you'd expect from an industry leader.

Integrity We earn trust by conducting ourselves with uncompromising standards—

simply put, we do what's right.

**Commitment** We stand by our commitments in

every transaction we insure, service we

provide and agreement we make.

Service We pursue operational excellence by

leveraging our expertise and ingenuity

to provide customers with high-quality

solutions.

**Leadership** We take a leadership role in our industry by

anticipating customers' needs and developing

innovative products to meet them.

Teamwork We operate as a team: empowered,

accountable, inclusive and respectful of each

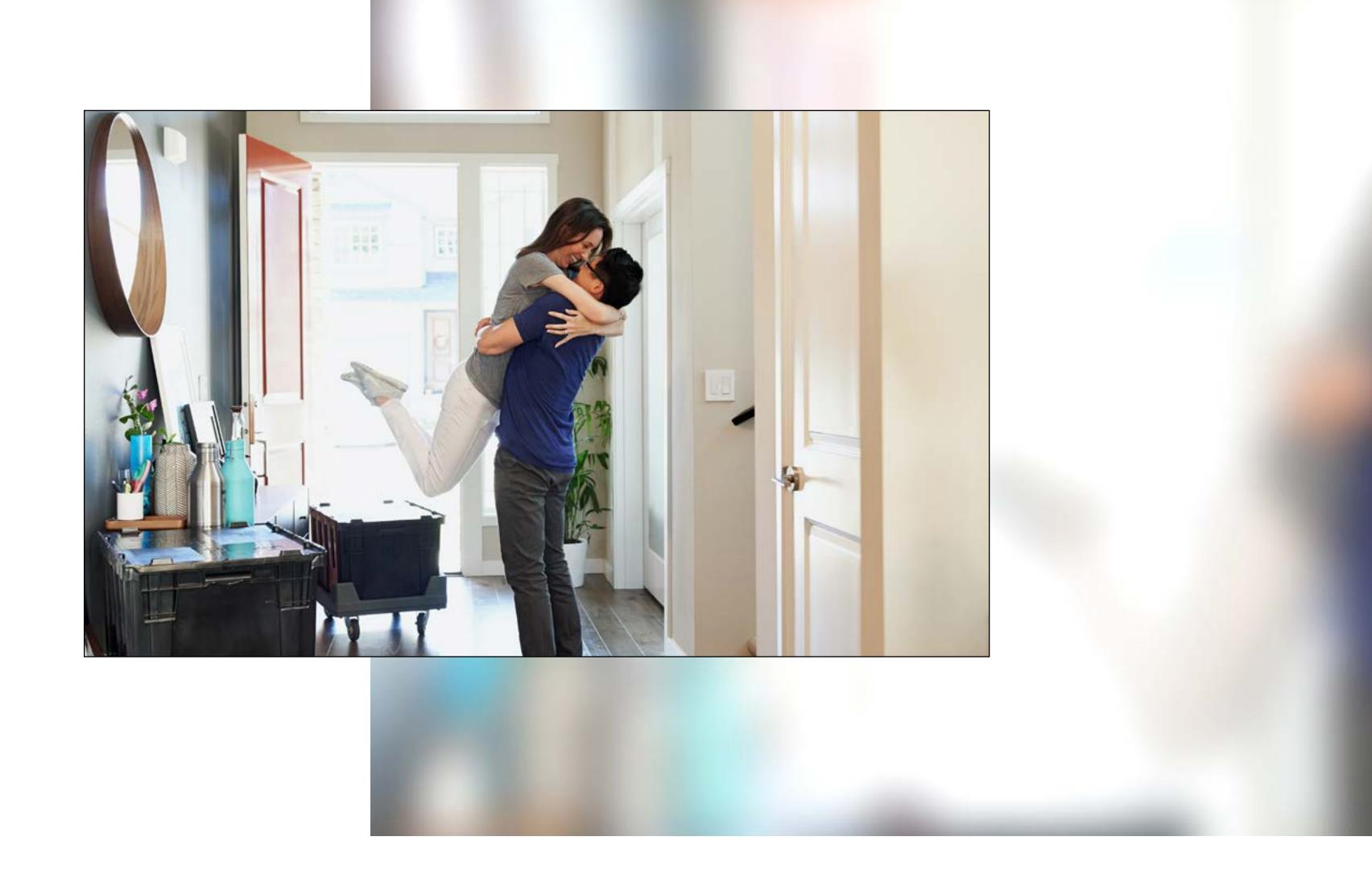
other, and mindful of our shared vision.

# **Supporting Homeownership**

First American is a leading provider of title insurance and closing services, which play an important role in supporting and enabling homeownership and other real estate transactions. For many Americans, their home is their most valuable asset and a key driver of household wealth, however, buying a home is never without risk. That's why most mortgage lenders and purchasers of real estate choose to be protected from loss or impaired value in the event of defects in the title of the subject property through the purchase of a title insurance policy.

#### **The Closing Process**

In the U.S., title insurance is essential to the real estate closing process in most transactions. Depending on local custom or regulation in a given geographic area, the closing or settlement function (also known as "escrow") may be performed by a lawyer, an escrow company, or a title insurance company or agent,



#### Supporting Homeownership

generally referred to as a "closer." Once all documentation has been prepared and signed, and any required mortgage lender payoff demands are obtained, the transaction closes. The closer typically records the appropriate title documents and arranges the transfer of funds to pay off all prior loans and extinguishes the liens securing such loans. Title policies are issued as part of the closing process.

#### **Title Policies**

First American helps homebuyers and sellers, real estate agents and brokers, mortgage lenders, commercial property professionals, homebuilders and developers, title agencies, and legal professionals to close transactions. Providing title insurance to homebuyers and lenders gives vital protection against losses from certain title issues including forgery, fraud, liens, and other issues that might limit a homeowner's use and enjoyment of their property.

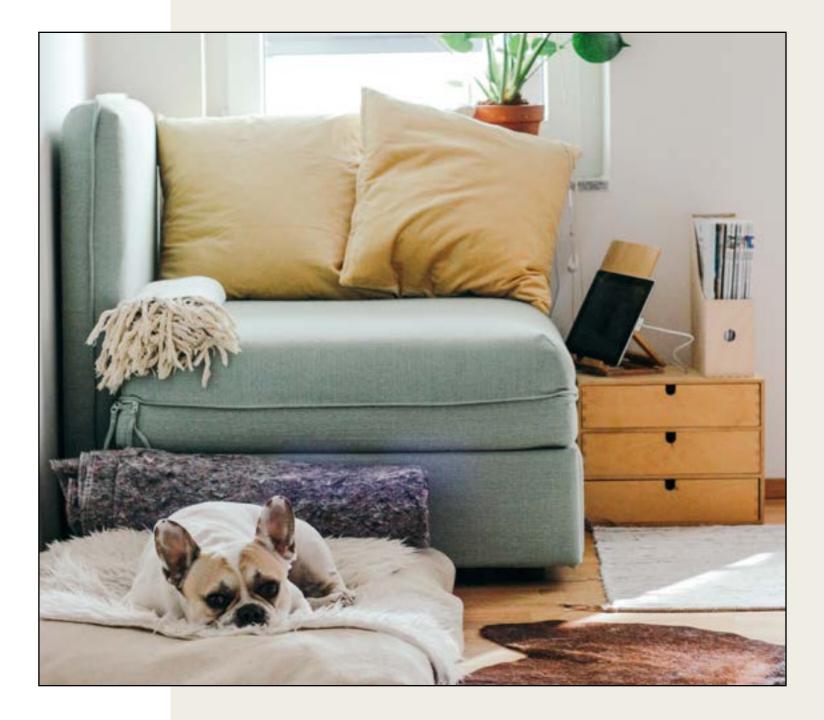
The beneficiaries of title insurance policies generally are real estate buyers and mortgage lenders. A title insurance policy indemnifies the named insured and certain successors in interest against specified title defects, liens, and encumbrances existing

as of the date of the policy and not specifically excepted from its provisions. The policy typically provides coverage for the real property mortgage lender in the amount of its outstanding mortgage loan balance and for the buyer in the amount of the purchase price of the property.

#### The Importance of Homeownership

Real estate and homeownership play an integral role in the U.S. economy. The sector also has significant social implications for community development. In terms of residential real estate, the market provides housing for families and represents a significant source of wealth and savings. Commercial real estate supports the industrial and manufacturing base of the economy, as well as provides places where people work, live, and shop each day–further underpinning strong communities. Changes in the real estate market have the potential to impact other economic activities, such as consumer spending and employment rates.

Fostering first-time homebuyer demand is critical for the future growth of the housing market. In addition, beyond the benefits of owning a home to the homeowners themselves, the positive economic impacts ripple across a host of industries, firms, and





For many Americans, their home is their most valuable asset and a key driver of household wealth, however, buying a home is never without risk.

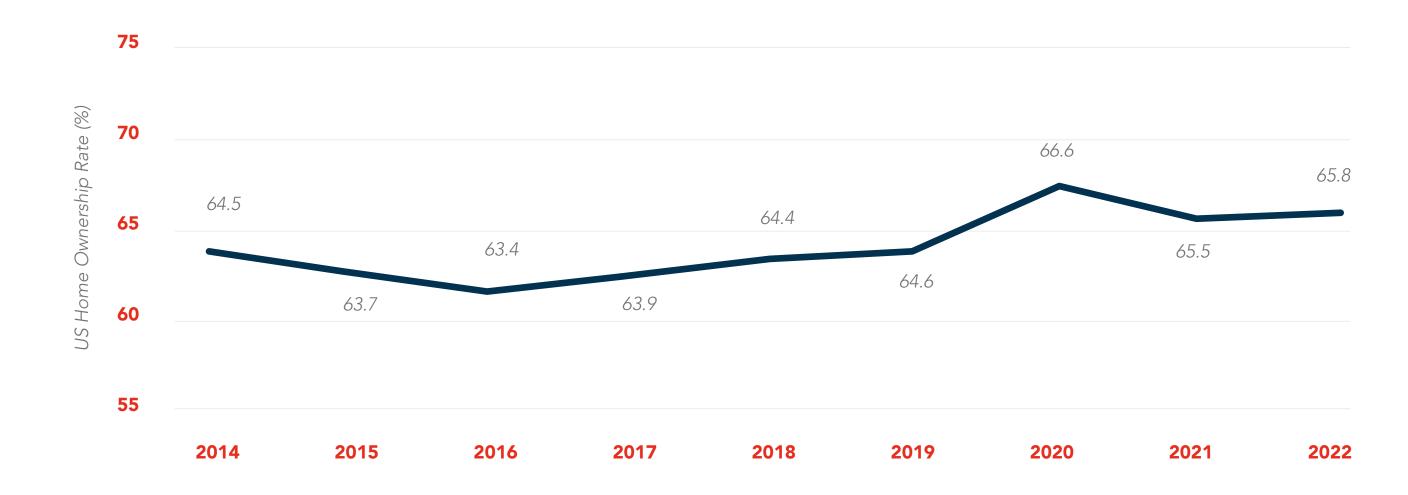
#### Supporting Homeownership

countries, highlighting the important role housing plays in the economy and global marketplace.

Over the past three decades homeownership rates in the U.S. have ranged from approximately 63 to 69 percent of households. These rates peaked in 2004 near the height of the mortgage cycle fueled, in part, by lax mortgage lending standards which ultimately led to the global financial crisis of 2007-2008. In the aftermath of the global financial crisis, homeownership rates declined for the next 12 years, bottoming at 63.4 percent in 2016. The overall U.S. average rate has since recovered to 65.8 percent as of the end of 2022, with Black and Hispanic homeownership rates at 45.0 and 48.6 percent, respectively. Currently, given high interest rates and elevated home values, housing affordability remains challenging.

Our commitment at First American is to facilitate homeownership across all communities. We acknowledge the persistent gaps in homeownership, and we currently engage in activities that support all individuals in their efforts to become homeowners and continue to look for further opportunities to do so.

#### U.S. Homeownership Rates have Returned to Long Term Average Levels







We make an active effort to keep our consumers informed and communicate relevant information on a market-by-market and stateby-state basis.



# Enhancing the Customer Experience

Real estate transactions are complex, involving numerous steps and many different parties. In addition, most consumers are involved in real estate transactions only infrequently and, consequently, they can be confusing. We make an active effort to keep our customers informed by providing relevant information.

For most people, buying a home means securing a mortgage. During the mortgage application and closing process, home buying consumers will receive required disclosure forms intended to provide a more transparent transaction, help the consumer understand the loan costs and settlement services fees, and understand which services the consumer can shop for. A detailed explanation of the homebuying process, our products, as well as the required forms, are provided on our company's website, <a href="www.firstam.com">www.firstam.com</a>, in the Ownership Center. We also provide similar guidance, including videos, in Spanish, Chinese, Korean, Japanese, and Vietnamese at <a href="www.firstam.com/title/multiculturalresources/">www.firstam.com/title/multiculturalresources/</a>.

First American is committed to continuously improving our customer experience and operational efficiency through the digital transformation of our products, services, and solutions. We continue to invest in strategic initiatives, including digital closing and title automation, and the expansion and enhancement of the data assets that fuel them. We have developed a number of customer-facing platforms in most of our business lines that have added significant productivity to the transaction process for our customers, not only making it easier to do business with us, but also providing a more secure platform that reduces the risk of wire fraud and theft of personal information. In addition, these efforts also reduce our environmental footprint associated with the production and distribution of paper documents. These customer platforms include IgniteRE™ in our direct division, focused on local residential transactions, ClarityFirst® in our national commercial services division, focused on commercial transactions, and Endpoint, focused on centralized residential transactions, including, but not limited to, proptech and institutional single-family residential customers.

# Spotlight on Innovation at First American

First American pursues a consistent commitment to innovation given the ongoing digital transformation of real estate transactions, a trend that the pandemic helped accelerate. The ultimate goal is to enhance the customer experience and improve the security of the transaction while making our business more efficient, driving revenue and earnings growth.



#### **Data Assets**

First American has the strongest data foundation in the industry having built the most comprehensive and up-to-date title and property record information database. This data, together with the company's patented extraction technology, has enabled the development of 1,700 county-based title plants (online databases), which cover approximately 80 percent of the population and related

real estate transactions. The application of the company's extraction technology has allowed for the collection of all key data fields on recorded documents across these 1,700 counties for a modest incremental cost relative to manual methods of data collection of a more limited data set for approximately 500 counties, just a few years ago. It is this data that drives many of the company's other innovation initiatives and enables First American to lead the digital transformation of the industry.



#### **Title Automation**

Title automation for residential real estate refinance transactions is a practice implemented in recent years by leading companies in the title industry. First American has achieved full or partial automation for approximately 80 percent of eligible refinance transactions. The next phase of this initiative is to apply automation technology to residential purchase transactions which is a more difficult challenge given the greater complexity and risk inherent to purchase transactions. We refer to this initiative as "instant title decisioning for purchase transactions," and as of year-end 2022 we have proven its feasibility. Based on the success of our early testing, we expect to deploy this technology in two markets beginning in early 2024.



#### **Digital Settlement**

We have made significant investments over the past five years in customer-facing platforms aimed at digitizing and automating the settlement process. The unique needs of customers across residential and commercial transactions require a more nuanced approach than simply building one platform to serve them all. ClarityFirst, IgniteRE, and Endpoint have each been built with these unique needs in mind.

ClarityFirst is an innovative customer portal for our commercial business. First introduced in 2020, it is now well-established with 60,000 active customers, over half of which were added in 2022.

IgniteRE is a secure, unified platform for our direct residential business providing comprehensive tools for real estate professionals, buyers, and sellers. It was fully launched in 2022, hosting over 360,000 buyers and sellers involved in a significant portion of purchase and refinance transactions where the company also provided escrow services associated with the title insurance order.

Endpoint is a fully-owned startup, operating largely independently of First American with the goal of providing a fully digital closing process for customers while enhancing the company's productivity. We tested the concept in Seattle in 2018 and quickly achieved a 2 percent market

share. Since then, we have rolled it out to over 30 states, effectively achieving a national presence by the end of 2022. As Endpoint continues to re-engineer the closing process, it will drive efficiency and improve the customer experience not only for itself, but for other divisions of First American.



#### **eClosing**

An eClosing is a type of mortgage closing in which the entire process of signing loan documents and funding the loan is completed electronically. The loan package is digitized, eSigned, and eNotarized, including an eNote which is an electronic promissory note. eClosings have been evolving and the pandemic accelerated this trend. However, full eClosings are still the exception for real estate transactions. Hybrid eClosings are more common, in which some of the closing documents are signed digitally while others require in-person "wet signatures," primarily

the mortgage loan document and related note. To execute a full eClosing, a remote online notarization (RON) is required which is not currently legal in all 50 states. Beyond this key legal hurdle, lenders and other parties to the real estate transaction are in various stages of adoption of full eClosings. First American's direct division is active in the use of eClosings, primarily the hybrid approach, with over 15,000 RON transactions completed in 2022. In 2021 we acquired Docutech®, a leader in the eClosing space, and our venture division has a strategic and financial investment in Notarize<sup>SM</sup>, the leader in online notarization, both of which position the company to be an early adopter of full eClosings.

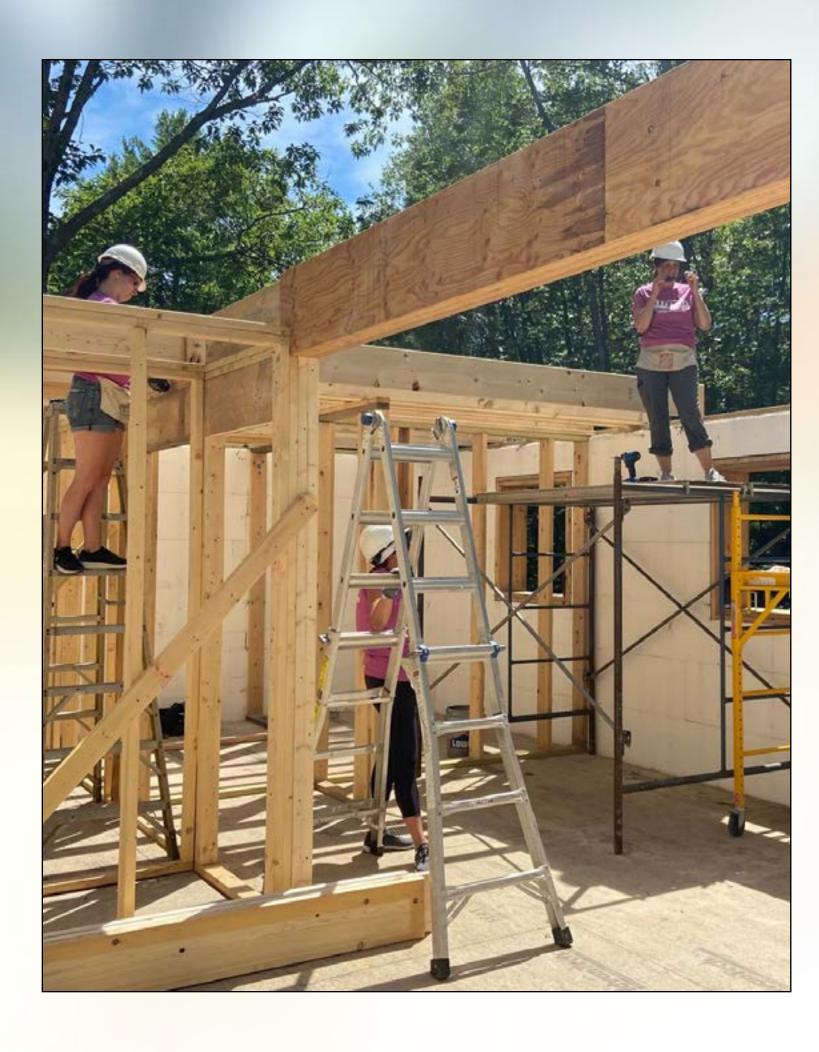
# 2022 Technology and Innovation Awards

- Paul Hurst, Chief Innovation Officer of First American, named gold winner in the Innovator of the Year category at the Best in Biz Awards® 2022.
- First American's Data & Analytics division named
   HousingWire Magazine's Tech100 Real Estate winner for
   the second year in a row.
- First American recognized as a "Most Innovative Company of the Year" by the American Business Awards®, earning a bronze Stevie® award in the category for companies with more than 2,500 employees.

#### **Innovation Culture**

First American is leading the digital transformation of the title industry with a long-standing focus on growing our data assets and technical capabilities. Having developed a strong data foundation over the past decade, the company has built a competitive advantage in delivering products and services faster and with less risk to our customers as we continuously work to improve the customer experience through digital transformations. The company named our first Chief Innovation Officer this year, who is dedicated to driving innovation throughout the company.

# SOCIAL RESPONSIBILITY



Caring for Our Community

First American has a rich tradition of serving the communities where our employees live and work. Employees consistently share their passion, time, and resources to drive the company's philanthropic outreach efforts through the FirstAmCares program.

The program has identified the following enterprise-wide charities as ongoing partners:

American Cancer Society

In this section

- American Heart Association
- American Red Cross
- Feeding America
- Habitat for Humanity
- Team Rubicon
- YouGiveGoods



#### **Community Development**



**Human Services** 



FirstAmCares works with these national programs, as well as other local and regional organizations, to focus efforts and make the greatest impact by supporting three core causes:

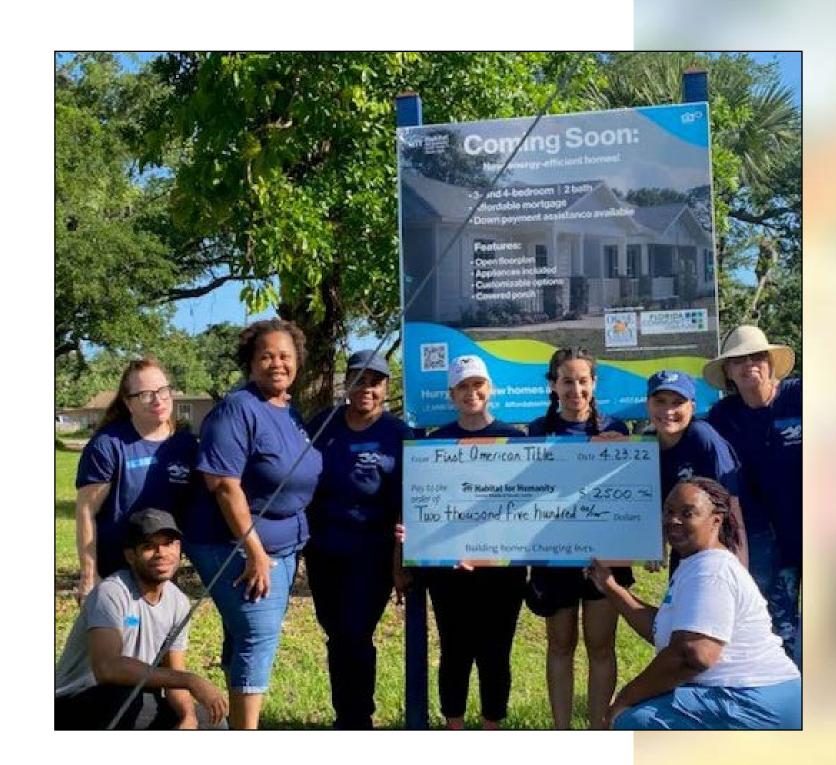
- Community Development
- Human Services
- Women's Advocacy

#### **Community Development**

First American prides itself on the support and assistance we offer to underserved communities to help them thrive. First American and our employees engage with organizations that work to create and sustain affordable housing, revitalize low- to moderate-income neighborhoods, and support community services and economic development.

#### Habitat for Humanity

In collaboration with the nonprofit organization Habitat for Humanity, we support community development through building and renovating homes.



Since 2017, First American has participated in 107 build events and donated over \$313,000 towards community development.

In 2022, we sponsored six build events across the country and donated approximately \$13,800 to the organization. We continue to support our employees who volunteer at a build during the work week by providing paid time off.

#### Caring for Our Community



#### Disaster Relief

Natural disasters can be devastating for communities and recovery is often difficult. We have supported various relief organizations in recent years to assist when disaster strikes. In 2021, we initiated a partnership with Team Rubicon, who unite the skills and experiences of military veterans with first responders to rapidly deploy emergency response teams where they are needed. We donated over \$26,000 to Team Rubicon in 2022, which helped provide aid for the following events:

- March: Donations to Ukraine Aid
- June: Donations on behalf of First American's veteran employees in celebration of Flag Day
- November: Fundraising for the Clay Hunt Fellowship Program, which hones the leadership skills of veterans as they rejoin civilian life

First American also provided \$217,500 in financial support for employees who were significantly affected by Hurricane Ian.

#### **Human Services**

First American supports organizations that provide access to services, benefits, and opportunities for the disadvantaged. Helping serve the communities where we live and work is key to the First American identity, with our employees consistently putting in time and effort to engage in these philanthropic endeavors.

#### National Volunteer Month

First American employees continue to demonstrate inspiration, passion, and commitment in their volunteer efforts. In 2022, we launched our second annual First American National Volunteer Month initiative, which included both in-person and virtual events, such as food drives and a virtual relay. We are proud to report that the program was a great success, with \$41,000 raised for Feeding America, \$12,200 of in-kind donations for YouGiveGoods, and 300 employees participating in the Third Annual Coast to Coast Virtual Relay.

#### Caring for Our Community

We remain dedicated to finding new and innovative ways to give back to our communities. As we move forward, we are excited to build on the success of our virtual and in-person events in 2022 and look forward to hosting even more in-person events that bring us together and strengthen our sense of community in the years to come.

#### Other Engagements

While the ongoing impacts of the pandemic meant that more communities were in need of assistance in 2022, our philanthropic landscape also evolved as a result of social distancing and remote work, which allowed more of our employees to engage in aid activities, such as:

Employees in Cheyenne, Wyoming teamed up with Julie's Posse, a local charitable group, to "Support the Girls," and collected new undergarments and socks for Safehouse Services, a nonprofit organization that operates a shelter and provides 24-hour crisis care and safety planning.

- National Commercial Services employees in our Omaha office attended the "Birds and Beer" event in support of the Angels Among Us organization, a local nonprofit that supports families who have children with cancer.
- Employees in our Florida direct division office sponsored a back-to-school event with One Heart for Women and Children, collecting much-needed supplies for deserving families in their local community.
- National Commercial Services employees from our Central Florida team loaded two SUVs with donated gifts for 29 children in need, just in time for the Christmas holiday.

#### Caring Eagle Awards

In 2022, First American collected nominations for our **fourth** annual Caring Eagle Awards. This award honors employees who actively participate in their communities through activities such as volunteering and consistently giving back. Out of 54 nominations, seven winners received monetary Giving Cards to donate to the charity of their choice.



#### Caring for Our Community

#### **Women's Advocacy**

As women make up **approximately 68 percent** of First American employees, we are proud to support charities that provide benefits, programs, and services that promote and bring awareness to issues on women's health, professional growth, and quality of life.

In partnership with the American Cancer Society's Making Strides Against Breast Cancer, 2022 was another successful year of getting our employees involved in breast cancer awareness and prevention. We hosted a Breast Cancer Awareness Month in October in which employees participated in three challenges:

- New to 2022, employees were encouraged to decorate their desk or office door with pink items for the Paint It Pink
   Decorating Challenge. 34 employees submitted images of their creations and over 300 employees voted on their favorite.
- For the On Wednesdays We Wear Pink activity, employees wore pink on Wednesdays and First American donated money for each photo posted by employees, resulting in over 500 photos posted in support of cancer patients and survivors.

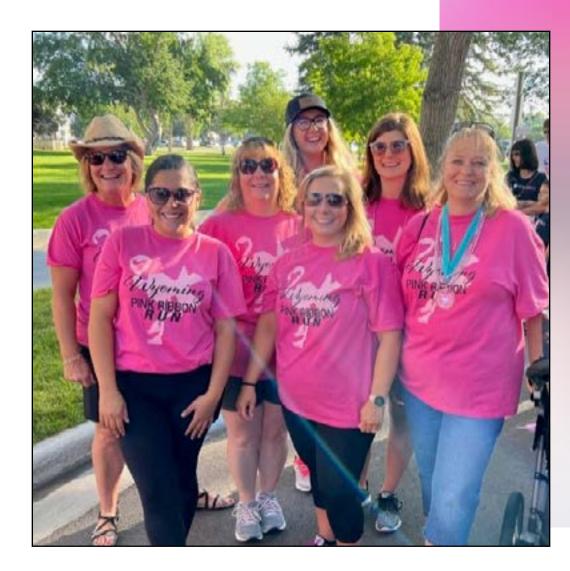
■ For the third and final challenge, employees were able to get competitive in our third annual **Got Pink? Virtual Relay**. 196 employees made up 19 running, walking, and triathlon teams.

With our employees amazing dedication and participation, First American raised over \$67,000 for the American Cancer Society.

Heart health was another key focus of our women's advocacy philanthropic activities, with our company honoring Heart Month throughout the month of February. On National Wear Red Day, February 3rd, employees wore red in support of the American Heart Association's vision to end heart disease and stroke. Overall, we raised \$20,500 for the organization.

Employees also participated in a virtual blood drive with the American Red Cross to support cardiovascular health in 2022, with 615 employees pledging to donate at their local blood bank.







As testaments to our ongoing efforts to promote diversity, equity, and inclusion in the workplace, here are some highlights from the 2022 Great Place to Work® Trust Index© survey which included:

96 %

→ feel treated fairly regardless of their race

97%

→ of people feel treated fairly regardless of their sexual orientation

95 %

→ feel treated
fairly regardless
of their gender

93 %

→ feel treated fairly regardless of their age

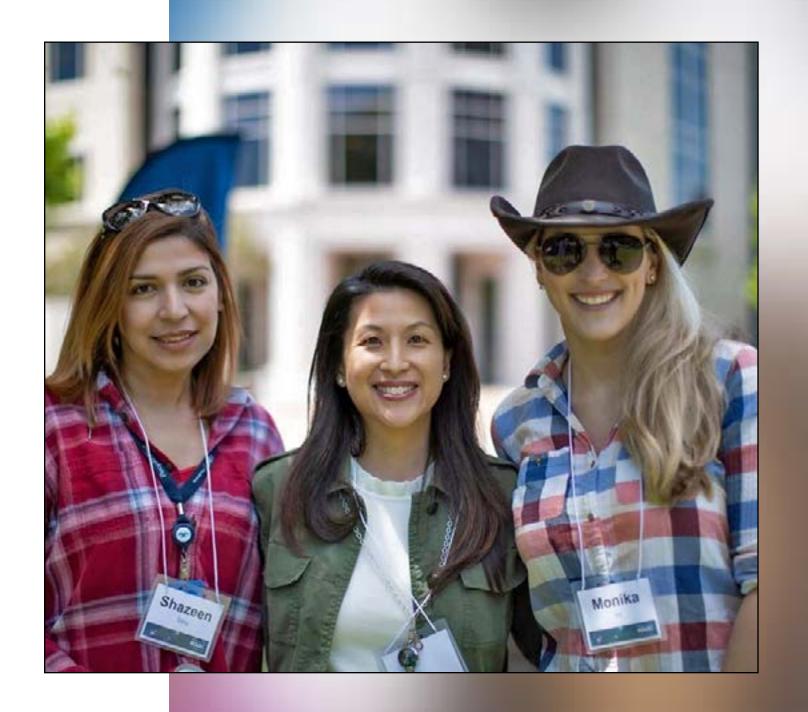
### Investing in Our People

#### **Employee Engagement**

It is our strong belief that engaged employees will serve our customers well and that satisfied customers, along with our efficient operation of the business, will benefit our stockholders. This is why we have adopted a "People First" philosophy, which celebrates all members of our team and places value on the qualities each employee brings to the company.

We are proud to have been included on the Fortune 100 Best Companies to Work For® and Fortune Best Workplaces for Women™ list for the seventh year in a row. In 2022, we were recognized as a best workplace on three other lists:

- Fortune Best Workplaces for Financial Services & Insurance™
- PEOPLE Companies that Care®
- Human Rights Campaign Foundation's Corporate Equality
   Index Best Places for LGBTQ+ Equality







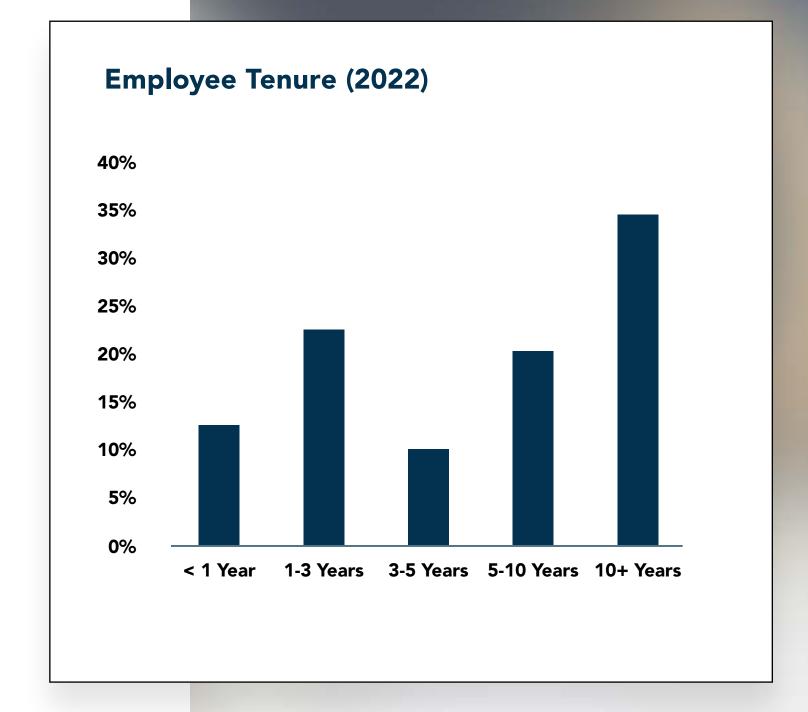
We view these awards as validation that the company's "People First" culture resonates with our employees and is indicative of a highly engaged workforce.

By striving to continually improve the company and wellbeing of employees, employee surveys have provided key feedback to executive management on how we, as a team, can do better. We're proud to report that our 2022 Great Place to Work® Trust Index© engagement score stands at 87 percent. This suggests that we've made significant strides in building a positive and inclusive workplace culture.

We will continue to prioritize employee feedback and use it to inform our actions and decisions. By doing so, we believe that we can create an even better workplace and further solidify our reputation as a great place to work.

#### **Employee Tenure**

While we continue to grow and welcome new employees, we make sure our employees grow with the company. Approximately 35 percent of our workforce has been with the company for more than 10 years.





#### **First American Appreciation**

It is important to recognize the collective hard work and dedication of our First American employees. In 2022, during **Employee Appreciation Week**, we held special celebrations to celebrate the magic our employees bring to work every day with the theme "You Put the Magic in First Am." Our employees are what make First American the first choice for our customers, a great neighbor in our communities, and a great place to work. We hosted virtual and in-person events throughout the week and encouraged employees to share their celebrations with us. The virtual Wall of Thanks returned this year, where employees were encouraged to send "Thank You" notes to recognize fellow employees using our recognition platform.

Many of our executive leaders also got together to celebrate the week with a video thanking employees for all they do for our customers, their communities, and our company.



There is no question why I've worked here over 35 years!
Great place to work because of all of my wonderful, supportive, knowledgeable and outright great co-workers! Thank you for putting the "Fun" in First American Title!

22

Lori C.

Sales Representative, San Diego, Calif.



#### **Learning and Career Development**

Given our mindset that a company is only as strong as the people who support it, we have implemented many professional development programs to build and strengthen the skill sets of our employees.

While the pandemic has caused disruptions to

First American's employee learning and career development
programs over the last three years, there have also been
notable benefits as programs became more accessible to a
broader group of our employees through the use of hybrid
and self-paced delivery methods.

In 2022, along with our diversity, equity, and inclusion (DEI) learning program and our SPARK program, we continued offering the **Emerging Leader program** for new managers looking to share ideas and be inspired to be the best they can be. **We increased participation by over 50 percent** in this program in 2022, with 140 employees taking part in five programs.





Thank you so much to you all for your time and dedication to developing leaders in our company! It was such a great program and I will utilize the lessons for the rest of my career! Thank you!

#### Erin B.

Sales Director, Folsom, Calif.

The First American Leading Through Others program also continued in 2022, which provides managers with resources and skills training to lead as part of a community. As a result of the pandemic, the structure of this program changed in 2021 from a week-long conference to a virtual series of modular sessions taking place over the course of a few weeks. We saw significant benefits from this new structure, as the program became more accessible to a broader range of participants. Of the 218 employees who have attended this program since its inception in 2018, 89 percent are still working at First American.

The First American **internship program** focuses on introducing new faces and perspectives into the First American culture, creating professional opportunities for young talent, and helping build the capacity of the company's workforce. Running as a two-track program for both undergraduate and graduate students, we had 88 participants in 2022 (up from 60 in 2021) who took part in a range of in-person and virtual activities and events, including weekly presentations, live learning sessions, panel discussions, and workshops.

Other professional development in-house training programs include First American Eagle Academy®, DNA University, Mortgage Solutions University, Strategic Markets Certification,

and First American's online training portal. Employees can also take advantage of **tuition reimbursement**, which can cover the costs of books, fees, and other supplies. In 2022, 107 employees received tuition reimbursements totaling \$405,000, compared with 100 employees in 2021.

We also launched our new and improved learning and development platform, Workday Learning, in 2022. In addition to in-house training, this platform uses LinkedIn Learning to give our employees easy access to over 12,000 courses. The top courses cover Microsoft Excel, team leadership, time management, and career advancement.

#### **Occupational Health and Safety**

We consistently strive to maintain a clean, safe, and healthy environment for all employees. The First American safety guidelines, available through the employee handbook and our HR portal, cover a range of safety topics. These topics include general safety rules, ergonomics, hazard identification, accident reporting, and procedures for medical emergencies, fires, earthquakes, and bomb threats.

To further enhance our commitment to our people, our Facilities team has undertaken a number of workspace modernization projects to reinvigorate the employee experience. The scope of workplace enhancement ranged from new furniture and refreshed paint to demolition, reconstruction, and configuration of existing office space.





#### **Benefits and Perks**

We offer a comprehensive wellbeing program that offers a variety of services and support to help our employees get and stay healthy physically, mentally, and financially. FA Wellbeing offers interactive programs that are fun and easy to use. Employees can earn points for taking steps to improve their overall wellbeing through personal health coaching, online health programs, and biometric screenings. We provide incentives, such as fitness discounts and gym reimbursements, to encourage healthy lifestyles for employees. First American provides a number of less traditional benefits to our employees to promote overall wellbeing and success within the company.

### Strengthening Families



#### **Paid Family Leave**

In the fourth quarter of 2022, we implemented paid family leave. This program ensures that employees receive full pay for up to 16 weeks of leave for the birthing parent and six weeks for nonbirthing, adoption, or foster parents. This new program fulfills a direct request from employees and reinforces our People First culture.

#### **Adoption Assistance**

We want to help and encourage employees who choose to adopt. First American financially supports employees through our reimbursement program which provides up to \$6,000 per child with a \$10,000 maximum. The reimbursement can be applied to all aspects of adoption, including application fees, legal fees, lodging, and transportation.

#### **WINFertility**

In 2022, we continued our partnership with WINFertility to offer comprehensive fertility management services to eligible First American employees and their spouses or domestic partners. This family-building benefit provides personalized guidance and support for those who are struggling with infertility.

### Ensuring Wellbeing



#### Calm

In July 2022, we introduced the Calm app as a new employee benefit. Calm helps people develop skills in mindfulness and can help our employees' wellbeing by promoting better sleep and reducing stress and anxiety. The app offers accessible, effective

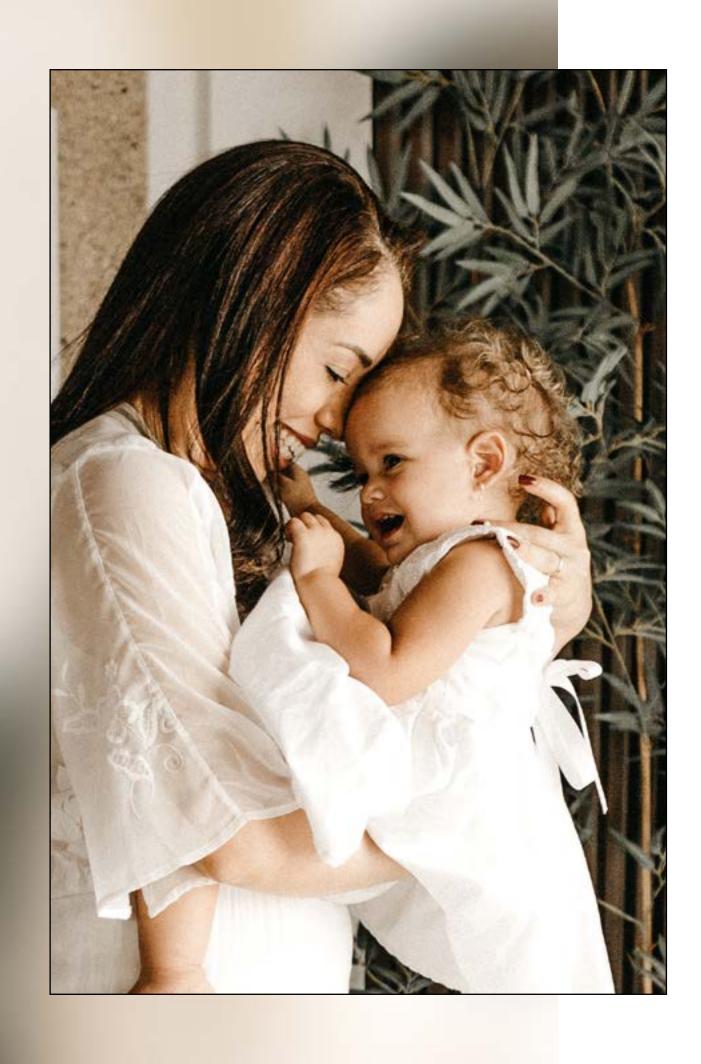
content to meet the needs of our diverse workforce and gives employees access to an ever-growing content library from any device, any time.

#### **Talkspace**

With a largely remote workforce, we endeavor to ensure our employees are supported emotionally, financially, and mentally so they stay engaged and healthy at home. Through our wellness platform, employees can build their skills to improve their overall wellbeing, including how to improve home office ergonomics, how to manage finances, and healthy recipes for immune support. We also support their mental health through our partnership with Talkspace. Talkspace is an online therapy platform offered to all employees at no cost and connects them to a dedicated licensed therapist via secure text messaging or live video, anywhere, anytime.

#### **Employee Assistance Program**

This no-cost program helps employees with work/life services, including counseling services, home services, and elder care assistance.



#### **Enrich**

Since 2021, we have partnered with Enrich, a company focused on financial wellbeing, to provide incentives through the FA Wellbeing platform. We launched the Enrich series during the Financial Wellness month of September. This ongoing series featured financial literacy courses and videos to help employees improve their financial capability.

#### Paid Time Off (PTO) Sharing

The PTO Sharing program, initiated in July 2020, allows employees to donate a portion of their PTO balance to a pool that allows other employees to request the use of these additional hours in a time of serious need. Employees can donate up to 40 hours to the pool, and qualified employees can request up to 80 hours for medical emergencies or natural disasters.

### Maintaining Health (1)



#### **Telehealth Services**

For many employees, healthcare is just as important as their salary. First American ensures everyone has healthcare access, regardless of employment status, via Telehealth services. It is accessible to all employees and their families, enabling them to consult with medical providers by telephone or video chat at any time.

#### **SWORD Health**

We rolled out a new program in 2022 called SWORD Health to help our employees and their families improve their physical health. SWORD Health is a virtual physical care program that pairs employees with a licensed physical therapist.to treat back, joint, and muscle pain.

### **Diversity and Inclusion**

Our workplace strives to be representative of the diverse communities where we live and work. Support programs promote growth from recruitment to retirement and our culture welcomes new ideas and professional aspirations. It is a People First philosophy that resonates across our organization—a vast array of unique individuals whose diversity embodies the core strength that is First American. We are committed to being a company of integrity and care—longstanding principles that not only support us, but also inform others who we are as one First American. Where People First is For All.

As a company, we seek to operate using equitable systems and practices, to educate and engage with employees to foster a welcoming workplace, and to reach out to a diverse talent pool to help us maintain our leadership in our industry. For the seventh consecutive year, employees who took the 2022 Great Place to Work® Trust Index© survey overwhelmingly agreed that

they are treated fairly, regardless of age, race, gender, or sexual orientation. In our most recent survey, the percentage of respondents who agreed with these four separate statements ranged from 93 to 97 percent.

#### **Diversity Policy**

As an equal opportunity employer, we are committed to an active nondiscrimination policy for our employees. This policy is distributed to all employees as part of our employee handbook which is required to be reviewed and acknowledged by employees on an annual basis.

Our Nominating and Corporate Governance Committee of the Board of Directors recognizes the value of having a diverse Board and takes this into consideration when identifying and evaluating candidates for Board membership. The Committee utilizes a broad conception of diversity, including professional and educational background, prior experience on other boards, political and social perspectives, as well as race, national origin, gender identity, and sexual orientation as detailed in the company's corporate governance guidelines, which are available online through our website.



DE&I provides the foundation for creativity, enabling our people to embrace new perspectives and innovate.

Ken DeGiorgio,

CEO

#### Diversity and Inclusion

The following programs and initiatives are supported to maintain diversity and inclusion within First American:

### Diversity, Equity, and Inclusion Advisory Council

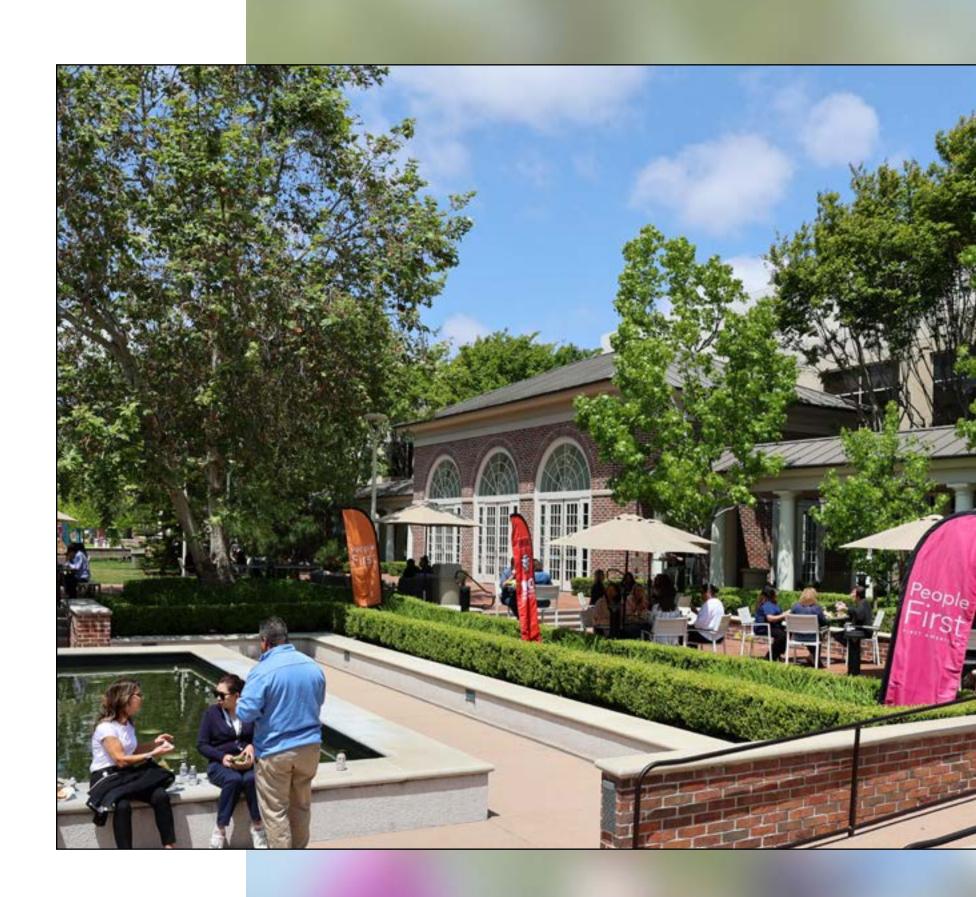
In 2020, our then CEO, Dennis Gilmore, tasked the management team with revisiting our diversity, equity, and inclusion (DEI) strategy. To foster even more momentum in our DEI efforts, the decision was made to give DEI greater visibility across the enterprise, and the DEI Advisory Council was formed in the same year.



As a company, we seek to operate using equitable systems and practices; to educate and engage with employees to foster a welcoming workplace; and to reach out to a diverse talent pool to help us maintain our leadership stance in the industry.

The council provides a broad perspective, enabling discourse from people across different cultures, as well as different business units within the organization. As of 2022, 12 members were on the DEI Advisory Council, all of whom have made a personal commitment in time and effort to assist us on this very important journey of meaningful inclusivity.

The council is divided into three teams, each of which has specific goals and objectives. As a company, we seek to operate using equitable systems and practices, to educate and engage with employees to foster a welcoming workplace, and to reach out to a diverse talent pool to help us maintain our leadership stance in the industry. By creating a DEI framework of focus, we can move forward and measure our progress.





Celebrating our diverse thoughts allows to listen effectively and think broadly about how we approach our work benefiting our people and customers.

**Sharon Wingfelder** 

Chief Human Resources Officer

#### Diversity and Inclusion

Throughout 2022, we continued to focus on three key areas:

Deepen our recruitment sourcing relationship and retention strategy to foster a more inclusive talent pool

Embed DEI in our policies, programs, and procedures so that all employees achieve their full potential

Integrate DEI strategy with corporate goals and objectives through leadership engagement, initiatives, and support



#### Diversity and Inclusion

Below are ways in which we are tackling these three focus areas:

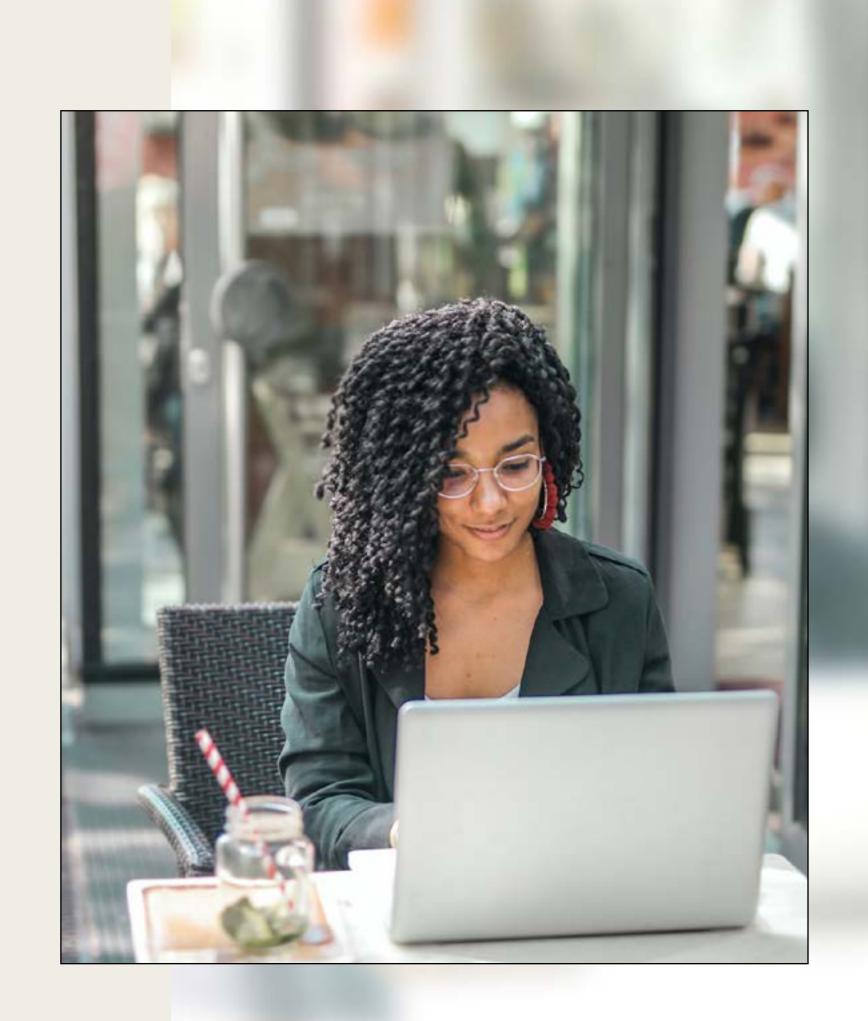
## Deepen our recruitment sourcing relationship and retention strategy to foster a more inclusive talent pool

In 2022, we reviewed and updated our careers site and job descriptions to ensure the use of inclusive language and eliminate any unconscious bias. In addition, the company identified methods to increase support for certified diverse suppliers.

As a company with hundreds of offices throughout the U.S., we are conscientious about having an employee base reflective of the areas where we do business. We have initiated new relationships

with various organizations to enhance our diversity outreach strategy and recruiting efforts, including, but not limited to, National Action Council for Minorities in Engineering (NACME), Oregon Outreach, and University of San Francisco's Black Achievement Success and Engagement (BASE) Program.

While we are pleased with the early results of these initiatives, it will take some time to determine which of these, or other efforts will achieve long term success as part of the company's diversity recruiting program.



#### Diversity and Inclusion

#### Embed DEI in our policies, programs, and procedures so that all employees achieve their full potential

Across our People First brand, we incorporated the concept of "FOR ALL," putting particular focus on our DEI practices.

FALive, our intranet, provides DEI-related links, Employee Resource Group information, and blog posts. Topics include DEI glossary of terms, live panel discussions, guidance on how to be an ally, and reviews of books on diversity.

We also seek opportunities to educate ourselves on diverse cultures, celebrating cultural days and months, such as Lunar New Year, International Women's Day, Black History Month, Diwali, Pride Month, and more.

#### **Employee Resource Groups**

Over the past few years, we have been forming Employee Resource Groups (ERGs). ERGs are employee-led groups that come together to support and advocate for a particular gender, ethnicity, disability, or interest. The groups exist to provide support and help in personal or career development and to create a safe space where employees can bring their authentic selves to the table. Allies may also join an ERG to support their colleagues and broaden their understanding and appreciation of their co-workers and peers.

In addition to the already existing Early Professionals Networking Group (est. in 2019), in 2021, we were excited to launch the LGBTQplus, Latinx/Hispanic, Black/African American, and Asian/ Pacific Islander (API) ERGs. In 2022, we launched two additional ERGs: Ability/Disability and Veterans, for a total of seven, and have plans to launch Parents, Caregivers and Women by end of year 2023. These ERGs are great places for employees to meet new people with similar interests, participate in open and honest communication, and contribute innovative ideas that can improve our business.



Participating in the API ERG leadership team allows me to steer efforts toward cross-collaboration among the various ERGs so that our members can learn more about the challenges faced by other minority groups. The acknowledgement of challenges that we face and knowledge that we are all much more alike than we are different will help us to advocate for diversity, equity, and inclusion for all. I am so proud to be part of a company that values efforts to create a more diverse and inclusive workforce that will result in equity for all. Diversity in the workforce will also foster more innovations and success for the company in the long run.

#### Kat H.

Senior Compliance Officer, Calif.



We leverage employees' diverse experiences and viewpoints to attract and retain the best talent, and to produce the best ideas and results. When we create a welcoming and equitable environment, we're not only promoting our core values, we are strengthening our community and our business.

**Odeta Kushi** 

Deputy Chief Economist

#### Diversity and Inclusion



Integrate DEI strategy with corporate goals and objectives through leadership engagement, initiatives, and support

At First American, the responsibility for crafting, implementing, and measuring an effective DEI strategy starts at the top. Our CEO works directly with management at both the executive and business unit levels to heighten DEI effectiveness by building structure around it.

#### Diversity and Leadership Development

In July 2021, we launched our new development program, DEl<sup>2</sup> (DEI Through the Power of Dialogue, Experiences, and Insights). Sponsored by our DEI Advisory Council, DEl<sup>2</sup> is for our peopleleaders.

Managers from divisions across the country explore topics around bias, self-identification, and actions they can take to create a team environment that strengthens our For All culture at the local level. As of the end of 2022, approximately 120 people leaders have participated with an overwhelming positive response. They have shared that DEI<sup>2</sup> has given them a renewed purpose for their work and professional development and that they've become more confident and are vocal advocates within their own business units about the importance of being intentionally inclusive.

To continue the journey of inclusive leadership, graduates of DEI<sup>2</sup> have the opportunity to participate in Allyship at Work (part of our DEI<sup>3</sup> series). Allyship at Work further equips our leaders with meaningful actions they can take to truly show up as allies in everyday situations.



I believe that DEI is a natural progression of our People First culture. Our grassroots efforts have been purposeful and diligent to make sure we address the needs of employees enterprise wide. We are always improving and doing so in all ways possible, which has created a pathway for long lasting impact.

Britt L.

Sales Representative

## Women in Leadership

We are especially proud of our Women in Leadership (WIL) program, which promotes professional growth opportunities for women at First American. Each year, a cross-functional WIL project team works to address business challenges and opportunities identified across the organization and presents their recommendations to senior management. WIL is designed to provide participants with the opportunity to continue their professional development, grow their self-awareness, build deep relationships across business lines, drive results, and lead change. Since its formation in 2012, WIL has seen over 100 graduates, over 40 percent of whom have been promoted at least once since completing the program.

In 2019, First American introduced **SPARK**, an initiative developed by the WIL alumnae. The mission of SPARK is to bring leadership development and networking to a broader group of First American women through regional events and to provide an opportunity for the current WIL alumnae to have an active role in

the professional development of women at First American. During the pandemic, our program pivoted from an in-person to a virtual format, and we were able to expand the reach of this program, allowing significantly more women to attend. The results have been tremendous with a total of 356 Spark alumnae as of 2022.

Additionally, we place value on developing future employees by sponsoring Advancing Women in Technology (AWT), a nonprofit organization dedicated to the endowment of educational scholarships and creation of opportunities that promote women's personal and professional growth. Our CIO and an IT director both sit on the Board of AWT. In 2022, First American contributed \$10,000 to a technology-focused scholarship fund which awarded scholarships to women in college in California. One of our employees was also awarded the AWT Outstanding Executive award, which recognizes individuals who are highly successful, community-driven, and constantly finding ways to pay it forward and give back to the community.



## **Human Rights Campaign**

In 2022, First American earned a perfect score of 100 percent for the fifth consecutive year on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI) and has earned the title of "2022 Best Place to Work for LGBTQ+ Equality." This national benchmarking survey and report evaluates corporate policies and practices related to workplace equality. CEI evaluates companies using four main criteria: nondiscrimination policies across business entities; equitable benefits for LGBTQ+ workers and their families; supporting an inclusive culture; and accountability metrics to promote LGBTQ+

inclusion, competency, and public commitment to LGBTQ+ equality.

Over the years, First American has implemented the following in support of the Human Rights Campaign and the CEI:

- Updated company policy in the employee handbook to include equal opportunity for gender identity and expression, including our policy against harassment, discrimination, and retaliation;
- Implemented a supplier diversity policy to promote fair opportunities for businesses owned by minorities, women, people with disabilities, veterans, disabled veterans, and LGBTQ+ community;
- Sponsored local Orange County LGBTQ Center event;
- Implemented transgender inclusion benefits; and
- Developed quantitative metrics to evaluate workforce diversity and inclusion efforts.



In 2022, First American earned a perfect score of 100 percent for the fifth consecutive year on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI) and has earned the title of "2022 Best Place to Work for LGBTQ+ Equality.

## **Employee Demographics**

First American has a dynamic workforce, which helps us maintain our vibrant and productive work environment. We track demographics for almost all regular employees in our U.S. workforce.

## Employee Age



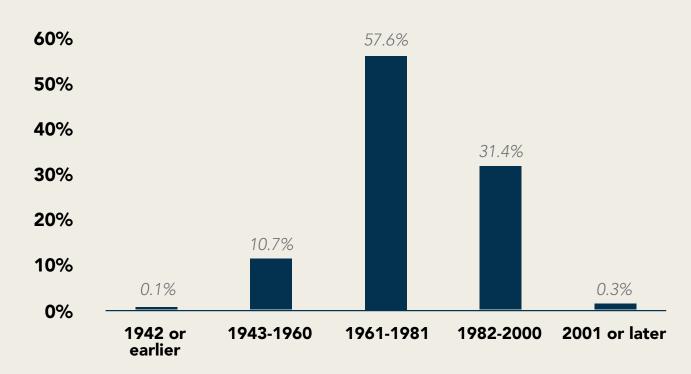
While the majority of our employees were born before 1982 as shown below, we have seen our Millennial and Gen Z population more than double from 15 percent in 2015 to 32 percent in 2022.

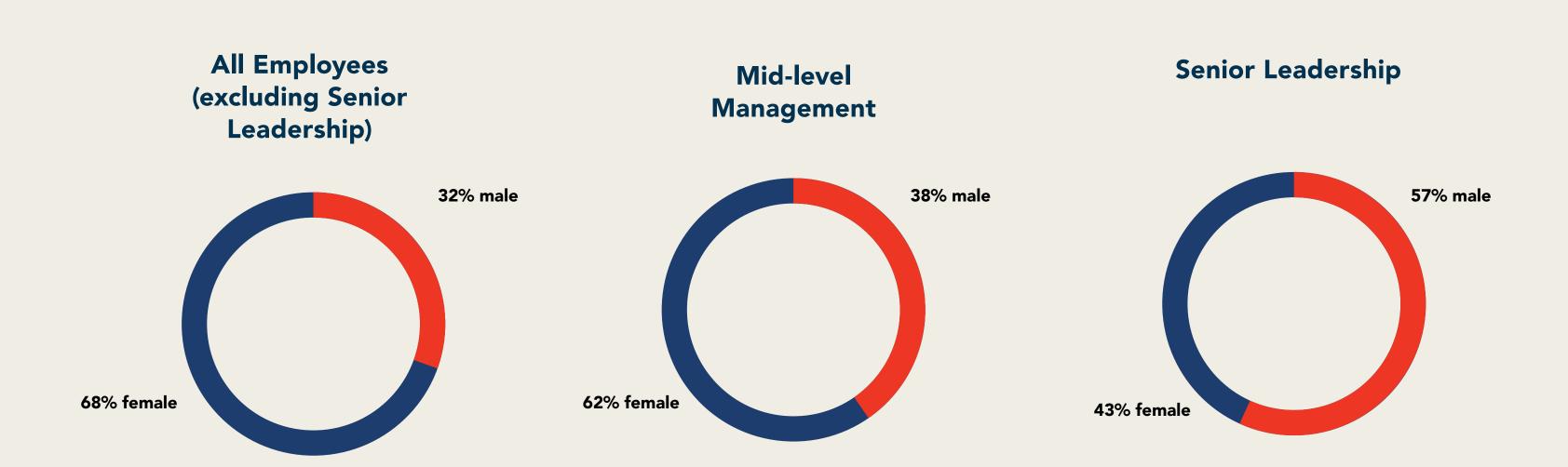
## Employee Gender



Gender equality is important to First American. Approximately 68 percent of our employees are women, who hold 62 percent of mid-level management positions. We are proud to again be named among Fortune® magazine's Best Workplaces for Women in 2022.

#### **Employees by Birth Year (2022)**





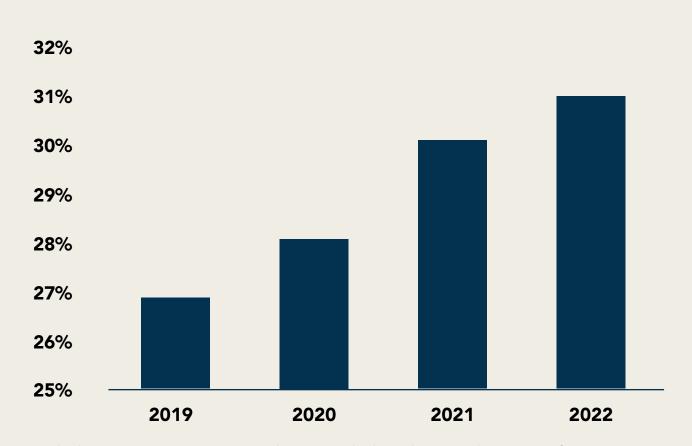
Senior Leadership includes regular U.S. employees within EEO 1.1 and 1.2 categories that are also at an executive level within the company's job classification system. This group constitutes approximately 6 percent of total U.S. employees.

## Workplace Diversity



We strive to support a diverse and inclusive work environment. Our workforce has seen a positive trend in diversity with an increasing percentage of employees self-identifying as being from racial or ethnic minority groups. Specifically, in 2022, 31.0 percent of our employees identified as such, which is an increase from 30.2 percent in 2021, 28.2 percent in 2020, and 26.9 percent in 2019.

## Racial or Ethnic Minority (REM) Percentage (all employees)



Includes 14,086 active U.S. employees including those on leave, as of 12/31/2022.

	Senior Leadership	All Employees (excluding Senior Leadership)
White	82.0%	67.4%
REM	17.5%	31.9%
Asian	8.5%	8.6%
Black or African American	1.5%	6.2%
Hispanic-Latino	5.7%	13.4%
American Indian/Alaska Native	0.5%	0.7%
Native Hawaiian/Other Pacific Islander	0.5%	0.7%
Two or more races	0.8%	2.3%
Not Specified or Blank	0.5%	0.7%

# ENVIRONMENTAL RESPONSIBILITY

## Our Approach

Since establishing our sustainability program, we have expanded our engagement with third-party advisors to help improve our climate change mitigation performance, monitoring, and reporting.

In this section

With the help of these advisors, we collect and analyze emissions-related data from the company's operations in the U.S. using established data management processes and methods to support greenhouse gas (GHG) reporting. In 2022, monthly data on electricity, gas, water, and waste usage were collected for 16 owned facilities in the U.S., which includes our headquarters campus in Santa Ana, California. There are a small number of additional owned facilities, for which we do not have utility invoice or usage information, and therefore are not included in our GHG emission inventory. Any reference to our "owned facilities" in this section of the report refers only to these 16 owned facilities.

Additionally, we have continued with modeling estimated emissions for 837 of our leased facilities in 2022 where we have facility square footage information. This figure represents about 97 percent of our total number of leased operations.

In summary, we are reporting GHG emissions for approximately 95 percent of our owned and leased facilities, with owned facilities comprising about 17 percent of reported square footage and leased facilities accounting for about 83 percent.

First American's management team prioritizes energy efficiency investments and sustainability programs and continuously looks to improve our sustainability reporting using this information and other relevant data.

# Key Disclosures:<br/> CDP Climate Change<br/> and TCFD

Similar to the way our financial performance is assessed,
First American is regularly evaluated by various groups on our
ESG performance. Our goal is to be transparent by providing our
investors and other stakeholders with decision-useful information,
such as risk management, governance practices, and our approach
to sustainability. Since 2015, we have participated in CDP's Climate
Change Program, a global disclosure platform on environmental
impacts for companies. We currently report to CDP Climate
Change for the Financial Services sector; CDP is aligned with
the Task Force on Climate-related Financial Disclosures (TCFD)
framework. First American performed particularly well in the
areas shown below based on our 2022 CDP disclosure. For
more information about our TCFD reporting, see the TCFD
Index on p. 69.

## First American's 2022 CDP Climate Change Performance:



First American

C

Global Average



North American Average

## **Strong areas**



Emissions reduction initiatives



Governance



Opportunity disclosures

## **Energy and Greenhouse Gases**

## **Approach to Greenhouse Gas Inventory**

First American's current GHG inventory includes emissions derived from five main sources: energy usage in our offices, companyowned vehicles, business-related employee travel, employee commuting, and waste. We have performed empirical calculations for our owned facilities for which we have invoice or usage data from third-party utility providers. For these facilities, we calculated emissions associated with direct energy use, including from natural gas and company-owned vehicles (scope 1), and electricity use (scope 2).

Historically, the scope of our inventory has covered GHG emissions only from our owned facilities. Beginning in 2021, we built upon our existing data and estimated scope 2 emissions for our leased

#### **Total First American GHG Emissions**

(ın	metric	tons	$CO_{2}e$
			_

#### Scope 1

2022 Fleet/natural gas: 3,808

2021 Fleet/natural gas: 2,010

Scope 2 (Location-based) - Owned		Scope 2 (Location-based) - Leased	
2022	Electricity: 2,434	2022 19,444	
2021	Electricity: 2,794	2021* 11,297	

#### Scope 3

Category 5: Waste					
2022	121				
2021	116				
Catego	Category 6: Business Travel				
2022	1,241				
2021	1,323				
Catego	ry 7: Employee Commuting				
2022	12,750				
2021	9,392				

#### 2022 Total Scope 1 and 2:

25,686 metric tons CO<sub>2</sub>e

#### **2022 Total Scopes 1, 2, and 3:**

39,798 metric tons CO<sub>2</sub>e

\*2021 was the first year leased facilities were included in scope 2 calculations



#### Energy and Greenhouse Gases

facilities in the U.S. where square footage information was available. This year, we have expanded our leased facility coverage to include an additional 108 facilities in the 2022 GHG inventory. For the 837 leased facilities with square footage data available, we estimated electricity usage and associated scope 2 emissions by using an intensity average based on square footage. An additional 26 facilities, where no square footage data was available, were not included in our estimates.

Scope 3 emissions associated with business travel (air and car mileage only), employee commuting, and waste were calculated from vendor data or spend data. Waste emissions are only calculated for our owned facilities, whereas emissions from business travel and employee commuting represent our companywide activities throughout the U.S. We have not yet completed a full scope 3 inventory. For example, we have assessed certain categories to be relevant, although they have not yet been calculated, including Scope 3 Category 1: Purchased goods and services and Scope 3: Category 2 Capital goods.

Our inventory was prepared in accordance with the Greenhouse Gas Protocol.

Comparing 2022 to 2021, we note a few key points:

- With a continued resumption of "business as usual" operations and post-pandemic protocols, there was an expected increase in overall emissions in 2022 compared to 2021.
- 2021 marked our first year of accounting for scope 2 emissions from leased offices in our inventory. We have expanded upon this approach and have added 108 additional leased facilities to our inventory for 2022. This increased coverage has contributed to the overall scope 2 emissions increase but does not necessarily equate to an increase in energy usage.
- Calculation methods for Scope 3 Category 7: Employee commute have changed. Historically, First American's employee commute emissions were modeled using distance-calculation software. In 2022, this software was no longer available for use. Current employee commute emissions were modeled using

- the Quantis Scope 3 Evaluator online tool provided by the Greenhouse Gas Protocol.
- The calculation methodology was also updated for Scope 3
  Category 6: Business travel. For the 2022 calendar year, air
  travel emissions were calculated by our travel provider using
  DEFRA emission factors, rather than our GHG consultants
  using the EPA calculation methodology as in 2021. Therefore,
  the year-over-year reduction in emissions is likely due to a
  combination of updated methods and less air travel overall.

Our continued effort to measure and reduce carbon emissions from scopes 1, 2, and 3 sources demonstrates our commitment to sustainability. We are also committed to improving the quality of our inventory and will continue to refine and improve our data collection and estimation processes.

## Energy and Greenhouse Gases

## **Energy Efficiency**

We continuously consider additional ways to reduce energy use in our owned facilities.

Energy consumption, primarily electricity, decreased in our owned facilities by 15 percent in 2022 compared to 2021 due to lower usage in our facilities and efficiency improvements realized from previous capital projects. However, as employees continue to return to the office and business "as usual" resumes post-pandemic, we anticipate energy consumption will rise even as we strive to reduce energy use each year. Sustainability and energy efficiency will continue to be a key business objective as part of our facilities management team's approach to the identification and execution of capital projects.

Examples of 2022 home office campus projects to reduce energy:

- PIMA Center LED Upgrade: Approximately 350 fixtures of T8 lighting were replaced with LED bulbs, effectively eliminating the use of bulbs containing mercury and increasing lighting efficiency by 30 percent.
- New HVAC System: Installed seven RTU HVAC systems that allow for proper ventilation, airflow, and energy efficiency.
- Cool Roof Upgrades: These upgrades were completed as part of an entire roof replacement, with the additional installation of double-dome prismatic skylights to promote natural lighting and ventilation. Cool Roofs reflect a large portion of solar radiation back into the atmosphere, which in turn lowers roof surface temperature and ultimately results in lower demand for air conditioning and related GHG emissions.







## Project Highlight: San Luis Obispo

In late 2022, our San Luis Obispo facility completed an extensive roof replacement project that will contribute to employee comfort and overall improved operational function. The reflective properties of the new roofing material is expected to improve temperature regulation in the building and require less energy to keep the building cool. In addition, we installed new double dome prismatic polycarbonate curb mounted skylights which will enhance natural lighting and ventilation without impacting energy consumption.

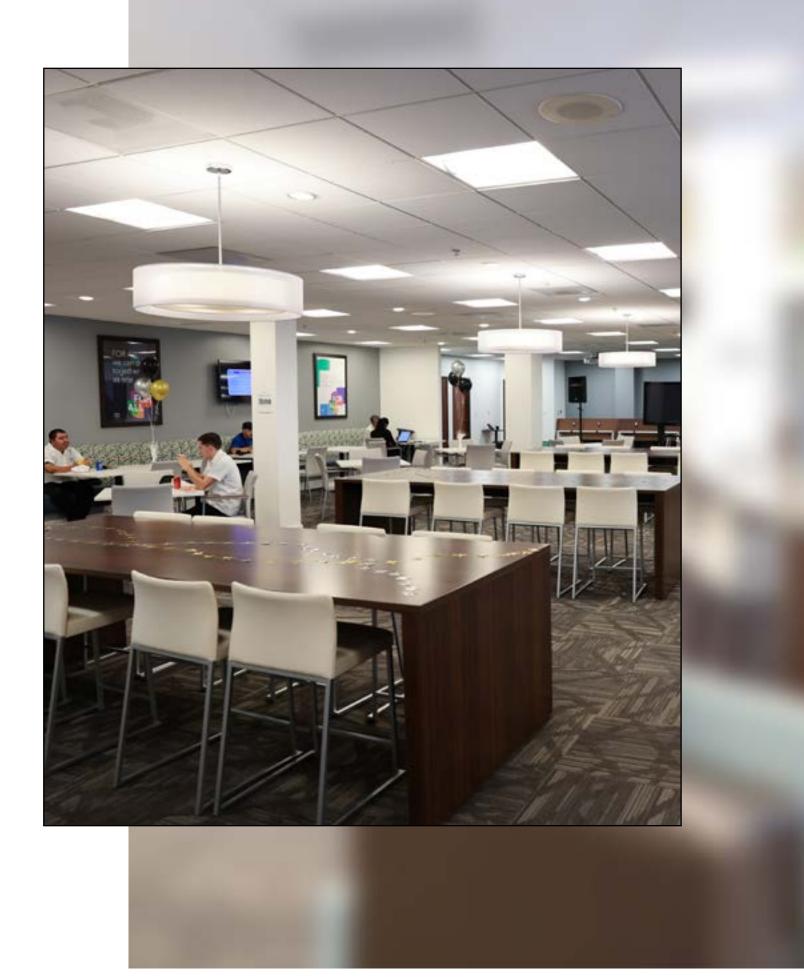
## Energy and Greenhouse Gases

Our home office campus also includes specific environmental features such as:

- Internet of things (IoT) automations and lighting retrofits that contribute to lower year-over-year energy consumption.
- Electric car charging stations to encourage our employees to lower their carbon footprint.
- WeatherTRAK system to measure rain, soil moisture, wind, and temperature to adjust water output to outside conditions and specific plant requirements, which saves water.

In 2022 First American reduced the quantity of electricity used at our owned facilities by 1,756 MWh (15 percent) compared to 2021, a savings equivalent to the electricity used in 148 homes for one year.

Although we had more employees working from our offices in 2022 compared to 2021, our scope 2 emissions in our owned facilities decreased, in part due to energy efficiency upgrades. Our scope 1 emissions from natural gas remained about the same in 2022.



## Waste and Water

As a professional services company, First American does not generate significant amounts of waste compared to a company with manufacturing operations. However, we are cognizant that our business still creates an environmental footprint through our operations and purchasing decisions. To minimize impacts, we partner with companies that also share our passion and commitment to sustainability.

For example, to further offset waste emissions at the home office campus, First American partners with a certified vendor, who manages the disposal of our hazardous waste. Items that are safely recycled and/or disposed of include end-of-life assets such as desktop computers and mobile phones.

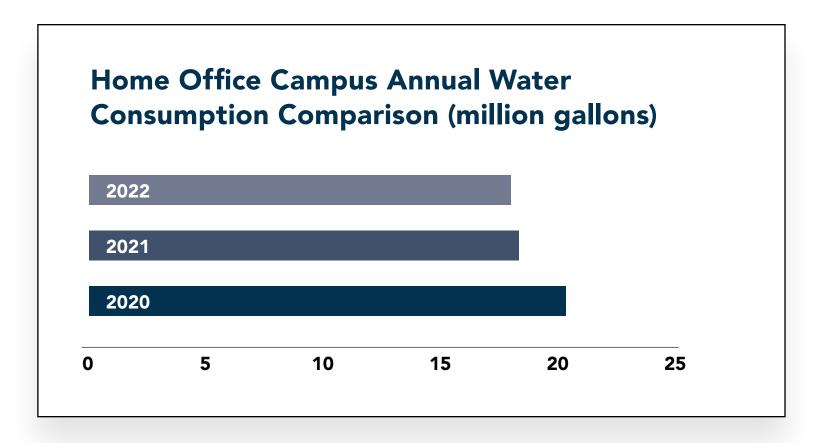
We also continued efforts to reduce our GHG emissions by investing in energy efficient technologies and ensuring that

recyclables from First American offices are recycled properly. In 2022, First American recycled over 4.2 million pounds of paper from our owned facilities. That figure equates to over 11,400 trees saved.

First American also monitors the use of water within its home office campus. Our water consumption is attributed mostly to usage in restrooms, breakrooms, and our cafeteria, as well as landscape irrigation purposes. In 2022, we upgraded our home campus irrigation. Approximately 25 percent of sprinkler heads were replaced with new, more efficient equipment. This simple upgrade is expected to eliminate water waste from leaks and significantly reduce irrigation-related water usage.

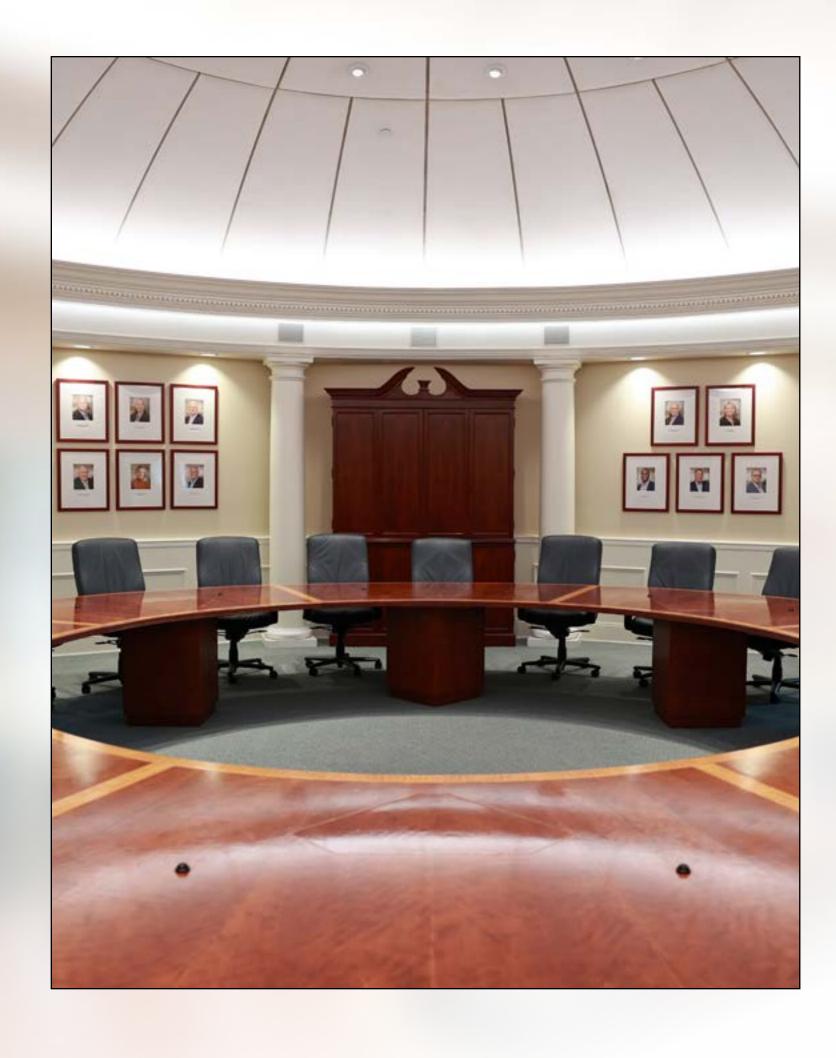
In addition, our janitorial and cleaning programs on our home office campus incorporate products that are Green Seal certified and bio-based cleaning alternatives. All vacuums are HEPA (high efficiency particulate air filter) standard to maintain clean indoor air quality, and in our café, only Ecolab certified cleaning products are used. Water used during pressure washing is also recaptured

to avoid unnecessary water drainage into the sewer. Ready Space carpet cleaning equipment utilizes a low-moisture and water extraction cleaning process to reduce energy use for drying, and our car wash service cleaning products are all biodegradable and employ a low water wash method.



Water consumption at the home office campus decreased by 2 percent in 2022 compared to 2021. Even though we had more employees returning to the office in 2022, a combination of the weather and upgraded landscape irrigation system meant that less water was needed for landscape irrigation. This reduction also showcases the effectiveness of our WeatherTRAK system.

# GOVERNANCE



Governance Overview

First American Financial Corporation is a public company trading on the New York Stock Exchange (NYSE) under the ticker symbol "FAF." As such, the company is subject to rules and regulations promulgated by the United States Securities and Exchange Commission (SEC) and the NYSE, each of which requires the company to comply with rigorous corporate governance practices.

In this section

In addition to the SEC and the NYSE, First American is subject to regulations as both an insurance holding company and a savings and loan holding company. The corporate governance practices of the company are periodically reviewed by these regulators. The company's Board of Directors and each Committee of the Board evaluate their own performance at least annually.

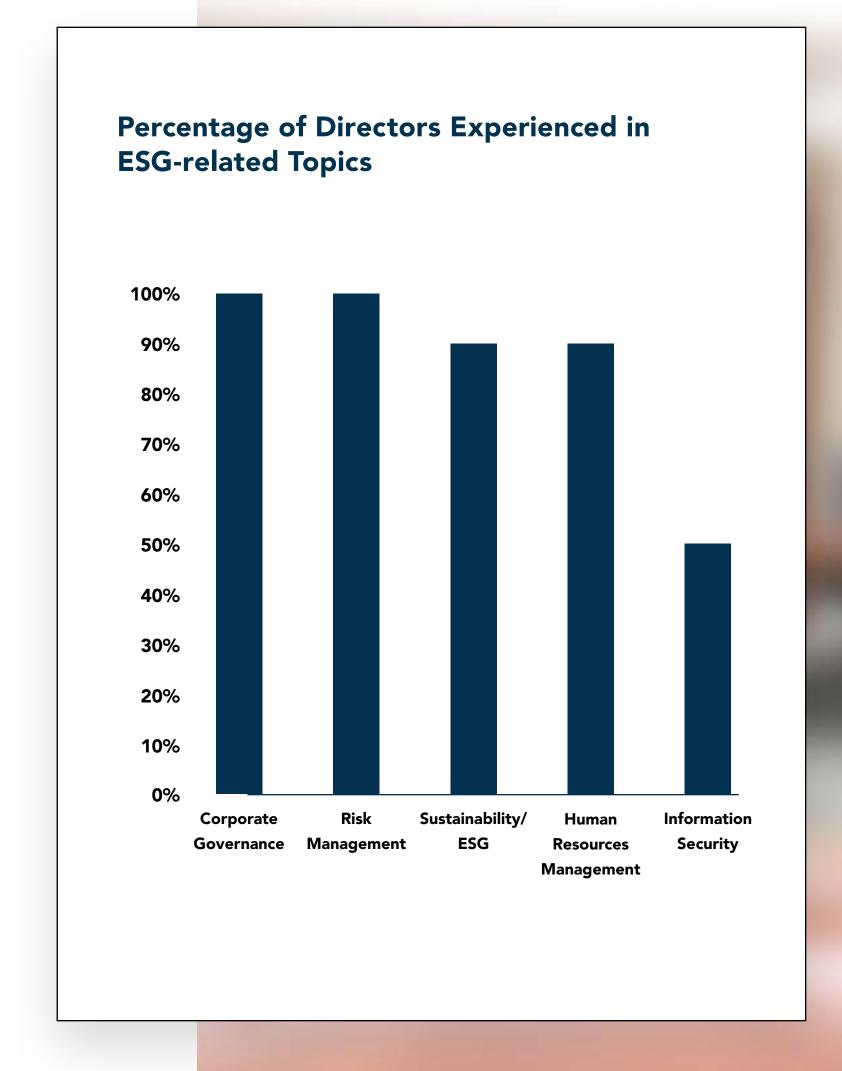
#### Governance Overview

The company is guided by a written set of Corporate Governance Guidelines and a Code of Ethics and Conduct. Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee, each of which is made up entirely of independent directors and is guided by a written charter. These publicly disclosed documents are essential to understanding the company's corporate governance and can be found in the Corporate Governance section of our website at <a href="https://www.firstam.com/investors">https://www.firstam.com/investors</a>.

## **ESG** Oversight

As ESG continues to grow in prominence, we took the important step of creating an executive-level ESG Committee in late 2021. The Committee's Charter is to provide strategic oversight, direction, and execution support for the company's ESG initiatives. Sponsored by Mark Seaton, our Chief Financial Officer, the Committee is cross-functional and spans investor relations, human resources, risk management, facilities, legal, finance, and marketing and communications.

Starting in 2020, the Board's Nominating and Corporate
Governance Committee began reviewing relevant ESG issues
affecting our industry on an annual basis. In 2022, First American's
directors were also asked to self-report their experience in
various issues, and 90 percent of directors said they were
"experienced to highly experienced" in sustainability/ESG
issues.





The ESG Committee's charter is to provide strategic oversight, direction, and execution support for the company's sustainability initiatives. Sponsored by Mark Seaton, our chief financial officer, the Committee is a crossfunctional group.





## **ESG** in Executive Compensation

The company's executive compensation program is overseen by the Compensation Committee of the Board of Directors. The program is designed to enhance stockholder value by stipulating that a substantial portion of the executive officer's total compensation be at-risk and related to the company's consolidated financial performance.

In 2020, the Committee made it more explicit that any discretionary adjustments to executive officer compensation can take into consideration ESG actions, initiatives, or omissions that impact and reflect the role of the company in broader society, including:

- employee development,
- employee engagement survey results and responsiveness,
- inclusion efforts,
- privacy and data protection,
- community involvement/development,
- sustainability/environmental impact, and
- business ethics.

In 2022, the Compensation Committee also elected to allocate an even larger portion of the long-term incentive ("LTI Awards") for executive officers to our multi-year, metric-based performance awards introduced in 2021.

## ESG Oversight

## **Engaging Employees in ESG**

Our Planet First Council, which has existed in its current form for nearly a decade, continues to be charged with identifying and managing specific environmentally-focused projects. The Council spans departments and aims to engage and educate employees on ESG issues, for instance through our annual EcoFair. At this event, we typically share information on the company's conservation and environmental practices and activities. Employees can also learn about energy efficiency, water conservation, recycling, and other sustainability topics applicable to their home. Although the EcoFair was suspended during the pandemic, we are excited for its planned re-launch in 2024.

In 2022, 404 pounds of batteries were recycled as part of our Battery recycle program collection effort. We collect spent dry cell batteries, ballasts, fluorescent lamps, incandescent lamps, and LED lamps. There are strategically located battery recycling stations in each breakroom in every building of our home campus.

## A Foundation of Integrity

#### **Code of Ethics and Conduct**

As part of our commitment to ethical business practices, we have a long-standing Code of Ethics and Conduct. The Code of Ethics and Conduct has the primary objective of establishing guidelines for First American's employees to promote adherence to ethical business conduct and compliance with the laws and regulations impacting the company's business. We also have a separate, supplementary Code of Ethics for our Chief Executive Officer and Senior Financial Officers. All employees must review the Code of Ethics and Conduct annually. The Code of Ethics and waivers to the company's Code of Ethics for directors and certain executive officers are publicly disclosed on our website.

Employees who witness violations of the laws, regulations, and rules of the Code of Ethics are advised to report the offense to their direct supervisors or appropriate personnel. Violations may also be reported to First American's Financial Accuracy and

Compliance Hotline. The hotline is available in many different languages, toll free, 24 hours a day, seven days a week. Reporting to the hotline is confidential and can be made anonymously.

To support adherence to regulations by various governmental agencies, as well as statutory guidelines, the company manages a compliance program, which includes employee training, investigations, and remediation tracking of identified issues. We also maintain a complaint management system that logs complaints received directly from consumers or made through regulatory agencies, providing for follow up and resolution, as appropriate or required. These processes may be used to identify training opportunities.

## **Anti-Corruption**

We make readily available our Anti-Bribery and Foreign Corrupt Practices Act (FCPA) policy to employees through the employee handbook and our intranet. U.S.-based employees in roles with international duties or related to procurement must complete extensive training every two years. Employees can report on potential corrupt activities anonymously to First American's

Financial Accuracy and Compliance Hotline. In addition, both the Internal Audit and Corporate Compliance teams periodically perform audits related to anti-corruption and FCPA compliance.

## **Political Advocacy**

The company supports our employees, as private citizens, taking an active interest in current issues and supporting the interests of sound government and healthy communities. Our approach remains entirely non-partisan, and employees are welcome to participate in civic and political activities, so long as it is not on behalf of the company. As a corporation, First American follows applicable laws when engaging in political activities or making political contributions.

# Protecting Your Data and Privacy

#### **Fraud Prevention**

At First American, we know that buying a home is an exciting and important life milestone. For many people, their home will be their most valuable asset. Unfortunately, property and real estate transactions are increasingly targeted by opportunistic criminals looking to divert fund transfers or sales proceeds to their own accounts. First American is committed to minimizing fraud risks through effective and strategic internal controls that detect and prevent fraud.

We do a significant amount of training for employees, including:

- "Flash" trainings and enterprise-wide education campaigns on general and targeted fraud schemes;
- Annual Fraud Awareness Week, which has a heavy focus on education and training on procedures;

- Phishing email reporting to First American's information security department; and
- Wire fraud prevention recognition programs for employees.

For phishing-specific training, any employee who fails is required to do additional training.

Fraud and loss prevention tips and education are available to consumers via our website and wire fraud prevention information is proactively provided to customers engaged in certain transactions. In addition, we provide tools to customers to reduce fraud risk, such as:

- Transaction portal A simple, mobile, and secure communication tool between participants in the real estate transaction that helps lower the risk of wire fraud attempts by reducing risky email communications.
- Notification letters As a safety precaution in appropriate circumstances, First American sends the property owner a letter to confirm that the property owner is aware of the transaction.
- FraudGuard® A mortgage support tool that helps
  lenders identify potential fraud risk and errors in mortgage
  applications, comply with regulations, improve the application
  review process, and increase loan quality.



## A new tool in our toolbox: SAFEvalidation®

We take security very seriously at First American. In late 2021, we launched our new SAFEvalidation tool, which helps safeguard against funds being sent to the wrong bank account. It works by using a twopronged approach: 1) validating ownership of the recipient account by authenticating the payee bank account information, and 2) validating that the payoff instructions are associated with a valid account. Use of SAFEvalidation grew quickly in 2022 within our direct division where approximately 1.4 million wire transfers were verified with SAFEvalidation or other internal tools. We initiated a rollout to our title agents in 2022 with some success, and we expect to see substantial growth in use next year.

#### Protecting Your Data and Privacy

## **Information Security Program**

## Structure and Oversight

First American has a formal information security program managed by our Chief Information Security Officer (CISO) and overseen by our Board of Directors, its Audit Committee, and an executive-level Information Security Oversight Committee (ISOC). The Audit Committee receives regular reports from the company's information security department, business technology solutions group, and Chief Risk Officer, as well as from internal and external auditors. The ISOC meets regularly to review identified information security risks, vulnerabilities, and remediation actions. To provide general program oversight, our CISO reports to the Board twice a year on information security matters. First American also maintains insurance coverage for certain costs associated with our information security risk exposure.

### Rigor and Assurance

The company dedicates significant resources to securing our systems and to protecting non-public personal and other confidential information. These include resources dedicated to intrusion prevention (firewalls, endpoint protection, behavior

analysis tools), vulnerability identification (vulnerability scans and penetration tests), and remediation.

Our information security program is based on the National Institute of Standards and Technology (NIST) Special Publication 800-53. NIST 800-53 guides organizations on how to select security controls based on their level of risk. Our offshore entities are certified to the ISO 27001 standard for information security management. Selected entities have undergone Service Organization Control (SOC) audits and generated SOC1 and SOC2 reports to provide an extra level of assurance.

Our crisis management plan, which is enacted in the event of a data breach, is periodically reviewed with our executive team. Each year, we run a tabletop exercise of our incident response plan. If critical technology systems or infrastructure become unavailable, Disaster Recovery Plans (DRP) are enacted to restore the application, system, or infrastructure component. Furthermore, our Information Security Helpline is designed to detect, deter, and respond to threats to First American's data, property, physical security, infrastructure, or information in a professional and consistent manner.

## Safeguarding Privacy

We are dedicated to consumer privacy and have a number of controls in place in order to ensure data collected by First American is secure. Some of these controls include adhering to the company's records and information management policy and records retention schedule, ensuring data is encrypted in transit and at rest, and developing and implementing data management of Non-public Personal Information (NPPI) data throughout the product (process or data) life cycle.

First American conducts in-depth business process reviews on key platforms that include analyzing data, as well as document ingestion and retention practices, with a focus on reducing or avoiding ingestion, storage, and retention of NPPI data and limiting its use only when necessary to conduct business or to adhere to customer, legal, or product requirements. These business process reviews, when practicable, also include the modification or enhancement of technology platforms so that NPPI data is not allowed to be introduced if not needed. Additionally, maintenance schedules are developed so that data and documents can be periodically redacted or deleted.

### Protecting Your Data and Privacy

Lastly, significant efforts are being undertaken to apply leading edge technology and data science techniques against our document repositories to detect, highlight, and mask NPPI data. These efforts apply to our historical archives, as well as newly introduced documents.

First American's Data Privacy Program ensures the company's compliance with the current privacy regulations, including the California Consumer Privacy Act (CCPA), as amended by the California Privacy Rights Act (CPRA). Our <u>privacy policy</u> is designed to provide transparency into our privacy practices and principles.

## **Managing Risk**

## **Enterprise Risk Management**

The company maintains an extensive and structured enterprise risk management (ERM) program overseen by our Board of Directors and its Audit Committee. The program's hierarchy and structure encompass senior executive leaders from all facets of the business, including operations, human resources, finance, accounting, treasury, information technology, legal/regulatory, internal audit, compliance, underwriting, and real estate. The company's Chief Risk Officer (CRO) coordinates ERM activities and is involved in identifying, evaluating, and monitoring top risks to help our businesses achieve their goals. In addition, the CRO drives our ERM strategy by providing strategic guidance to senior officers and risk management teams.

The Audit Committee and the full Board of Directors regularly receive reports regarding the company's ERM activities from the CRO including the company's top risks, mitigation efforts, and risk monitors. In addition, our ERM program is assessed regularly via



#### Managing Risk

internal reviews by our Internal Audit function, as well as various state and federal regulatory bodies.

## **Vendor Risk Management**

Vendor risk management activities are supported by an Enterprise Vendor Management Program which establishes the organizational structure and practices for oversight of vendor risk. This includes providing guidance and education to company personnel responsible for managing vendor relationships. The program facilitates vendor risk categorization and completion of required vendor assessments which may include assessments covering information security, privacy, business continuity and disaster recovery, financial stability, and insurance coverage. Vendors that meet certain risk profiles are assessed annually.

Our Vendor Security Risk Management (VSRM) program is based on industry accepted security due diligence practices. If a vendor meets a certain risk profile, that vendor is evaluated relative to an information security control scheme to determine if certain information security guidelines are met. We use a standard format to gather and evaluate information across a broad spectrum of data security control areas.

## Supplier Code of Conduct

We intend to select and retain suppliers that share and embrace our commitment to integrity. Though suppliers are independent entities, we expect all suppliers who conduct business with, or on behalf of, First American to adhere to standards of business conduct and compliance that are similar to what we expect from our employees. Suppliers are expected to avoid conflicts of interest and uphold our same commitments to diversity, equal employment opportunity, and a safe and harassment free workplace. For more information, please refer to our <a href="Supplier Code">Supplier Code</a> of Conduct available on our website.

## **Business Continuity**

Our Audit Committee receives periodic reports regarding our Business Continuity Management (BCM) Program. This program includes maintaining plans to address operational disruption (business continuity), technology disruption (disaster recovery), mass absenteeism (infectious disease management), and crisis management to properly manage risks to our business operations and organization. Plans detail specific procedures and actions to be taken to address events and emergency situations to minimize impact and ensure business operations and services can continue. Plans are reviewed, tested, and updated at least annually ensuring plans remain relevant and capable. A primary objective of all planning is to minimize economic loss resulting from operational disruption.

# SASB INDEX

We have identified two SASB sector standards that most closely align with our business operations: Primary - Services Sector: Professional & Commercial Services Standard (SV-PS) and Secondary - Financials Sector: Insurance Standard (FN-IN).

Unless otherwise noted, the SASB Index is as of December 31, 2022, and excludes disclosures specific to the company's international and specialty insurance business operations, which together account for approximately 10 percent of the company's revenue.

## **Data Security**

customers affected

SASB Metric	SASB Code	Response	Reference
Description of approach to identifying and addressing data security risks	SV-PS-230a.1	First American has a formal information security program managed by our Chief Information Security Officer and overseen by our Board of Directors.	2022 Corporate Sustainability Report: Information Security Program, Pg. 52
Description of policies and practices relating to collection, usage, and retention of customer	SV-PS-230a.2	We are subject to laws and regulations that enact standards to protect the confidentiality and security of customer non-public personal information. Our Internal Audit and Compliance team conducts audits to the regulations.	2022 Corporate Sustainability Report: Protecting Your Data and Privacy, Pgs. 51- 53
information		First American's records retention policy and schedule are informed by laws, regulations, statutory requirements, audit requirements, and other operational requirements.	First American Privacy Policy
		First American's data privacy policy outlines our commitment to the protection of personal information. This comprehensive privacy policy discusses how we collect, use, and share data across our businesses, and provides greater detail on the types of data we collect. The company's data privacy program provides governance around our privacy principles and standards.	
(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of	SV-PS-230a.3	Except as a matter of public record, the company does not disclose information concerning data security breaches. In accordance with SEC requirements, First American discloses all material or significant legal proceedings, other than ordinary course lawsuits and regulatory proceedings, in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.	2022 Annual Report: Litigation and Regulatory Contingencies, Pg. 95

## **Workforce Diversity & Engagement**

SASB Metric	SASB Code	Response	Reference
Percentage of gender and racial/ ethnic group representation for	SV-PS-330a.1	Approximately 68% of our employees are women.	2022 Corporate Sustainability Report: Employee Demographics, Pgs. 37-38
(1) executive management and (2) all other employees	Approximately 31% of our employees are from racial/ethnic minorities.		Employee Demograpmes, 1 gs. 57-30
(1) Voluntary and	SV-PS-330a.2	In 2022, First American's voluntary and involuntary turnover rates were 14.4% and 13.2%, respectively. (Involuntary turnover rose from 1.9% in 2021 due to layoffs as a result of difficult industry conditions.)	
(2) involuntary turnover rate for employees		2021 due to layons de a result of annealt madely containens.	
Employee engagement as a percentage	SV-PS-330a.3	Our 2022 Great Place to Work® Trust Index© engagement score was 87%.	2022 Corporate Sustainability Report: Employee Engagement, Pgs. 20-21
			Great Place to Work – Certified

## **Professional Integrity**

SASB Metric	SASB Code	Response	Reference
Description of approach to ensuring professional integrity	SV-PS-510a.1	First American has a comprehensive program to promote ethical business practices and regulatory compliance, including a Financial Accuracy and Compliance Hotline which provides 24/7, anonymous reporting of any legal or ethical concerns by its employees. Significant elements of the program are disclosed in the Governance Documents section on the company's website.  The company also maintains a records and information management policy, which details the record retention schedule for different types of information.	<ul> <li>2022 Corporate Sustainability Report: A Foundation of Integrity, Pg. 50</li> <li>Governance Documents</li> <li>Governance Guidelines</li> <li>Code of Ethics and Conduct</li> <li>Code of Ethics for Chief Executive Officer and Senior Financial Officers</li> <li>Code of Ethics Waivers</li> <li>2022 Annual Report: Report of Independent Registered Public Accounting Firm, Pgs. 47-49</li> </ul>
Total amount of monetary losses as a result of legal proceedings associated with professional integrity	SV-PS-510a.2	In accordance with SEC requirements, First American discloses all material or significant legal proceedings, other than ordinary course lawsuits and regulatory proceedings, in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.	2022 Annual Report: Litigation and Regulatory Contingencies, Pg. 95

## **Activity Metrics**

SASB Metric	SASB Code	Response	Reference
Number of employees by: (1) full- time and part-time, (2) temporary, and (3) contract		As of December 31, 2022, First American had 13,821 employees in the U.S. and 21,153 employees worldwide. Approximately 98 percent of our employees are full-time. In addition, the company employed approximately 350 contract or temporary workers at year end.	
Employee hours worked, percentage billable	SV-PS-000.B	Not relevant to our business.	

## **Transparent Information & Fair Advice for Customers**

SASB Metric	SASB Code	Response	Reference
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	<b>'</b>	In accordance with SEC requirements, First American discloses all material or significant legal proceedings, other than ordinary course lawsuits and regulatory proceedings, in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.	2022 Annual Report: Litigation and Regulatory Contingencies, Pg. 95
Complaints-to-claims ratio	FN-IN-270a.2	First American's complaints-to-claims ratio was 0.88 complaints per 1,000 claims for 2022 for our title and settlement services business. This ratio covers closed, confirmed complaints as reported by the National Association of Insurance Commissioners (NAIC).	NAIC National Complaint Index
		NAIC also reports a National Complaint Index which measures closed and confirmed title claims relative to a company's market share. First American's National Complaint Index score was 1.13 in 2022 based on the information provided by the NAIC as of July 10, 2023. This represents an average performance, as our complaints were slightly above the National Average, which is represented as 1.0.	
Customer retention rate	FN-IN-270a.3	Not applicable as title policies are long term and policies in force are not tracked.	

## Transparent Information & Fair Advice for Customers (cont'd)

SASB Metric	SASB Code	Response	Reference
Description of approach to informing customers about products	FN-IN-270a.4	First American is committed to empowering consumers and informing those who buy and sell real estate about their rights to select service providers and receive transparent disclosures. The company also seeks to inform homebuyers about the importance of safeguarding their investment and securing their transactions.	2022 Corporate Sustainability Report: Enhancing the Customer Experience, Pg. 10
		The scope of First American's internal guidelines for marketing and communications includes all efforts to promote our brand image, products, services, or related experiences to customers, employees, investors, and other important audiences. This would include almost any form of communication between the company and our customers (both individuals and businesses), agents, and the general public. Communication and marketing vary by business division and could include, but would not be limited to, website, online advertising, email, and printed materials.	Ownership Information Center  Security and Privacy Center  Multicultural Resources Center
		The guidelines also include guidance on how to comply with First American's Privacy Policy and applicable regulation, including the Real Estate Settlement Procedures Act (RESPA) and the Federal Trade Commission's (FTC) Unfair and Deceptive Acts and Practices (UDAP).	2022 Annual Report: Distribution, Sales and Marketing, Pgs. 7-8
		For more information on how we distribute our title insurance policies and related products and services through our direct and agent channels, as well as our marketing and communication efforts, refer to our 2022 Annual Report.	

## Incorporation of ESG Factors in Investment Management

SASB Metric	SASB Code	Response			Reference
Total invested assets, by industry and asset class	FN-IN-410a.1	The majority of First American's debt securities other government bonds not subject to industr		cked securities, municipal bonds, and ity securities are in index funds with broad	2022 Annual Report: See notes to Consolidated Financial Statements
		Industry Group	Total Market Value (USD, rounded to Millions)	% of total	
		Mortgage Securities*	4,601	54.5	
		Municipal Bonds	1,479	17.5	
		U.S. Government Securities**	532	6.3	
		Unidentified	425	5.0	
		Banks	252	3.0	
		Mutual Fund/ETF***	250	3.0	
		Sovereign bonds****	194	2.3	
		Financial Services	151	1.8	
		Food, Beverage & Tobacco	59	0.7	
		Consumer Discretionary Distribution & Retail	54	0.6	
		Capital Goods	53	0.6	

## Incorporation of ESG Factors in Investment Management (cont'd)

SASB Metric	SASB Code	Response			Reference
		Pharmaceuticals, Biotechnology & Life Sciences	52	0.6	
		Energy	51	0.6	
		Health Care Equipment Services	35	0.4	
		Software & Services	33	0.4	
		Media & Entertainment	29	0.3	
		Semiconductors & Semiconductor Equipment	26	0.3	
		Telecommunication Services	24	0.3	
		Consumer Staples Distribution & Retail	22	0.2	
		Utilities	21	0.2	
		Transportation	16	0.2	
		Equity Real Estate Investment Trusts (REITs)	15	0.2	
		Real Estate Management & Development	15	0.2	
		Technology Hardware & Equipment	15	0.2	
		Consumer Services	14	0.2	
		Materials	9	0.1	
		Insurance	9	0.1	

## Incorporation of ESG Factors in Investment Management (cont'd)

SASB Metric	SASB Code	Response			Reference
		Automobiles & Components	5	0.1	
		Consumer Durables & Apparel	5	0.1	
		Commercial & Professional Services	4	-	
		Household & Personal Products	1	-	
		TOTAL	\$ 8,450	100.0	
		* Government agency mortgage-backed s ** U.S. Treasury and governmental agency *** Excludes \$11M in preferred stock and **** Primarily Canadian government debt	y bonds \$19M in common stock included	in industry categories	
Description of approach to incorporation of ESG factors in investment management processes and strategies	FN-IN-410a.2	First American does not directly incorporate ESG factors into investment management processes and strategies through any formal process. The company generally uses external fund managers who manage to a limited set of investment guidelines established by the company. External investment managers who manage approximately 27% of the company's investment portfolio as of December 31, 2022, do consider various ESG criteria in the investment selection process for client portfolios.			

## Policies Designed to Incentivize Responsible Behavior

SASB Metric	SASB Code	Response	Reference
Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	Not applicable given the nature of title insurance policies.	
Discussion of products and/ or product features that incentivize health, safety, and/ or environmentally responsible actions and/or behaviors	FN-IN-410b.2	Not applicable given the nature of title insurance policies.	

## **Environmental Risk Exposure**

SASB Metric	SASB Code	Response	Reference
Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	Not applicable given the nature of title insurance policies.	
Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	FN-IN-450a.2	Not applicable given the nature of title insurance policies which do not directly cover these perils.	
Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firmlevel risks and capital adequacy	FN-IN-450a.3	Environmental risks are not relevant in the underwriting of individual title policies.  Due to the nature of First American's core business of title insurance, the company is unlikely to be substantively affected by any climate-related risks. We have conducted risk assessments, and, to date, no environmental risks have been identified that would have a substantive impact on the company. While some physical risk exists related to our distributed office network in the U.S., First American has sufficient insurance coverage and an enterprise risk management (ERM) program, business continuity plans (BCP) and crisis management plans to minimize the financial and operational impact on our business. As part of our ERM process, department/division leaders respond to a survey to categorize potential substantive risks affecting First American. Climate-related risk was expressly considered in the company's most recent enterprise risk assessment survey, and the risk assessment process concluded that climate-related risk is not a top risk of the company. If any substantive environmental risks were to be identified in the future, our Audit Committee would oversee any that were top risks to the company and our business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee.	2022 Corporate Sustainability Report: Managing Risk, Pg. 53  2022 CDP Climate Change Disclosure  2022 Annual Report: Risk Factors, Pgs. 12-22

## **Systemic Risk Management**

SASB Metric	SASB Code	Response	Reference
Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	First American did not use derivative financial instruments in any material or significant amount in 2022.	2022 Annual Report: Interest Rate Risk, Pg. 44
Total fair value of securities lending collateral assets	FN-IN-550a.2	First American did not engage in any securities lending activity in 2022.	
Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	First American has defined policies and procedures in place to effectively manage capital and liquidity-related risks.  The company maintains capital monitors, which are reviewed quarterly, to assess the adequacy of capital at the holding company and our significant regulated subsidiaries. Stress testing of our investment portfolio is performed on a quarterly basis assuming several different interest rate scenarios. At the beginning of each year, management reviews with the Board of Directors an annual financial plan or budget which outlines the expected financial results for the current calendar year. Subsequently, regular financial updates are provided to the Board of Directors as the year progresses. Management also prepares, and reviews with the Board of Directors, a five-year financial plan which includes a base case and scenarios that stress test the plan under differing market and economic conditions.  For liquidity management purposes, First American maintains a five-year annual holding company cash flow forecast. The Board of Directors reviews holding company liquidity levels on a quarterly basis.  On an annual basis, the Board of Directors reviews and approves policies regarding liquidity risk and contingent funding. These policies establish cash and liquidity targets and delineate a full spectrum of liquidity management tools that could be deployed if our operating cash on hand is insufficient. First American does not have any material or significant exposure to derivatives.	2023 Proxy Statement: Risk Oversight, Pgs. 27-28  2022 Annual Report: Risk Factors, Pgs. 12- 22; Quantitative and Qualitative Disclosures About Market Risk, Pgs. 43-45; Liquidity and Capital Resources, Pgs. 40-43

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## **Activity Metric**

SASB Metric	SASB Code	Response	Reference
Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	Not relevant for First American's title and settlement services segment.	

# TCFD INDEX

#### **Governance**

TCFD Recommendation	Response	Reference
a) Describe the board's oversight of climate-related risks and opportunities	Climate-related risks and opportunities are primarily overseen by First American's Board of Directors and its Audit Committee. The full board and Audit Committee oversee the company's enterprise risk management (ERM) program, which is reviewed annually and encompasses material climate-related risks and opportunities within its operations and insurance underwriting activities alongside risks and opportunities in other aspects of business. The ERM program is driven and coordinated by the company's Chief Risk Officer (CRO). On a quarterly basis, the Audit Committee reviews risk factors that are disclosed in the company's SEC filings. If any substantive environmental risks were to be identified, the Audit Committee would oversee any that were top risks to the company and the company's business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee.	The below references pertain to all responses in the TCFD Index:  2022 Corporate Sustainability Report: Supporting Home Ownership: Spotlight on Innovation Pg. 11  2022 Corporate Sustainability Report: Environmental Responsibility Pg. 39
b) Describe management's role in assessing and managing climate-related risks and opportunities	First American's CRO and ESG Committee are responsible for assessing and managing climate-related risks and opportunities, which are overseen at the executive level by the Chief Executive Officer and Chief Financial Officer.  The CRO, assisted by the ERM Committee, administers a biennial company risk survey that ultimately enables management to determine	2022 Corporate Sustainability Report: Energy and Greenhouse Gases, Pg. 41  2022 Corporate Sustainability Report: Managing Risk, Pgs.
	and prioritize its risks, while subsequently integrating appropriate controls to mitigate identified risks. The CRO coordinates ERM activities identifying, evaluating, and monitoring top risks to help First American's businesses achieve their goals. In addition, the CRO drives the ERM strategy by providing strategic guidance to senior officers and risk management teams.	53-54 2022 CDP Climate Change Disclosure
	The ESG Committee has oversight in assessing potential risks, including risks related to current and emerging regulation, technology, the legal environment, market, reputation, and acute and chronic physical risks.	SASB FN-IN-450a.3  2022 Annual Report: Risk Factors, Pg.15

## TCFD Index

## Strategy

TCFD Recommendation	Response	Referen
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Due to the nature of First American's core business of title insurance, First American is unlikely to be substantively affected by any climate-related risks. Though we conduct risk assessments, we currently have not identified environmental risks that may pose a substantive impact on the company.	
	First American sees potential opportunities in increased market valuation as more assets under management are being directed to socially responsible companies. We have been continuously enhancing our sustainability reporting practices and programs, such as the development of this report, tracking and monitoring our greenhouse gas (GHG) inventory, and transparent sustainability reporting through CDP and Institutional Shareholder Services (ISS).	
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	First American has not been significantly influenced by climate-related risks and opportunities. We established an ESG Committee to address topics such as climate change and portfolio impacts. We provided disclosures in the company's 2022 Annual Report on Form 10-K and in our previous quarterly reports on Form 10-Q that risks related to climate change, such as severe wildfires, floods, hurricanes, and other catastrophe or severe weather events, may have adverse effects on First American. However, as climate-related risks are not top risks to the company, developing strategies and financial planning elements specific to climate is not seen as an immediate priority item, though this could change in future years.	
	Decisions in our operational strategy, such as our investments in R&D, have been driven by business objectives. But in many applications, they have also yielded added benefits of reducing the environmental footprint associated with paper waste and energy consumption used to collect and distribute real estate transaction documents. These R&D investments drive the company's future growth and operational efficiency, including our digital closing and title automation initiatives and the expansion and enhancement of our data assets that fuel them.	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	First American has not yet undertaken a climate-related scenario analysis. We have not identified any climate-related risks that could have a substantive financial impact on our business. As such, we have not seen an immediate need to perform a climate-related scenario analysis.	

## TCFD Index

## Risk Management

management to determine and prioritize its risks, while subsequently integrating appropriate controls to mitigate identified risks. The Audit Committee and the full Board of Directors regularly receive reports regarding the company's ERM activities from the CRO including the company's top risks, mitigation efforts, and risk monitors.  b) Describe the organization's processes for managing climate-related risks  b) Describe how processes for identifying, assessing and managing climate-related risks are integrated  c) Describe how processes for identifying, assessing and managing climate-related risks are integrated  management to determine and prioritize its risks, while subsequently integrating appropriate controls to mitigate identified risks. The Audit Committee reports regarding the company's ERM activities from the CRO including the company's top risks, mitigation efforts, and risk monitors.  If any substantive environmental risks were to be identified, First American's Audit Committee would oversee any that were top risks to the company and the business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee. On a quarterly basis, the Audit Committee reviews risk factors disclosed in the company's SEC filings, which include climate-related issues and other risks informed, in part, by the ERM process.  c) Describe how processes for identified risks are integrated.  First American's ERM structure encompasses senior executive leaders from all facets of the business, including operations, finance, accounting, treasury, information technology, legal/regulatory, internal audit, compliance, underwriting, and human resources. Our ERM program is assessed regularly via internal reviews by our Internal Audit function as well as various state and federal regulatory bodies. Climate-related risk was	TCFD Recommendation	Response
for managing climate-related risks  company and the business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee. On a quarterly basis, the Audit Committee reviews risk factors disclosed in the company's SEC filings, which include climate-related issues and other risks informed, in part, by the ERM process.  c) Describe how processes for identifying, assessing and managing climate-related risks are integrated  First American's ERM structure encompasses senior executive leaders from all facets of the business, including operations, finance, accounting, treasury, information technology, legal/regulatory, internal audit, compliance, underwriting, and human resources. Our ERM program is assessed climate-related risks are integrated	a) Describe the organization's processes for identifying and assessing climate- related risks	management to determine and prioritize its risks, while subsequently integrating appropriate controls to mitigate identified risks. The Audit Committee and the full Board of Directors regularly receive reports regarding the company's ERM activities from the CRO including the
identifying, assessing and managing treasury, information technology, legal/regulatory, internal audit, compliance, underwriting, and human resources. Our ERM program is assessed climate-related risks are integrated regulatory bodies. Climate-related risk was	b) Describe the organization's processes for managing climate-related risks	company and the business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee. On a quarterly basis, the Audit Committee reviews risk factors disclosed in the company's SEC filings, which include climate-related
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	treasury, information technology, legal/regulatory, internal audit, compliance, underwriting, and human resources. Our ERM program is assessed regularly via internal reviews by our Internal Audit function as well as various state and federal regulatory bodies. Climate-related risk was expressly considered in the company's most recent enterprise risk assessment survey, and the risk assessment process concluded that climate-
If any substantive environmental risks were to be identified, our Audit Committee would oversee any that were top risks to the company and our business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee.		If any substantive environmental risks were to be identified, our Audit Committee would oversee any that were top risks to the company and our business continuity program would oversee the management and mitigation of other environmental risks, assisted by the ESG Committee.

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## **Metrics and Targets**

TCFD Recommendation	Response	Reference
a) Disclose the metrics used by the organization to assess climate-related	First American uses the below thresholds to determine substantive financial or strategic impact of climate-related risks and opportunities to the company:	
risks and opportunities in line with its strategy and risk management process.	Low impact - assumed dollar impact under \$20 million	
	Moderate impact - assumed dollar impact ranging from \$20 - \$100 million	
	High impact - assumed dollar impact over \$100 million	
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	First American's current approach is to improve the quality of data associated with our scope 1 and 2 GHG emissions inventory. We will continue our approach to emissions measurement and management and if applicable, any related risks.	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	First American's current approach is to improve the quality of data associated with our scope 1 and 2 GHG emissions inventory. While the company has no active, quantifiable emissions reduction targets, we have an internal goal to reduce the energy and GHG emissions in our owned operations year-over-year.	

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