



# First American<sup>®</sup>

## SUSTAINABILITY REPORT

# 2019



*First American*







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# 2019 AT-A-GLANCE

Unless otherwise noted, this report speaks as of December 31, 2019 and only speaks to operations within the United States (excluding all international operations) and facility data is representative only of owned facilities.



## Environmental

# 6,505

As a result of emission reduction activities, divestments, and other external factors between 2013 to 2019, we reduced greenhouse gas emission by a total of **6,505 metric tons** of carbon dioxide equivalent (MT CO<sub>2</sub>e).



- We have expanded our greenhouse gas (GHG) inventory to account for additional emissions sources, including company fleet, business travel, and e-waste recycling.
- Our total waste to landfill emissions were **100 percent** offset by recycling practices.
- Our electricity intensity decreased by **10 percent** compared to the previous reporting year.





## Social

- Continued our commitment to gender and workplace diversity.
  - Approximately **43 percent** of our mid-management employees and more than 60 percent of our supervisors are women.
  - Approximately **28 percent** of our employees are minorities.
  - Approximately **35 percent** of our employees have been with the company for over 10 years.
  - We achieved a **10.7 percent** voluntary employee turnover rate.
- According to our biennial employee engagement surveys, based on the Trust Index© survey by Great Place to Work®, **89 percent** of employees at First American say it is a great place to work.
- We donated over **\$890,000** towards organizations that support women's health.

# 100

For the 4th consecutive year in 2019, we were named to the **Fortune 100 Best Companies to Work For®** list and the Best Workplaces for Women™ list.



We received a **perfect score of 100 percent** on the Human Rights Campaign Foundations' Corporate Equality Index.



## Governance

- The Governance Committee of the Board of Directors reviews and considers material environmental, social and governance trends applicable to the company and related company practices on an annual basis, including a review of this report.
- We have been publicly reporting on our Corporate Responsibility and Sustainability performance in our proxy statements since 2018.
- Approximately **89 percent** of our directors are "independent," as defined by the New York Stock Exchange for listed companies.

# 22

Approximately **22 percent** of the Board of Directors are women.

# 25

Approximately **25 percent** of standing Board-level committees are chaired by women.



# 2020 Preview

## COVID-19 RESPONSE

While the scope of this report is First American's 2019 achievements, we acknowledge the impact that the coronavirus pandemic has had on our employees, customers, and overall global community. It is no secret that this pandemic and responses to it have created a period of volatility, uncertainty, and economic disruption. During this difficult time, First American remains committed to supporting the health and safety of our employees, customers, and the communities in which we operate, while meeting the service needs of our customers. Early on in the pandemic, the Company activated its long-standing business continuity plans, which included allowing most employees to work from home. Consistent with our people first philosophy, early in the pandemic we committed to our employees that we would not make any layoffs through the end of the second quarter of 2020. We believed that this was the right approach given the unique circumstances. Although this action was expected to negatively impact our short-term results, we believed the benefits to our people, our customers and ultimately, our shareholders was worth the long-term investment. Additionally, our annual meeting of stockholders was moved to a virtual platform to protect the health and safety of attendees. For customers, we implemented low-contact and no-contact closing options for real estate transactions. First American actively monitors coronavirus developments and follows appropriate guidance from the Centers for Disease Control (CDC) and World Health Organization (WHO).

For more information on our response to COVID-19, please visit: <https://www.firstam.com/covid-19-update/index.html>.

## Diversity, Equity and Inclusion (DEI) Advisory Council:

First American is committed to developing meaningful and sustainable strategies that benefit our people and communities over time. Made up of representatives from across the First American enterprise, the DEI Advisory council will be focused on the development of employee-centered actions to enhance our recruitment, engagement, development, and retention of diverse team members with the support of a Human Resources DEI Task Force. The council will also work with divisional DEI Task Forces on community-focused efforts that promote inclusivity in our local areas and through our social responsibility activities.

## 2020 FORTUNE® Awards:

In 2020, First American for the fifth year in a row was nationally recognized on the FORTUNE 100 Best Companies to Work For® list, as well as:

- FORTUNE Best Workplaces for Women™
- FORTUNE Best Workplaces in Financial Services & Insurance™











# 01

## INTRODUCTION AND OVERVIEW



## Company Profile

**First American Financial Corporation (or “First American”) is a leading provider of title insurance, settlement services and risk solutions for real estate transactions that traces its heritage back to 1889.**

First American also provides title plant management services; title and other real property records and images; valuation products and services; home warranty products; property and casualty insurance; banking, trust, and wealth management services; and other related products and services. With total revenue of \$6.2 billion in 2019, the company offers its products and services directly and through its agents throughout the United States and abroad.

We also provide products and services in a number of countries outside of the United States. Today we have direct operations and a physical presence in several countries, including Canada, the United Kingdom, South Korea and Australia.

First American Financial Corporation was incorporated in the state of Delaware in January 2008 to hold the financial services businesses of the Company's prior parent. On June 1, 2010, the company's common stock was listed on the New York Stock Exchange under the ticker symbol “FAF.” The businesses operated by the company's subsidiaries have, in some instances, been in existence since the late 1800s.

Our corporate headquarters are located at 1 First American Way, Santa Ana, California, 92707-5913.



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**(December 31, 2019)**

NAME

**First American Financial Corporation**

INDUSTRY

**Financial Services & Insurance**

HEADQUARTERS

**Santa Ana, California**

WORLDWIDE EMPLOYEES

**18,412 (full-time and part-time employees)**

A hand holding a set of keys, with a large outline of the number 02 overlaid.

# 02

SUPPORTING  
HOMEOWNERSHIP  
IN THE U.S.



## The Real Estate Closing Process and The Importance of Title Insurance

Real estate has always played a key role in the U.S. economy and continues to be an important driver of the national economy. In fact, housing's combined contribution to gross domestic product (GDP) generally averages between 15-18 percent through residential investment (3-5 percent) and consumption spent on housing (12-13 percent).<sup>1</sup>

For many Americans, their home is their most valuable asset and a key driver of household wealth – the median income homeowner has 40 times the household wealth of the median renter – over \$250,000 for the homeowner with just over \$6,000 for the renter.<sup>2</sup> Buying a home is never without risk, however. That's why in most instances mortgage lenders and purchasers of real estate choose to be protected from loss or damage in the event of defects in the title of the subject property. Title insurance is a means of providing such protection. First American is proud to offer products and services, including title insurance and closing services, that play an important role in supporting and enabling home ownership and other real estate transactions.

### THE CLOSING PROCESS

In the United States, title insurance is essential to the real estate closing process in most transactions involving real property mortgage lenders. Owner's policies are also used to cover owners when there are no lenders involved. The closing or settlement function is sometimes called an "escrow" in western states. Depending on the local custom in the region,



# 15-18 %

housing's contribution  
to Gross Domestic  
Product

the escrow function may be performed by a lawyer, an escrow company or a title insurance company or agent, generally referred to as a "closer." Once 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 prior loans and extinguish the liens securing such loans. Title policies are then issued, typically insuring the priority of the mortgage of the real property mortgage lender in the amount of its mortgage loan and the buyer in the amount of the purchase price.

<sup>1</sup> NAHB. (2020, April 29). Housing's Contribution to Gross Domestic Product (GDP). Retrieved November 1, 2020, from <https://www.nahb.org/news-and-economics/housing-economics/housings-economic-impact>

<sup>2</sup> <https://blog.firstam.com/economics/homeownership-remains-strongly-linked-to-wealth-building>



## TITLE POLICIES

Title insurance policies insure the interests of owners or lenders against defects in the title to real property. These defects include adverse ownership claims, liens, encumbrances, or other matters affecting title. Title insurance policies generally are issued on the basis of a title report, which is typically prepared after a search of one or more of public records, maps, documents and prior title policies to ascertain the existence of easements, restrictions, rights of way, conditions, encumbrances or other matters affecting the title to, or use of, real property. In certain limited instances, a visual inspection of the property is also made.

The beneficiaries of title insurance policies usually are real estate buyers and mortgage lenders. A title insurance policy indemnifies the named insured and

certain successors in interest against 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. In some cases, the policy might provide insurance in a greater amount or for automatic increases in coverage over time. The potential for claims under a title insurance policy issued to a mortgage lender generally ceases upon repayment of the mortgage loan. The potential for claims under a title insurance policy issued to a buyer generally ceases upon the sale or transfer of the insured property.



## The Importance of Homeownership and Real Estate in the Economy<sup>3</sup>

Homeownership is important to the economy and fostering first-time homebuyer demand is critical for the future growth of the housing market.<sup>4</sup> In a 2020 study from the National Association of Home Builders (NAHB), the new construction of 1,000 average single-family homes generates 2,900 full-time jobs, \$189 million in wages, \$138.6 million in business income and \$111 million in tax revenue.<sup>5</sup> Commercial real estate development and operation of existing buildings, supported 9.2 million American jobs in 2018, contributed \$1.14 trillion to U.S. GDP, and generated \$396.4 million in salaries in wages.<sup>6</sup> Beyond the countless benefits of owning a home to the homeowners themselves, the positive economic impacts ripple across a host of industries, firms and countries, highlighting the important role housing plays in the economy and global marketplace.<sup>7</sup>

Real estate plays an integral role in the U.S. economy.<sup>8</sup> In terms of residential real estate, the market provides housing for families and represents a significant source

of wealth and savings. Commercial real estate creates space for jobs in retail, offices, and manufacturing, thus establishing a source of income for the public. Changes in the real estate market have the potential to impact other economic activity such as national GDP, consumer spending and employment rates<sup>9</sup>, and vice versa. With broad stay-at-home orders and travel restrictions enacted in response to the COVID-19 pandemic, commercial real estate has been dramatically affected. In the first two quarters of 2020, investment in commercial real estate decreased by 29 percent globally, compared to the same period in 2019.

However, this impact has not been uniform across commercial sectors, with retail and hotels being affected more than the industrial sector.<sup>10</sup> Conversely, the housing market has been rather resilient to the economic impacts of COVID-19<sup>11</sup>, and it may play an important role in bringing us out of this recession.<sup>12</sup>

- 
- 3 Opinions, estimates, forecasts and other views contained in this section authored by First American's Economics team, do not necessarily represent the views of First American or its management, and should not be construed as indicating First American's business prospects or expected results, and are subject to change without notice. Although the First American Economics team attempts to provide reliable, useful information, it does not guarantee that the information is accurate, current or suitable for any particular purpose.
  - 4 Fleming, Mark, First American Chief Economist. "Homeownership Has a New Home." Web blog post. Economic Center Blog. First American. 10 Dec. 2015. Web. Dec. 2016.
  - 5 NAHB. (2020, April 01). National Impact of Home Building and Remodeling: Updated Estimates. Retrieved November 18, 2020, from <https://www.nahb.org/News-and-Economics/Industry-News/Press-Releases/2020/04/What-Building-1000-Homes-Means-to-the-US-Economy#:~:text=Building%201%2C000%20average%20single%2Dfamily,Home%20Build-ing%20and%20Remodeling%20report>.
  - 6 Fuller, Stephen. "Economic Impacts of Commercial Real Estate, 2020 Edition." Web blog post. NAIOP. February 2020. Web. Nov. 2019.
  - 7 Fleming, Mark, First American Chief Economist. "I, House: The Complexity and Far-Reaching Benefits of Homeownership." Web blog post. Economic Center Blog. First American. 4 August 2015. Web. Dec. 2016 (citing [reference to the National Association of Home Builders study]).
  - 8 Amadeo, Kimberly. "How Does Real Estate Affect the U.S. Economy?" Web blog post. The Balance. 8 Sept. 2016. Web. Dec. 2016. See also Fleming, Mark, First American Chief Economist. "Raising Rates Can Be Good For the Housing Market." Web blog post. Economic Center Blog. First American. 8 April 2015. Web. Dec. 2016.
  - 9 Amadeo, Kimberly. "How Does Real Estate Affect the U.S. Economy?" Web blog post. The Balance. 8 Sept. 2016. Web. Dec. 2016. See also Kushi, Odeta, Senior Economist at First American. "How low have the mighty fallen? Comparing housing market recession and recovery." Web blog post. Economic Center Blog. First American. 28 July 2015. Web. Dec. 2016; Fleming, Mark, First American Chief Economist. "Economists Agree to Disagree on Causes of Economic Stagnation." Web blog post. Economic Center Blog. First American. 19 May 2015. Web. Dec. 2016; Mitchell, Paul. (Summer 2012). Real Estate in the Real Economy. European Public Real Estate Association and European Association for Investors in Non-listed Real Estate Vehicles. [http://www.epra.com/media/Real\\_estate\\_in\\_the\\_real\\_economy\\_-\\_EPRA\\_INREV\\_report\\_1353577808132.PDF](http://www.epra.com/media/Real_estate_in_the_real_economy_-_EPRA_INREV_report_1353577808132.PDF); Fleming, Mark. "Is the housing market still underperforming? Fox Business." Online video clip. Economic Center Blog. First American. 24 March 2013. Web. Dec. 2016.
  - 10 <https://www.us.jill.com/en/trends-and-insights/investor/global-commercial-real-estate-market-feel-impact-of-covid-19>
  - 11 <https://blog.firstam.com/economics/why-housing-market-potential-remains-at-13-year-high-point>
  - 12 <https://blog.firstam.com/economics/why-the-housing-market-may-weather-coronavirus-impact-better-than-the-great-recession>

## Consumer Information About Our Products and Services

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. The company provides information on its title insurance products and the real estate settlement process, including information about fraud prevention and awareness, on its website, [www.firstam.com](http://www.firstam.com). Such information is also available through the industry trade association (ALTA) website.

Questions about our title insurance products and settlement services are often directed to non-employee trusted advisors, such as real estate agents, title agents and independent escrow officers. The company conducts training for its employees to help them address consumer questions and makes such training available to non-employee trusted advisors as appropriate.

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 facilitate a more transparent transaction, help the consumer understand the loan costs and settlement services fees and understand which services the consumer can shop for. These forms include the loan estimate, closing disclosure and settlement statement, and are typically required to be made within three days of the mortgage loan application, just ahead of the transaction closing and at settlement, respectively. Generally, the consumer will receive the loan estimate and closing disclosure from its lender, while the settlement statement will be provided by its title company, escrow officer or settlement agent. A detailed explanation of these forms is provided on the company's website, [www.firstam.com](http://www.firstam.com), in the Ownership Information Center.





SUPPORTING  
HOMEOWNERSHIP IN THE U.S.







03

ENVIRONMENTAL  
RESPONSIBILITY





## First American's Planet First Council

The First American Planet First Council is a cross-functional leadership team (facilities, corporate communications, strategic sourcing, investor relations, finance, human resources and more) charged with identifying, managing, and measuring the company's environmental sustainability strategies, programs and practices that benefit the environment and support our business goals.

The Planet First Council directs energy efficiency, water reduction, waste elimination and carbon management improvements, as well as develops communications about our sustainability initiatives and corporate stewardship. This Planet First Council is chaired by Elise Luckham, Vice President of Corporate Real Estate, who reports to Mark Seaton, our Chief Financial Officer. The Planet First Council is the result of the merger of the company's Green Team, established in 2011, and the former Planet First Council, launched in 2012.

### FINANCIALLY INCENTIVIZED TO IMPROVE ENVIRONMENTAL PROFILE

As part of the annual performance review process, our facility managers are evaluated on their progress against environmental goals. For example, facility managers at the home office campus have an annual goal to reduce energy consumption compared to the previous year. By tasking facility managers to reduce energy consumption year-over-year, First American incentivizes the energy-reduction initiatives that also drive the reduction of GHG emissions. If the goals are met, facility managers are awarded a bonus.

# Environmental Risk Management

The company maintains a formal enterprise risk management (ERM) program. With direct oversight by the company's board of directors and its audit committee, the company's ERM hierarchy/structure encompasses senior executive leaders from all facets of the business, including the company's vice president, corporate real estate, who chairs the company's Planet First Council and has direct responsibility and accountability for climate related issues, sustainability communications and all of the company's facilities. If the ERM program were to identify an environmental risk, including climate-related risks within our own operations or within our insurance underwriting activities, that could be a top risk to the company, that risk would be managed under our ERM program and overseen by the company's board of directors and its audit committee. The ERM program is described in more detail in the Governance section below. 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. Environmental risks that could have a significant impact on the company (but that do not rise to the level of a top risk overseen by our board of directors), would be managed under our business continuity management (BCM) and business continuity

risk assessment programs, which would likely include specific procedures and actions to be implemented in the event of an emergency. Through our ERM and BCM programs, we have determined that there are no environmental risks that would have a substantive impact on our company.

The company's determination that there are no environmental risks that would have a substantive impact on the company is consistent with and supported by the Sustainability Accounting Standards Board (SASB) Materiality Map, which indicates that environmental risks are generally not financially material for companies within the "Financials" industry, such as First American. SASB is an organization that develops and disseminates sustainability accounting standards intended to help public corporations disclose sustainability information to investors that may be financially material to the company. SASB's approach to determining materiality for the purposes of standard setting is informed by the provisions of the federal securities laws, court opinions and the regulations, interpretations and guidance issued by the Securities and Exchange Commission.





The table below depicts sustainability issues that are likely to affect the financial or operating performance of a company within several industries: Consumer Goods, Extractives & Minerals Processing, Financials, and Transportation.

Dimension	General Issue Category	Consumer Goods	Extractives & Minerals Processing	Financials	Transportation
Environment	GHG Emissions				
	Air Quality				
	Energy Management				
	Water & Wastewater Management				
	Waste & Hazardous Materials Management				
	Ecological Impacts				

■ Issue is likely to be material for more than 50% of industries in sector
 ■ Issue is likely to be material for fewer than 50% of industries in sector
 □ Issue is not likely to be material for any of the industries in sector

The SASB information above about environmental risks for **financial services** companies confirms and supports the company's conclusion that there are no environmental risks that are likely to have a material financial impact or operating impact on the company.<sup>13</sup>

13 Sustainability Accounting Standards Board (SASB). 2018. "SASB Materiality Map". Website: <https://materiality.sasb.org/>





First American supports sustainability as a company and as individuals. At the corporate level, we're committed to reducing energy, water, waste and greenhouse gas emissions across our offices. As employees, we give back to the communities where we live and work. We do this because sustainability supports our corporate values—it's the right thing to do.

**Elise Luckham**

Vice President, Corporate Real Estate

## Environmental Consultants and Data Management Systems

Since establishing our sustainability program, we have expanded our engagement with certified consultants to help improve our climate change mitigation performance, monitoring, and reporting. With the help of these consultants, we collect emissions-related data from owned facilities in the United States through established data management processes and methods, as well as implement assurance mechanisms and internal controls for greenhouse gas (GHG) reporting. In 2019, monthly data on electricity, gas, water, and waste usage were collected for our owned assets in the U.S., which includes the facilities at our home office campus in Santa Ana, Calif. These facilities constitute approximately 12 percent of total First American Offices. First American's management team prioritizes energy efficiency and sustainability programs and improves sustainability reporting using this information and other relevant data.

We are committed to improving the quality of our inventory. As such, we have begun to collect data from our larger leased operations and expect to expand our reporting for 2020 to include them.

our GHG emissions, we are able to measure the impact of carbon reduction initiatives and changes in business operations.

The scope of our inventory includes GHG emissions from our owned facilities in the United States. As such, emissions from company fleet, rental fleet, and business travel are also only from employees based in these facilities. By comparing 2018 and 2019 GHG emissions, we are expanding the collection and analysis of the emission sources included in our carbon footprint. Through this analysis, we assessed relevant emission sources for Scopes 1 (natural gas and company fleet), 2 (electricity), and 3 (waste and business travel) and accounted for potential sources of uncertainty in the emissions data. In comparison to 2018, the 2019 GHG inventory now includes company fleet data for Scope 1, and business travel (rental fleet and air travel) and additional recycling metrics for Scope 3. A summary of the results from the GHG Inventory is displayed below.

## Greenhouse Gas (GHG) Inventory

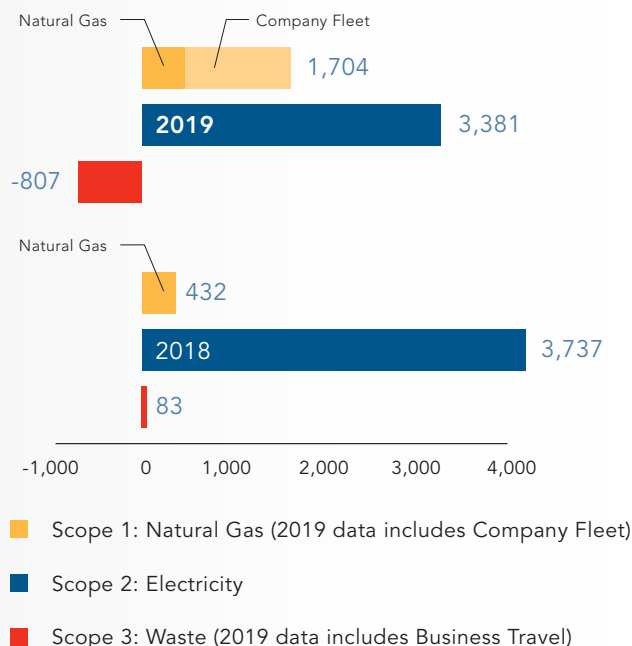
In 2015, we completed our first GHG Inventory following the GHG Protocol Corporate Standard, which provides standards and guidance for organizations preparing a GHG emissions inventory. A GHG emissions inventory is the foundation for developing, implementing, and monitoring climate change mitigation and reduction initiatives. By collecting, standardizing, and analyzing

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A GHG emissions inventory is the foundation for developing, implementing, and monitoring climate change mitigation and reduction initiatives.



## Emissions by Scope (MT CO<sub>2</sub>e)



Comparing 2019 to 2018, we note a few key points:

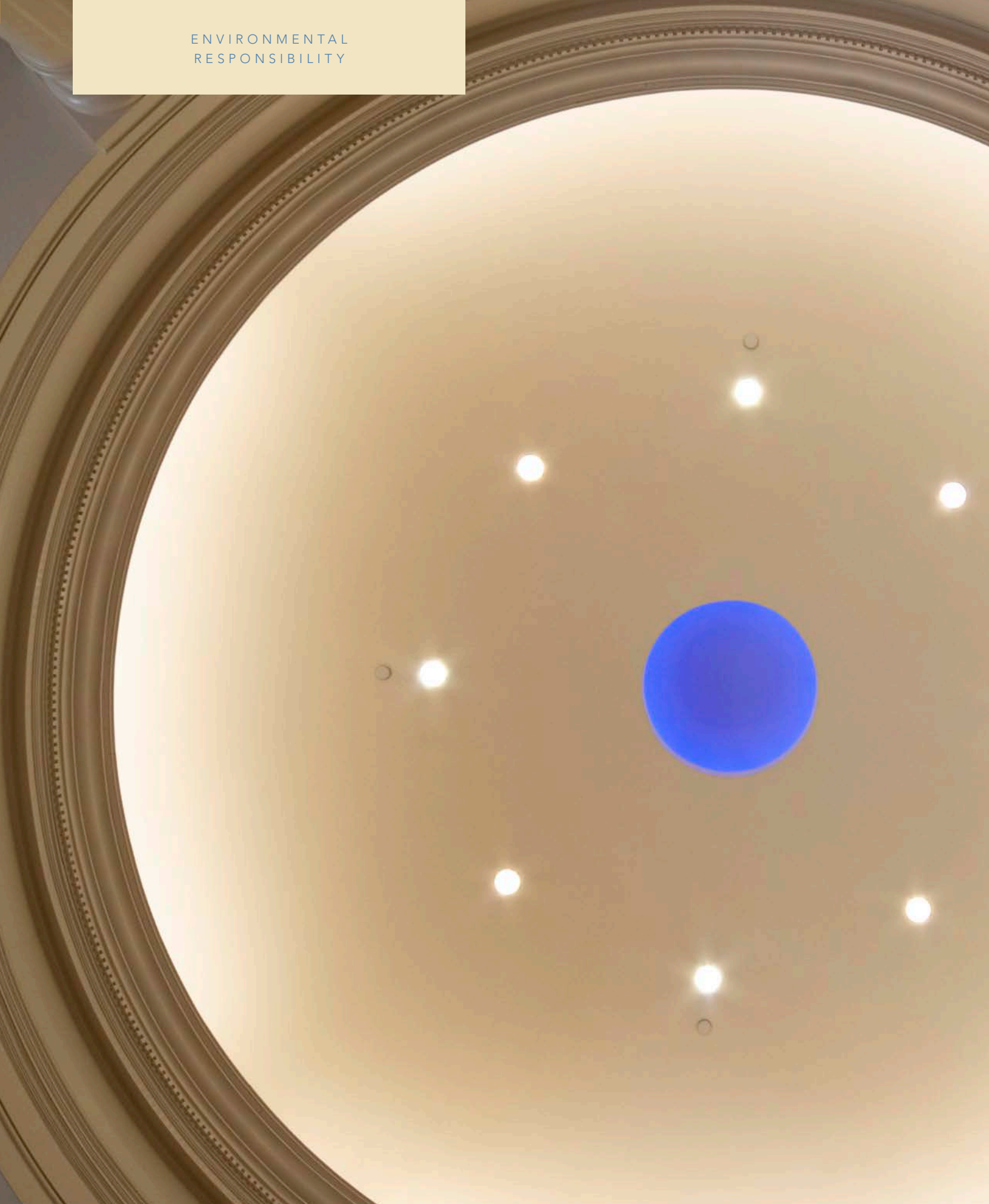
- 1 percent increase in Scopes 1 and 2, and 22 percent increase across all three scopes
- Almost 300 percent increase in Scope 1 due to the inclusion of company fleet for the first time
- Scope 1 emissions, excluding company fleet emissions, increased by 15%
- Over 1,000 percent decrease in Scope 3 due to expanded recycling
- 10 percent decrease in Scope 2 due to energy efficiency measures and reduction in facilities

Participation in an annual GHG inventory demonstrates an important step forward with regards to sustainability and business transparency efforts. Our continued effort to reduce carbon emissions from Scopes 1, 2, and 3 sources is a strong indicator of our commitment to sustainability.

## Sustainability Goals and Targets

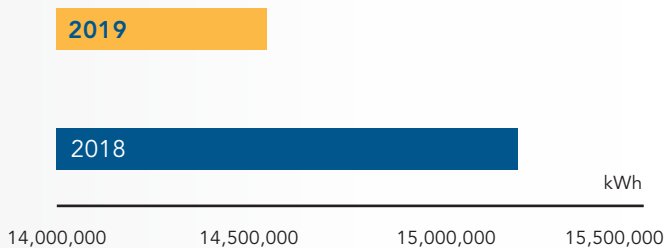
Our long-term goal is to continue to improve our sustainability management program, which includes implementing or maintaining corporate initiatives for reducing emissions and enhancing sustainability practices overall. By investing in emissions reduction strategies, we hope to reduce costs, improve operational efficiency, and reduce our climate change impact. In addition, our company culture encourages employees to incorporate sustainable solutions wherever possible.

We currently have a number of programs and initiatives in place directed at reducing environmental impacts through energy efficiency, water conservation and waste management. We set annual resource reduction targets for water, natural gas and electricity and our internal facilities teams and engineering groups work to implement projects that meet these targets. Our facilities management team strives to implement new or improved energy and fuel efficiency projects at the home office campus on a regular basis. Potential projects are identified and prioritized by the facilities management team based on factors such as cost, energy savings, and fuel savings. In addition, for the past few years, we have provided funding to collect and understand our emissions. As a result of the emissions reduction activities, the home office campus reduced combined Scope 1 and 2 emissions by 52 percent between 2013 and 2019.





## 2018-2019 Electricity Usage Comparison



## ENERGY EFFICIENCY

Projects at the home office campus implemented to increase energy efficiency include:

- Energy-saving equipment replaced existing equipment (HVAC units) in three office buildings
- Various LED lighting replaced incandescent lighting along outdoor walkways and entry points
- Water heater units in two office buildings at the home office campus replaced with more reliable and efficient ENERGY STAR® certified units
- Uninterruptible power supplies (UPS) units replaced to ensure a reliable backup power source should a primary power source become unavailable
- Energy-efficient equipment upgraded, such as the installation of an ENERGY STAR® certified steam cooking oven and a high-quality water filtration system as part of the Café remodel
- LED retrofitting implemented in four buildings
- Building automation controls replaced with new Delta units to save electricity/natural gas usage in four buildings

In 2019, First American reduced the quantity of electricity used at our U.S.-owned facilities by 628,905 kWh (4 percent) compared to 2018, a savings equivalent to the energy use of 51 homes for one year.



## INNOVATING PAPERLESS SOLUTIONS

We are committed to reducing our environmental footprint by shifting our business towards digitized operations. We utilize many software programs that conveniently streamline the paperwork process and reduce the overall amount of paper waste.

### AgentNet®

AgentNet is an innovative underwriting and business resource software system that simplifies the title production process for title agents and attorneys. Through the AgentNet platform, title agents and attorneys can create standard documents contained in insurance policies, generate approved personal liability insurance, search back title history and calculate fees all online, reducing overall paper usage. AgentNet customers have convenient online access to invoices and statements and electronic remittance capabilities, reducing the amount of paper waste that may be generated.

### myFirstAm®

We have driven innovation in our field operations by developing software and web applications used by real estate agents, brokers, and the general public. myFirstAm allows users quick access to property information, estimates for title/escrow fees, and more. In addition, we launched a mobile version for those in the real estate industry in order to provide users with the information they need when they need it and where they need it, whether it is in the office or in the field. With the use of myFirstAm, users can leverage cloud-based services that boost efficiency and productivity, while also going paperless.

### Eagle Pro®

Eagle Pro is our web-based title policy delivery system designed for use by home building professionals. Users have 24-hour access to all information related to projects, including commitments, preliminary title reports, exception documents, assessor tax maps and more. With Eagle Pro, time spent making copies and manually searching for specific information is mitigated through this paperless system.

### EndPoint®

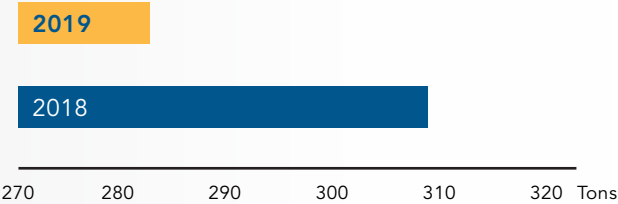
Endpoint is a digital title and escrow company, built from the ground up to deliver a re-imagined closing experience for real estate agents and their buyers and sellers. Through its digital platform, Endpoint aims to keep everyone effortlessly and securely in the know throughout the transaction, while providing a simplified real estate closing from start to finish. Endpoint was founded in 2018 with a diverse team of digital natives and industry veterans.

### Secure Portal

Secure Portal is a modern, secure communication tool between sellers, buyers, and borrowers within First American Title, that helps to facilitate faster closings and reduce the risk of attempted wire fraud. This online account enables buyers to upload their opening packages, e-sign paperwork and use secure messaging to establish wire instructions and communicate in a timely and efficient manner about the progress of their transaction.

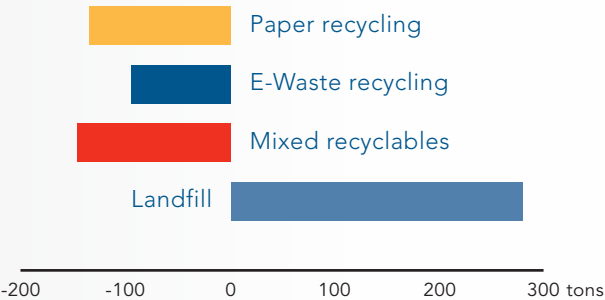


### 2018-2019 Waste to Landfill Comparison



The chart above illustrates our year-over-year waste reduction in total tons of waste sent to landfills. This figure demonstrates a decrease in landfill waste at First American facilities by approximately 26 tons in 2019, compared to 2018.

### 2019 Waste Type Comparison



The chart above illustrates a breakdown of First American's 2019 waste by type. In 2019, over 391 tons of waste was recycled, which represents over 58 percent of our generated waste.

### WASTE MANAGEMENT

We work with the public and our employees to follow best practices with regard to waste.

As part of our goal to reduce onsite waste, the Home Office Campus in Santa Ana has partnered with the local Southwest Community Center since 2015. Prepared, leftover food is collected and placed in sealed containers for collection twice a week by the center to provide daily meals to the homeless, low-income and economically disadvantaged, reducing landfill waste, while making a significant impact in our surrounding communities.

Additional waste-reduction initiatives include:

- Onsite and offsite recycling to decrease the amount of landfill waste produced at facilities
- Employee education about the 3Rs (recycle, reuse, and repurpose) at the annual EcoFair to promote sustainable waste management practices
- Automatic towel dispensers in restrooms to reduce paper use and waste
- Environmentally friendly plates, utensils, and to-go boxes for the campus café to reduce waste and encourage recycling
- Partnership with secure paper shredding services to recycle paper waste

To further offset waste emissions at the Home Office Campus, First American manages the disposal of hazardous waste through partnerships with compliant hazardous waste disposal programs. Items that are safely recycled and/or disposed of include e-waste materials and batteries. Through our IT hardware recycling partnership, the total avoided emissions for 2019 were equivalent to removing 1,284 Passenger cars from the road in one year.



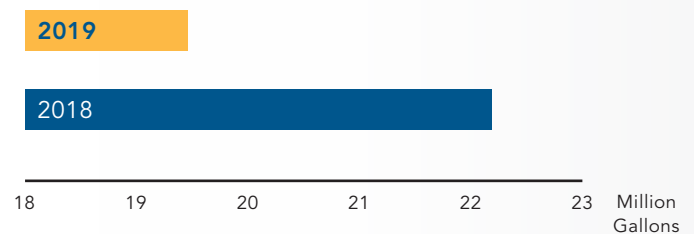
## WATER CONSERVATION

Beginning with the creation of the Planet First Council and Green Team, numerous water-related projects have been implemented at the home office campus.

Water efficiency projects that have been implemented in the past include:

- Updating water fixtures in the bathrooms, cafeteria, and landscaping to reduce water consumption by 177,000 gallons in one year
- Installing a WeatherTRAK system to measure rain, wind and solar temperature, which adjusts water output depending on outside conditions and specific plant requirements, saving more than 1.2 million gallons of water (equivalent to roughly two Olympic-sized swimming pools) and \$50,000 in water costs every year
- Installing soft water filters and EZ-Float technology for cooling towers in Buildings 4 and 5 to reduce the amount of water needed to treat and cycle for its Santa Ana data centers

## 2018-2019 Water Usage Comparison



Our water usage comparison for 2018 vs. 2019. Water consumption at the home office campus decreased by over 2.6 million gallons in 2019 compared to 2018.







## TRANSPORTATION STRATEGIES

### Electric Vehicle Charging Stations

We installed four electric vehicle charging stations at the Home Office Campus to encourage our employees to drive electric vehicles to lower their carbon footprint. Through the use of these charging stations, we have reduced approximately 21.5 MT CO<sub>2</sub>e, the equivalent of planting 551 trees and watching them grow for 10 years.

### Ride Sharing

We implemented an Off-Peak Rideshare program that encourages carpooling and utilization of public transport to help reduce our Scope 3 emissions associated with employee commuting. Employees are eligible if they carpool to work (at least two people), use public transportation, walk, or ride a bike. Eligible employees

receive a monetary reward for participating and are entered into quarterly raffle drawings to win additional prizes. Since the inception of the rideshare program in 2016, employees have reduced the total number of commuting trips by over 1,000,000 vehicle trips.

### Employee Engagement

We host an annual Eco Fair to engage our employees in sustainable practices. Through the Eco Fair, we share the latest information on the Home Office Campus's conservation and sustainability practices and activities, such as e-waste disposal, document shredding, and battery recycling. Employees also learn about energy efficiency, water conservation, recycling, and other sustainability topics that encourage their own conservation efforts.







## Stakeholder Communications and Transparency – CDP and Sustainability Reporting

Since 2015, we have been formally responding to CDP (formerly known as the Climate Disclosure Project), the globally recognized organization responsible for measuring the improvement of participating organizations' environmental risk.

At its inception in 2002, the CDP Climate Change questionnaire primarily focused on emissions management and reporting. As investors, consumers, and other stakeholders have heightened their scrutiny of companies' sustainability performance and response to climate change, CDP has broadened and grown in prominence. CDP now encourages a more holistic company approach to climate change that involves risk and opportunity management, governance, and strategy, in addition to the emphasis on emissions.

In early 2020, the 2019 CDP submission results were released, representing our activities and GHG emissions for the 2018 calendar year. We earned a score of Awareness C demonstrating our knowledge of climate change issues and overall progress towards environmental stewardship. The CDP assigns a score within one of four scoring bands: Disclosure (D-, D), Awareness (C-, C), Management (B-, B), and Leadership (A-, A).

Through this annual disclosure, we can benchmark our environmental performance against industry peers and receive feedback on the progress made each year. In 2019, we scored on par with other companies in the CDP Investor Program, as well as other companies in the Financial Services sector. However, this does represent a decline from our Management B- score in 2018. CDP

### Overall Score Comparison

Leadership

Management

Awareness

Disclosure



raises the bar every year, and our decrease is mostly attributable to the scoring methodology becoming more stringent.

### 2020 PREVIEW

We again disclosed to CDP for 2020 (representing our 2019 activities and GHG emissions), and we improved our score to a Management B.



04

SOCIAL  
RESPONSIBILITY

**#FirstAmCares**

## Caring for Our Community

First American has a rich legacy of serving the communities where our employees live and work. Employees have shared their passion, time, and resources to fill needs wherever they arise.

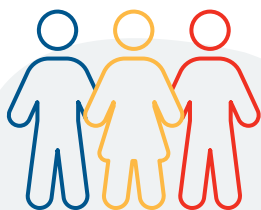
From the local and regional level to the national and global level, First American's employee philanthropy program, **Caring for Our Community**, helps to focus efforts and make the greatest impact by supporting three core causes:



Community Development



Women's Advocacy



Human Services

### COMMUNITY DEVELOPMENT

First American and our employees support organizations that work to create and sustain affordable housing, revitalize low-to moderate-income neighborhoods and support community services and economic development.



Heading Home means a lot to us. To be able to help another family or person go from feeling hopeless to hopeful is truly inspiring and filled all our hearts with joy.

Courtney M., National Commercial Services Division, Boston, MA

### Habitat for Humanity and Heading Home

In collaboration with Habitat for Humanity, a nonprofit organization dedicated to building and repairing homes for displaced people worldwide, we support community development through building and renovating homes in the communities where our employees live and work.

In 2019, we sponsored 15 build events across the country and donated almost \$47,250 to the organization. Employees who volunteer their time at a build receive regular pay for the days they work.



In Orange County, our Database Solutions team participated in Habitat for Humanity's inaugural playhouse charity build contest, where more than 20 other companies competed to build playhouses that would benefit children of the Orange County community. For their playhouse, the team designed a Super Mario Bros.-themed house.

A similar organization to Habitat for Humanity is Heading Home, a partnership with our National Commercial Services division. Since 2014, we have hosted volunteer events for Heading Home both in and out of the office, such as the "Up and Out" event in which a mother, father and three young children were moved from a shelter into a permanent residence.



The Susan G. Komen Race has been important to me because my best friend has breast cancer, among other close friends. Last year, I was diagnosed with breast cancer—those are some words no woman ever wants to hear. I am a cancer survivor of 1 year, 7 months! THANK YOU from the bottom of my heart First American.

Becky C., Agency Division, Bedford, TX

## Disaster Relief

Natural disasters can have devastating consequences for communities, and it can often be difficult for communities to recover. We have supported relief organizations, such as the American Red Cross, raising over \$43,000 for victims affected by the California wildfires and Hurricane Dorian, in 2019.

Of that \$43,000, First American donated \$24,500 and our employees donated over **\$18,500** to the American Red Cross organization's relief efforts. First American also provided a total of \$22,500 in financial support for employees who were permanently or temporarily displaced due to flooding or wildfires.

## WOMEN'S ADVOCACY

As women make up approximately 70 percent of First American employees, we support charities that provide benefits, programs and services that promote and bring awareness to women's health, professional growth and quality of life.

### Breast Cancer Awareness

In partnership with the Susan G. Komen Race for the Cure and the American Cancer Society's Making Strides Against Breast Cancer, we have had the opportunity to significantly give back to organizations that benefit women's health. In 2019, First American donated over \$890,000 towards organizations that support women's health, including donations to American Cancer Society's Breast Cancer Research and Support program, American Heart Association, and the University of Michigan's Rogel Cancer Center's Breast Cancer Program.

In 2019, more than 650 of our employees participated in 30 races across the nation, raising over \$70,000 in total for breast cancer awareness organizations.







"... all the people in our office are very excited our donations are being supported by corporate offices. We certainly look forward to the coming months as we each take the opportunity to suggest charities of choice...

**Matt H.**, Mortgage Solutions Division, Cleveland, OH

## HUMAN SERVICES

First American supports organizations that provide access to services, benefits, and opportunities for the disadvantaged, including programs that promote direct access to health services for patients and their families.

### Change for Charity

With the premise of making a social change through local impact, the Change for Charity program offers our employees the opportunity to donate money to selected local charities each month. The program began in Santa Ana, raising more than \$26,046 for local charities in 2019. Since the start of this program, many other regional offices across the country, such as Tempe, Arizona; Dallas and Westlake, Texas; Cleveland, Ohio; and Grand Rapids, Michigan have implemented this program. Since the start of the program in 2015, we have raised nearly \$187,000.

### National Family Volunteer Day

Each November, we promote the National Family Volunteer Day for our First American employees, family, and friends. In 2019, 240 of our First American employees, family and friends spent their Saturday packing food at the local Orange County Food Bank. In total, 70 tons (4,680 pounds) of nutritionally balanced food boxes were packed and distributed to those in need.

### Regional Efforts

Throughout our regional branches, First American employees participated in many events to give back to their local communities. In 2019, First American's Hawaii office matched employee donations dollar for dollar to raise \$10,000 for Make-a-Wish Foundation of America,







More than all the individual events, I have enjoyed being part of an organization that encourages team members to be a positive part of their community. Even the smallest act of kindness pays large rewards.

Tiphany Williams



making a difference in the life of a girl battling leukemia, who loved “Frozen” and dreamed of going to Disney World. The First American team developed a month-long fundraising campaign, including plate lunches, a silent auction, and even an ice cream party with seasonal flavors shipped all the way from the mainland.

In Chicago, the First American team raised over \$9,000 for Mercy Homes for Boys and Girls, Ronald McDonald House Charities, American Cancer Society, and Lincoln Park Community Service. In California, our Database Solutions team hosted their annual charity competition with a winter wonderland desk/office decoration contest. Winners donated the \$1,000 prize to local charities, including the Special Olympics Southern California – Orange County Region, and the Wounded Warrior Project.

Our Mortgage Solutions Idaho Falls office contributed to many local charities throughout the year. In January, over 100 coats, scarves, hats, and gloves were donated to a local charity home and 1,300 pounds of food in addition to cash donations were collected for a local food drive. In December, nearly 200 individual items were provided for 36 children for Christmas.

### Caring Eagle Awards

In 2019, First American held its inaugural Caring Eagle Awards to honor employees who are active in their communities, passionate about volunteering, and consistently give back. Over 100 First American employees were nominated, with winners receiving monetary Giving Cards totaling \$6,250 to donate to the charity of their choice.



## Diversity and Human Rights

We believe in recruiting, developing, promoting, and retaining individuals who best fit our job positions and corporate culture, exclusive of any artificial barriers to entry. We have an abundance of talented, skilled, and unique employees that represent our organization's value of diversity.

At First American, diversity is a key characteristic of the business and we are committed to creating and promoting a diverse and inclusive workplace. For the fourth consecutive year, employees who took the 2019 Great Place to Work® Trust Index© survey overwhelmingly agreed that they are treated fairly, regardless of age, race, gender, or sexual orientation.

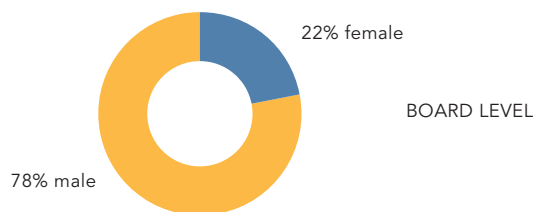
### DIVERSITY POLICY

As an equal opportunity employer, we are committed to an active nondiscrimination policy for our employees. We have a written nondiscrimination policy that is distributed to all employees as part of our employee handbook.

Our Nominating and Corporate Governance Committee 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 of directors (both public and private), political and social perspectives, as well as race, gender, and national origin. The committee's diversity position is detailed in the company's proxy statement available online on our website.

The California corporations code required publicly held corporations having their principal executive offices in California to have at least one female director by the

end of 2019 and, for corporations that have six or more directors, to have three or more female directors by the end of 2021. We are proud to say that we have met or exceeded this 2019 threshold for many years now, and we intend to have the minimum number of female directors necessary to comply with any applicable California laws. We value diversity on our board, and we consider factors like professional and educational background, prior experience on other boards of directors, political and social perspectives, as well as race, gender, and national origin.



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

### Diversity & Inclusion Taskforce

To ensure that diversity and inclusion practices are facilitated throughout our company and business operations, First American developed the Diversity & Inclusion Task Force. This taskforce evaluates and manages the operational processes, training models, and programs to foster continued diversity and inclusion. This task force is led by the head of HR and the group represents a variety of human resource disciplines.

The following are important components of the Diversity & Inclusion strategy:





First American's customers are a diverse and dynamic community, and we believe they are best served by employees who are equally diverse. The collective experience, skill and knowledge that can only be gained by working with people from all backgrounds is a vital part of our success. As a leader in the communities in which we live and work, First American is committed to providing an inclusive workplace where all viewpoints are valued and respected.

**Dennis Gilmore**  
CEO, First American Financial Corporation







- Continuing diversity job fair participation
- Targeting outreach to universities with highly diverse populations
- Partnering with veterans' organizations
- Educating experienced leaders, emerging leaders, and new hires through formalized diversity training
- Supporting female leadership by continuing the company's premier partnership with the Women in Leadership Institute™
- Increasing LGBTQ-related diversity outreach

Since its inception, the taskforce has created many initiatives and guidelines to help support First American's diverse team. Examples include instilling a cross-generational collaborative mindset amongst the team, also known as "Three Generations-One First American," and supporting employees of the transgender community by creating the Workplace Gender Transition Guidelines.

In mid-2019, the taskforce began to develop their new program, "Belonging at First American." This initiative focuses on building awareness of the value of belonging at First American to develop a strong foundation of diversity and inclusion. The program, scheduled to roll out in 2020, is employee-inspired and has three key components:

- I belong
- You belong
- We belong

As part of this initiative, employees are encouraged to celebrate and share their stories about "What does 'I belong at First American' mean to you?"

In 2020, First American will further its commitment to empower and promote a diverse, equitable, and inclusive work environment by creating a Diversity,

Equity, and Inclusion (DEI) Advisory Council. This council will engage the enterprise at every level to help craft and implement a sustainable inclusion strategy that further strengthens our company and culture. The Diversity & Inclusion Task Force will expand into a dedicated HR DEI task force and divisional DEI task forces. The former will provide support to the DEI Advisory Council in the areas of branding/communication, learning programs, recruitment, and employee resource groups, while the latter will support local DEI initiatives, community-based programs, and projects.

### Diversity and Leadership Training

The goal of First American's diversity and leadership training is to establish leadership-training and career-advancement programs with the purpose to develop and prepare First American employees for leadership roles.

This training is largely split between three training modules:

1. **Becoming an Employer of Choice:** As part of the Emerging Leader program, this module addresses the advantages of diversity, overall workforce trends and core strategic initiatives for maintaining a positive and supportive work environment.
2. **Understanding Your Leadership Style:** This module, also part of the Emerging Leader program, addresses employee work behavior, differing personalities and effective managerial strategies.
3. **Experienced Leader module:** First American's Experienced Leader program features a four-hour training module designed to understand the different aspects of diversity (relational, occupational, cognitive, physical, societal, and values) as well as related business strategies driven by market, talent, values, goodwill and innovation.





### Women in Leadership and Technology

We are especially proud to support our Women in Leadership (WIL) Institute, which promotes professional growth opportunities for women within the First American organization. Each year, a WIL project team addresses business challenges and opportunities identified across the organization and presents their recommendations to senior management. In 2019, 12 percent of all 77 WIL alumni had a promotion in 2019, with retention of 92 percent of WIL alumni since the program's inception in 2013.

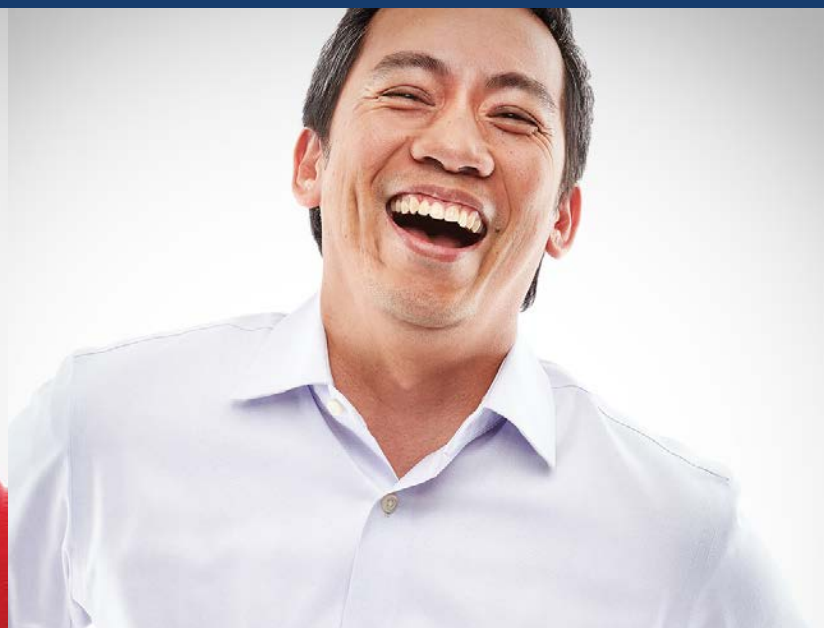
At First American, we value placing energy on the development of future employees by sponsoring Advancing Women in Technology (AWT), a non-profit organization that is dedicated to the endowment of educational scholarships and creation of opportunities that promote women's personal and professional growth. Our CIO and an IT director both sit on the board of AWT and, in 2019, 12 of our employees were recognized for the difference they are making in our organization and in the technology sector.



I am proud to work for a company  
that values women and provides us  
the resources and training necessary  
to further our careers

Sheri O., Agency Division, Murray, UT







## HUMAN RIGHTS CAMPAIGN

In 2019, First American Financial Corporation earned a perfect score of 100 percent, for the second consecutive year, on the Human Rights Campaign Foundation's 2020 Corporate Equality Index (CEI), a national benchmarking survey and report that evaluates corporate policies and practices related to lesbian, gay, bisexual, transgender, and queer (LGBTQ) workplace equality. CEI evaluates four main criteria: nondiscrimination policies across business entities, equitable benefits for LGBTQ workers and their families, internal education, and accountability metrics to promote LGBTQ inclusion competency, and public commitment to LGBTQ equality.

We were one of 686 businesses that earned a perfect score in 2019. Over the years, First American has implemented the following changes in support of the Human Rights Campaign and the Corporate Equality Index:

- Updated company policy in the employee handbook to include equal opportunity for gender identity and expression, as well as edits to the policy against harassment, discrimination, and retaliation to include gender identity and expression

- Updated supplier diversity information to include LGBT Business Enterprise (LGBTBE) certified suppliers
- Sponsored local Orange County LGBTQ Center event
- Provided transgender inclusion benefits effective January 1, 2017
- Created gender transition guidelines
- Implemented a supplier diversity policy to promote fair opportunities for minority and women-owned businesses to compete
- Developed quantitative metrics to evaluate workforce diversity and inclusion efforts

"Our people are the stewards of our culture and I'm continually impressed by their efforts to maintain an inclusive workplace," said Dennis Gilmore, CEO, First American Financial Corporation. "We've found that a positive, inclusive culture fosters engaged employees and that engaged employees serve our customers well. That combination, along with the efficient operation of our business, ultimately benefits shareholders as well."





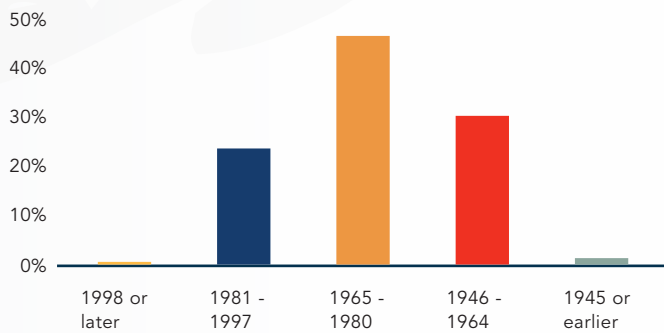
# U.S. Employee Demographics

First American has a dynamic workforce, which helps to maintain our vibrant and experienced work environment.

## EMPLOYEE AGE



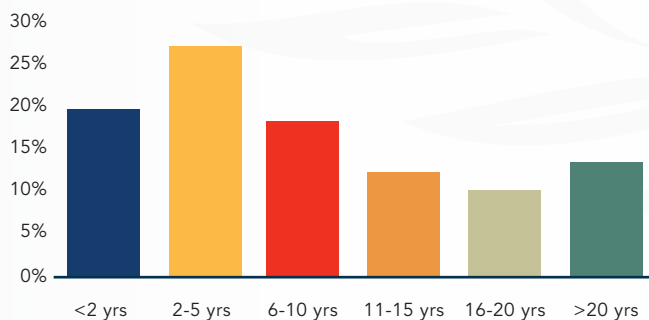
EMPLOYEES BY BIRTH YEAR



## EMPLOYEE TENURE



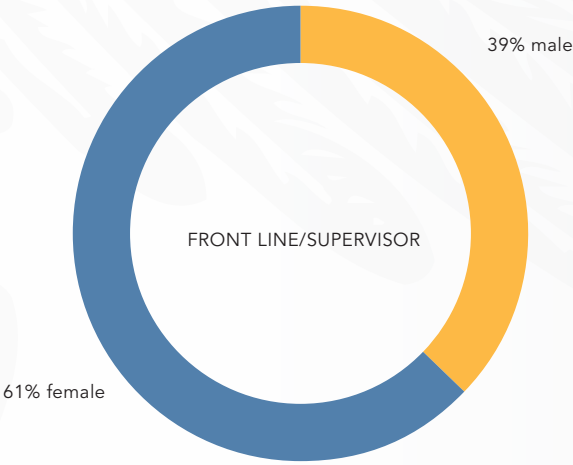
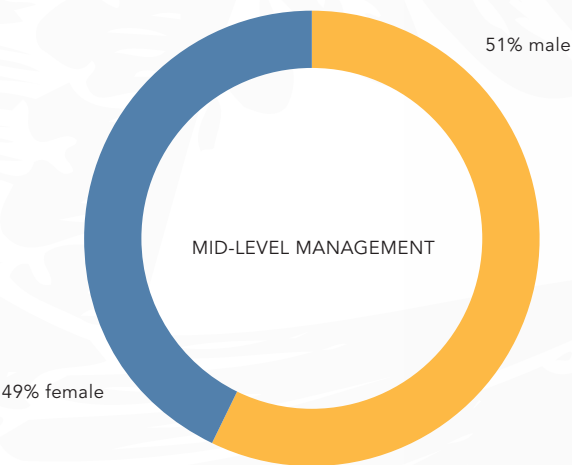
While we continue to grow and add employees, we make sure our employees grow with the company. About 35 percent of our workforce has been with the company for more than 10 years.



EMPLOYEE GENDER



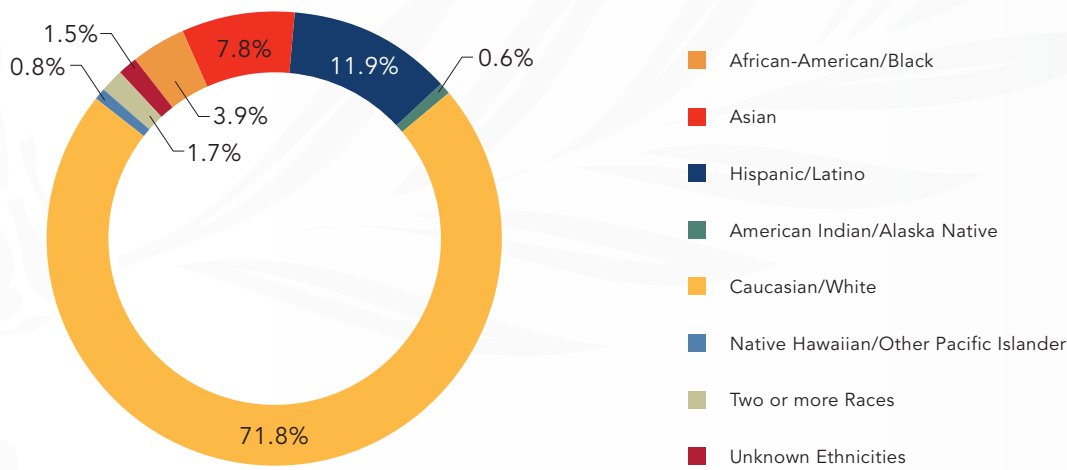
Gender equality is very important to First American. More than two-thirds of our employees are women, many of whom hold a management position. We are proud to again be named among Fortune® magazine's Best Workplaces for Women™ in 2019.



WORKPLACE DIVERSITY



We pride ourselves in our diversity and environment of inclusiveness. **More than a quarter of our employees are minorities.**



# 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 mentality, 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® list since 2016. Along with this, we were recognized on four other Fortune® Best lists including Best Workplaces for Financial and Insurance Service Companies, Best Workplaces in Texas, Best Workplaces for Women, and Best Workplaces for Diversity. In the last six years, we also won 56 regional awards, including Top Workplaces in the states of Colorado and Oregon.

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**We are proud to have been included on the Fortune 100 Best Companies to Work For® list since 2016.**

Striving to continually improve the company and wellbeing of employees, employee engagement surveys have proven meaningful for our upper management to acknowledge where and how we as a team can do better. While previously conducting a survey every two years, we recently adopted the Great Place to Work® Trust Index® survey to systematically conduct employee engagement surveys on a more frequent basis. This survey found that:







## BENEFITS AND PERKS

First American provides a number of benefits to our employees to promote overall wellbeing and success with the company.

### FA Wellbeing & Fitness

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 helps employees improve in the areas they care about with interactive technology that's fun and easy to use. As part of this program, employees can earn points for taking steps to improve their overall wellbeing, such as personal health coaching, online health programs, biometric screenings, and more. We also provide incentives, such as fitness discounts and gym reimbursements to encourage healthy lifestyles for employees.

### Professional Development


With the mentality 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 set of employees. Along with diversity and leadership training and our Women in Leadership program, we also offer an **Excellence in Underwriting Program**. This three-day workshop is dedicated to strengthening underwriters' soft skills, such as decision-making and problem-solving and is a valuable opportunity for underwriters to network with professionals and learn skills for career development.

Our two-track **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.

Other professional development in-house training programs include First American Eagle Academy®, Database Solutions University training, Mortgage Solutions University, Strategic Markets Certification, Data Boot Camp and First American's online training portal (KnowledgeSPOT).

Employees can also take advantage of tuition reimbursement, which can cover the costs of books, fees, and other supplies. In 2019, 91 employees received reimbursements totaling more than \$314,794.



Using our company values as a solid foundation, First American's people adapt to change exceptionally well. It's part of the reason our company has been successful for more than 130 years. And it's my fundamental belief that when we engage and treat our employees well—when we empower them to expand on those values—they will serve our customers well and that satisfied customers, along with our efficient operation of the business, benefits stockholders.

**Dennis Gilmore**  
CEO, First American Financial Corporation



### FA Appreciation

First American finds it important to recognize the collective hard work and dedication employees have put in throughout the year. Each year, offices hold special celebrations during **Employee Appreciation Week**, to instill a culture of support and camaraderie amongst the First American team. In 2019, the companywide theme was "Thank You for All." Division presidents and regional leaders created videos to show their appreciation for all their employees do for the company.

Along with this, managers and peers can also nominate employees for their commitment to the team, customers, and their communities they serve through the **People First Awards, FA Recognition** program, and DPK Circle of Excellence program.

### Adoption Assistance

We want to help and encourage those 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 max. The reimbursement applies for all aspects of adoption, including application fees, legal fees, lodging and transportation.



Even though First American is a large nationally recognized company, I feel they are sincere in making sure everybody is recognized, treated fairly, with appreciation and respect. When a person enjoys working for a company and enjoys doing what they are doing, it will be reflected onto the customers

*Anonymous, 2019 Trust Index*





### Employee Assistance Program

This program helps employees with a number of work/life services and best of all, the program is complementary. Examples of the services provided include counseling services, home services and elder care assistance.

### Onsite Amenities

Our home office campus offers a range of onsite amenities to ease stress, help with time management and encourage healthy lifestyles. Examples of these amenities include:

- Campus Café
- Starbucks Café
- Herb garden with seasonal collection of produce
- Shoeshine and repair service
- Dry -cleaning service
- Car wash service
- Massage therapy
- Discount ticket sales
- Tech B@r
- Charging Stations

## 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.

## 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 and/or related to procurement must complete extensive training every two years. Employees can report 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.

## Occupational Health and Safety

We strive to maintain a clean, safe, and healthy environment for all employees. Employees are expected to become familiar with the First American safety guidelines, available through the employee handbook and through our HR portal, which cover a range of safety topics, including general safety rules, ergonomics, hazard identification, accident reporting and procedures for medical emergencies, fires, earthquakes and bomb threats.





05

# 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.

A few of such practices include the following:

- The company is governed by a board of directors, a majority of whom are “independent,” as defined by SEC and NYSE rules.
- The company operates consistent with its publicly-disclosed certificate of incorporation and bylaws, which among other matters define the permissible number of directors, quorum and voting requirements, and corporate officer roles.
- The company is guided by a written, publicly-disclosed set of corporate governance guidelines and a code of ethics discussed below.
- The company’s 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, publicly-disclosed charter.
- The Governance Committee of the Board of Directors reviews and considers material environmental, social and governance trends applicable to the company and related company practices on an annual basis, including a review of this report.
- The company makes quarterly, public disclosures regarding the financial performance of the company, risks that may impact the company, and other required information. The company’s chief executive and chief financial officers publicly file each quarter a certification regarding the company’s internal controls over financial reporting.
- The company is required to hold an annual meeting of its stockholders and in connection therewith to make public disclosures regarding the company’s corporate governance practices, such as the independence of directors, the stock ownership of directors and certain officers, related-party transactions, board and committee meetings, director criteria and nominations, and the availability of a hotline for accounting and auditing matters.
- The company on a more current basis is required to disclose certain events and transactions material to the company, such as the departure or appointment of directors and certain officers, changes to its governing corporate documents, and material transactions.
- The company maintains an extensive and formal enterprise risk management program discussed below.

The company's public filings made with the SEC can be found on the SEC's website at [www.sec.gov](http://www.sec.gov) or on our website at [www.firstam.com](http://www.firstam.com). Our most recent proxy statement is available online on our website and describes in detail the company's corporate governance practices, including those relating to executive and director compensation.

The following publicly disclosed documents are essential to understanding the company's corporate governance. Each of these documents can be found in the corporate governance section of our website at [www.firstam.com](http://www.firstam.com):

- Corporate Governance Guidelines,
- Nominating & Corporate Governance Committee Charter,
- Audit Committee Charter,
- Compensation Committee Charter, and
- Code of Ethics and Conduct.

Compliance with SEC rules and regulations is evidenced in the company's public filings made with the SEC. Compliance with NYSE rules is also evidenced by public filings made with the SEC and by information available on the corporate governance section of the company's website.

In addition to the SEC and the NYSE, the company is subject to regulation as both an insurance holding company and a savings and loan holding company. The corporate governance practices of the company are routinely reviewed by these regulators. The company's board and each committee of the board evaluate their own performance at least annually.

## Compensation Practices

The Company's executive compensation program is overseen by the Compensation Committee of the Board of Directors, which is comprised entirely of independent directors. The program is designed to enhance stockholder value by providing that a substantial portion of the executive officer's total compensation be at-risk and related to the Company's consolidated financial performance. The director and executive compensation programs and the Company's pay practices are described in detail in the Company's proxy statement available online on our website.

## Code of Ethics and Conduct; Compliance

We uphold our commitment towards promoting ethical business practices and compliance through our established Code of Ethics and Conduct. The Code of Ethics and Conduct has the primary objective of guiding First American's employees to comply with the laws and regulations impacting the business. We also have a separate Code of Ethics for our Chief Executive Officer and Senior Financial Officers. The Code of Ethics and waivers to the Company's Code of Ethics for directors and certain executive officers are publicly disclosed on the company's 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 supervisor or appropriate personnel. Alternatively, violations may also be reported to First American's Financial Accuracy and Compliance Hotline.

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. It also maintains 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.

## Financial Accuracy and Compliance Hotline

We maintain a financial accuracy and compliance hotline, so that our employees and other stakeholders can anonymously report financial impropriety without fear of reprisals or recrimination. Employees can use the hotline to report violations in the code of conduct, company policy and the laws and regulations that apply to the financial services and insurance business. The hotline is available toll free, 24 hours a day, seven days a week. Reporting to the hotline is confidential and can be made on an anonymous basis, if desired.

## Risk Management

We maintain an extensive and structured enterprise risk management (ERM) program. With direct oversight by our Board of Directors and its Audit Committee, the company's ERM hierarchy/structure encompasses senior executive leaders from all facets of the business, including operations, finance, accounting, treasury, information technology, legal/regulatory, internal audit, compliance, underwriting, human resources and real estate. The ERM executive committee and the ERM leadership committee meet quarterly. Our ERM Director also administers a biennial company risk survey that ultimately enables management to determine and prioritize its risk priorities, while subsequently integrating appropriate controls to mitigate identified risks. Our ERM program is assessed regularly via internal reviews by Internal Audit and/or Corporate Compliance. On an annual basis, the Board of Directors reviews the ERM program, including top risks, mitigation efforts and monitors. The Audit Committee, which consists solely of independent members of the Board of Directors, performs a similar review semi-annually.



## Portfolio Management

Our Investment portfolio activities, such as policy setting, compliance reporting, portfolio reviews, and strategy, are overseen by an investment committee made up of certain senior executives. ESG (Environment, Social, and Governance) factors may be considered in investment decisions made by our investment managers.

## Business Continuity

Our Audit Committee receives regular 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. 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. A primary objective of all planning is to minimize economic loss resulting from operational disruption.

## Fraud Prevention

At First American, we recognize real estate is a financial investment, and for many it is their most valuable asset. Unfortunately, property and real estate transactions are frequently targeted by opportunistic criminals looking for quick money. First American is committed to minimizing fraud risks through effective and strategic internal controls to detect and prevent fraud. First American promotes fraud prevention awareness by educating employees, consumers, escrow agents,

and title agents on how to recognize common fraud techniques and scams.

Some of our employee and customer initiatives include:

### Employees

- Fraud awareness and procedure training, including Fraud Awareness Week and fraud prevention newsletters
- Phishing email reporting to First American's information security department
- Wire fraud prevention employee recognition programs

### Customers:

- Secure Portal—Secure Portal is a simple, mobile, and secure communication tool, between sellers, buyers, and borrowers within First American Title, that helps to lower the risk of wire fraud attempts by reducing risky email communications. This online account will allow buyers to complete opening paperwork, review title documentation, and use secure messaging to communicate about their transactions.
- Property owner letters—As a safety precaution in appropriate circumstances, First American sends the property owner a letter to confirm the property owner is aware of the transaction.
- FraudGuard®—Mortgage support tool available to lenders to help them identify potential fraud risk and errors in mortgage applications, comply with regulations, improve the application review process, and increase loan quality.
- Consumer protection information—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.



# Information Security and Data Privacy

First American has a formal information security program overseen by our Board of Directors, its Audit Committee and an executive-level Information Security Oversight Committee. In 2019, the Board of Directors also established an ad-hoc information security Risk Oversight, Accountability and Review Committee to provide additional oversight and guidance to the information security program. The Audit Committee receives regular reports from the company's information security department, business technology solutions group, and enterprise risk management director, as well as from internal and external auditors specific to its information security program. The Information Security Oversight Committee meets regularly to review identified information security risks and vulnerabilities, remediation actions and to provide general program oversight. The information security program is managed by the company's chief information security officer.

The company dedicates significant resources to securing its systems and to protecting non-public personal information and other confidential information. These include resources dedicated to intrusion prevention such as firewalls, endpoint protection and behavior analysis tools, among others. They also include resources dedicated toward vulnerability identification through the performance of vulnerability scans and penetration tests, among other methods. Like other large, complex organizations, at any given time the company's applications and infrastructure suffer from vulnerabilities. Once identified, the company's information technology and information security personnel seek to remediate these vulnerabilities in as expedited a fashion as possible generally based on risk level.

The state of California, where the company is headquartered and conducts business, and other state, federal and international jurisdictions have passed and/or are in the process of passing laws and regulations applying to the collection, use, retention, protection,

disclosure, transfer, and other processing of nonpublic personal information. The general purpose of these laws and regulations is to increase the level of transparency, security and protection surrounding the personal data collected by businesses. The California Consumer Privacy Act (CCPA), for example, which became effective on January 1, 2020, gives California consumers, among other things, the right to request categories and/or specific pieces of personal information collected about them, under certain circumstances to request deletion of personal data that a business may possess and to opt-out of the sale of their personal information. The company revised its privacy policy and developed a program to handle such consumer requests.

During the second quarter of 2019, the company initiated an investigation regarding potential unauthorized access to non-public personal information as a result of a vulnerability in one of the company's applications. This investigation concluded during the third quarter of 2019. The investigation identified imaged documents containing non-public personal information pertaining to 32 consumers that likely were accessed without authorization. These 32 consumers were notified and offered complimentary credit monitoring services. The information security incident resulted in numerous federal and state governmental inquiries as well as private lawsuits against the company. Please see the company's public filings with the Securities and Exchange Commission for additional updates.



## Supplier Code of Conduct and Diversity

It is our intention 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 the behalf of, First American to adhere to standards of business conduct and compliance that are similar to what we expect from our employees. Our suppliers are expected to comply with applicable laws and regulations while conducting business with, or on the behalf of, First American. While engaging in employment practices, our suppliers are expected to uphold our same commitment to diversity, equal employment opportunity and a safe and harassment free workplace. For more information please refer to our Supplier Code of Conduct available on our website at <https://www.firstam.com/supplier-code-of-conduct/>.

In addition, we have a written supplier diversity policy that encourages the use of certified diverse suppliers (including minorities, women, disabled persons, veterans, disabled veterans, small and LGBT business enterprises) that can provide competitive and high-quality services that are aligned with our business needs.

knows that with leadership comes responsibility. We believe these ratings support our leadership position and reflect our commitment to customer service – not only for homeowners but also for real estate and title agents, and commercial customers alike. It is our aim to continue to maintain the financial strength to be entrusted with our customers' most important investments.

Based on the most recent evaluations, First American Title Insurance Company's financial strength ratings can be found at <https://www.firstam.com/title/about/company-information/financial-strength-ratings.html>:

Financial strength ratings are current as of November 13, 2020. Detailed information about us, our financial performance and our investments can be found in our public filings on the SEC's website at [www.sec.gov](http://www.sec.gov) or on our website at [www.firstam.com](http://www.firstam.com), including information regarding regulatory compliance, litigation, and claims reserves and losses. These financial strength ratings provide strong support for the company's leadership position in both residential and commercial markets.

## Financial Strength

First American's businesses are committed to providing quality information backed by a culture of integrity and the confidence that we stand behind our products and services. This commitment gives customers the peace of mind needed to complete their valuable transactions.

A number of independent agencies regularly perform rigorous quantitative analysis in order to assign financial strength ratings to First American Title Insurance Company. As one of the largest single brand names in the title insurance industry, First American Title

### First American Title Insurance Company

Rating Agency	Financial Strength Rating
<b>Moody's Investors Service</b> Insurance Financial Strength	<b>A2</b>
<b>Standard &amp; Poor's</b> Financial Strength Rating	<b>A-</b>
<b>Fitch Ratings</b> Insurer Financial Strength	<b>A</b>
<b>AM Best Company</b> Financial Strength Rating	<b>A</b> Excellent
<b>Demotech, Inc.</b> Financial Stability Rating	<b>A"</b> Unsurpassed



*First American*

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