

STATE FARM® Code of Conduct – Canada 2012



Message from the Chairman

Every day each of us makes choices where integrity, honesty, and trustworthiness come into play. These are hard-to-measure qualities, but they're priceless when it comes to customer confidence in what we do and how we do it.

It's important that we know this about each other and that our customers know this about us:

At State Farm®, not only do we do what is legal, but we also do what is right.

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In 1922, George Mecherle said, “Honesty isn’t the best policy – it is the only policy.” This is as true today as it was when State Farm was founded. Although State Farm and the insurance and financial services industries have changed through the years, State Farm’s commitment to maintaining high standards of integrity remains the same. We all have a responsibility to exercise good judgment, honesty, and integrity when performing our jobs.

While the Code of Conduct cannot address every circumstance, it summarizes into one document many existing company policies, rules, and guidelines pertaining to business behaviour. The Code provides you with a common frame of reference and assists you in making the right choices. The Code underscores our commitment to exercise sound business ethics for the benefit of our customers, fellow employees and associates, the company, and the public.

The policies, rules, and guidelines referenced in the Code are easy to understand and many will already be familiar to you. This Code is intended to guide employees on ethical and legal standards of business conduct. The Code does not attempt to cover every situation. Specific policies can be found in other State Farm resources which complement this Code. You should become familiar with the Code as well as all referenced policies, rules, and guidelines, because you are expected to adhere to them. Failure to adhere to them will result in disciplinary action as appropriate. Should you like to review the referenced policies, rules, or guidelines in detail, they are available online or through Human Resources or your supervisor.

Instances may occur when you know or suspect improper conduct or a breakdown of security or business controls. In those cases, you have an obligation to talk to your supervisor, or another member of management, a Human Resources Department representative, or use the Open Door Policy. If you feel you cannot use these avenues for whatever reason, you should call the Compliance & Ethics Hotline. The toll-free number is 1-800-355-2633. The Compliance & Ethics Hotline is intended to provide another way of reporting in good faith, any known or suspected violations of the Code, company policies as well as any ethical and legal concerns. All reported concerns will be investigated promptly. Employees are expected to cooperate fully with any investigative efforts.

Calls to the Compliance & Ethics Hotline are answered by an independent company that specializes in these services. The calls are summarized and then referred to the investigations unit in the internal audit department, or others as appropriate for investigation. Calls to the Compliance & Ethics Hotline will be kept confidential to the extent possible.

These standards will help continue State Farm’s reputation for fair dealing and honesty.

NON-RETALIATION

State Farm will not tolerate retaliation against anyone who reports in good faith any known or suspected improper conduct or a breakdown of security or business controls, nor will State Farm tolerate retaliation against anyone who participates in an investigation. If you believe you have been retaliated against or have witnessed retaliation, you have a responsibility to report it to management or to use the other reporting avenues available to you.

ETHICAL AND LEGAL CONDUCT

State Farm and its employees must comply with this Code and all laws and policies applicable to State Farm's business. Each of us must be willing to raise ethical and legal concerns. State Farm expects employees to conduct State Farm's business in an ethical and legal manner and to recognize that in all their transactions and at all times they have a duty of undivided loyalty to State Farm. These obligations demand positive action by all employees to protect the interests of State Farm, and to avoid situations where their self-interests actually or apparently conflict with the interests of State Farm.

COMPETING AND DEALING FAIRLY WITH OTHERS

State Farm employees must treat others fairly and honestly.

REPORT INFORMATION ACCURATELY:

Every communication of information to State Farm and with others outside State Farm must be accurate to the best of your knowledge and belief.

Only respond to inquiries about State Farm if you have authority. Media contact and public discussion about State Farm should be conducted through authorized spokespersons.

State Farm competes by fairly and accurately emphasizing the merits of its products and services, not by disparaging competitors or their products. Advertising and sales materials must comply with State Farm's guidelines.

ACQUIRING AND USING SENSITIVE INFORMATION:

State Farm's or another company's inside (non-public) information must be kept confidential and may not be used for personal gain.

Employees must not use any inside information for their own interest or that of others, or provide any such information to others, in connection with the purchase or sale of any personal property, real estate, or securities that State Farm is actively considering buying or selling or has decided to buy or sell, or in connection with any other transaction or activity. These obligations with respect to non-public information continue after employees leave State Farm.

Improper means must not be used to acquire another company's sensitive or proprietary information, including inducing or attempting to induce another company's present or former employees or third parties to disclose sensitive or proprietary information to us. An employee must not reveal to State Farm any sensitive or proprietary information obtained from another company before joining State Farm.

PRIVACY:

Employees are required to follow proper and secure procedures for the handling and retention of customer and associate information. Employees must take appropriate measures to ensure the accuracy of information. Access and distribution of information must be limited to those who have a need to know. Sharing information must comply with State Farm procedures and customer preference.

COMPETITION:

Employees are required to avoid any conduct which violates or which might appear to violate competition (antitrust) laws. Any communications with competitors, and many communications with suppliers, are especially subject to competition law risk. Such communications and all other employee activities must be in accordance with competition law compliance guidelines and advice from the Corporate Law Department.

RESPECTING THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS:

State Farm employees may not reproduce, display, perform, or distribute any materials that are owned by, licenced to, or subject to the copyright of others without first obtaining the owner's written permission or an appropriate licence. For example, printed materials, photographs, graphics, software programs, diagrams, designs, logos, musical arrangements, and any other materials, whether found on the Internet in other electronic formats, or in traditional media, that were not produced or developed by State Farm may require permission or licence from the owner before they can be reproduced, displayed, performed or distributed. An exception to this rule may apply for "fair use" situations as advised by the Corporate Law Department.

ANTI-MONEY LAUNDERING:

Employees must inform their management if they suspect money laundering related to State Farm products.

LICENCING REQUIREMENTS:

Employees in positions for which professional, regulatory, or government-issued licensure is required must keep their licences current and in good standing. Employees must inform their management immediately if their licences are revoked, suspended, or otherwise restricted.

GIFTS, GRATUITIES AND IMPROPER INCENTIVES

Supplies, materials, and services must be selected objectively, free from personal biases, or self-serving motives.

IMPROPER PAYMENTS:

State Farm prohibits offering or receiving, directly or indirectly, any bribes, kickbacks, or other payments to influence business.

GIFTS, ENTERTAINMENT, AND MEALS:

In the course of performing their jobs, employees may be offered gratuities which usually are intended as gestures of goodwill or appreciation. These include gifts, entertainment, meals and beverages, tickets to sporting or cultural events, services, or other similar favours.

Employees, members of their families, and persons with whom they have a close personal relationship may not solicit, accept, or give, directly or indirectly, gratuities that might influence, or might reasonably be deemed by others to influence their actions or decisions or those of the recipient. Even nominal gifts can be inappropriate if used in a way which creates the impression that a certain vendor is endorsed.

Employees may not accept, individually or as part of a group, anything that could reasonably be thought to have more than a nominal intrinsic value (nominal intrinsic value: e.g., promotional or advertising pens, pencils, notepads, calendars or other similar gifts of limited value) that is being offered to employees individually or as part of a group. Gifts or gratuities exceeding nominal intrinsic value should be refused or returned unless, the employee's management approves of acceptance, disposition, or attendance based upon a business need.

Transportation, hotel services, and expense reimbursement are prohibited in conjunction with attendance at approved vendor-sponsored events unless the employee is a presenter at the program or part of a panel, and other participants are treated equally.

Acceptance or participation in a business meal situation is appropriate when based on a business need and such dining occurs in conjunction with business discussions.

These guidelines cannot cover every situation that may arise. Employees' zone office or Corporate department may have more restrictive guidelines.

Employees are expected to use good judgment and exercise the highest degree of integrity in conducting State Farm's business. Employees should discuss with their supervisor any situation they are uncertain about.

PROTECTION OF STATE FARM'S ASSETS

State Farm employees must protect State Farm's assets from unauthorized or improper use.

CONFIDENTIAL AND PROPRIETARY MATTER:

Ideas, information, and data which are proprietary to State Farm must be safeguarded from unauthorized disclosure or use. This information includes, but is not limited to, copyrights, trade secrets, customer lists, marketing plans, manuals, and other materials developed for business use.

Such proprietary matter belongs to State Farm, and employees must not use it for their benefit or that of others. Employees must return proprietary matter to State Farm upon request or when they leave State Farm. The obligation not to reveal proprietary matter continues after employees leave State Farm.

To protect confidentiality and to preserve applicable legal privileges, the discussion of State Farm's legal matters should be restricted to those with a need to know.

ELECTRONIC INFORMATION RESOURCES AND DATA SECURITY:

Employees are responsible for preserving the confidentiality, integrity, and availability of State Farm's electronic information resources and data through the application of State Farm's information security policies, standards, and guidelines. Electronic information resources and data must be protected from misuse, loss, and unauthorized access and disclosure. State Farm's electronic information resources are property of the company to be used primarily for company purposes, and not for personal benefit or that of others. Employees are expected to use State Farm's electronic information resources primarily for State Farm purposes and have a duty not to waste such resources. Personal use must be reasonable and kept to a minimum.

Electronic information resources include, but are not limited to: State Farm's network, computers, workstations, software, hardware, Internet/intranet, modems, electronic messaging systems (e-mail), and fax machines. State Farm reserves the right to monitor, access, and review any information on its resources and systems. This review may include accessing company-furnished equipment and supplies.

To protect against computer viruses and to comply with intellectual property laws, only State Farm-issued or approved software may be used on State Farm's computers. Any reproduction of software and accompanying manuals must comply with intellectual property laws and with formal agreements between State Farm and the software supplier.

TELEPHONIC SYSTEMS USAGE:

State Farm's telephonic communication systems should be used primarily for business-related purposes. Telephonic communication systems include but are not limited to: voice mail, telephones, pagers, modems, and cellular phones. State Farm reserves the right to monitor, access, and review any information on its resources and systems. This review may include accessing company-furnished equipment and supplies.

PHYSICAL PROPERTY:

State Farm's physical property such as vehicles, supplies, and office facilities must be protected from loss, misuse, or damage. The use and reproduction of articles, books, and video recordings must be consistent with intellectual property laws.

RESPONSIBLE FINANCIAL MANAGEMENT:

Employees must be cost-conscious when spending State Farm's funds and when incurring business expenses. Business travel must be conducted and other reimbursable business expenses must be incurred consistent with applicable State Farm policy.

INFORMATION RETENTION:

Employees are responsible for managing State Farm information, whether paper or electronic, in accordance with information retention policies, procedures, and guidelines.

WORK ENVIRONMENT

State Farm is committed to providing a safe, healthy, inclusive, and productive work environment that values diversity.

DISCRIMINATION-FREE WORKPLACE:

State Farm will not practise, tolerate, nor condone discrimination by or against State Farm employees on the basis of age, race, colour, religion, sex, national origin, sexual orientation, gender identity, disability or genetic information. Nor will State Farm tolerate sexual or any other form of harassment which interferes with work performance or creates a hostile or offensive work environment.

DRUGS AND ALCOHOL:

State Farm prohibits the sale, use, or possession of illegal drugs and other unauthorized controlled substances, including the unauthorized use of prescription drugs while on or using company property or while on company business. State Farm also prohibits the sale or use of alcoholic beverages while on or using company property. Employees may not report to work, remain at work, or operate company-provided vehicles while under the influence of alcohol or drugs not medically authorized.

WORK PLACE SAFETY AND SECURITY:

State Farm employees must comply with all federal, provincial, and local health and safety laws and regulations and State Farm's internal security policies and procedures.

Threats and violent or intimidating behaviour will not be tolerated. Employees must comply with State Farm's internal security policies and procedures.

Except as allowed by law, employees are prohibited from carrying firearms or weapons while on or using State Farm's property or while on company business.

ENVIRONMENTAL PROTECTION

State Farm will comply with all federal, provincial, and local environmental protection laws, including laws pertaining to the transportation, storage, and disposal of solid waste and hazardous materials and substances.

CONFLICTS OF INTEREST

Employees must affirmatively protect the interests of State Farm and avoid conflicts of interest with State Farm, both in appearance and in fact, and must not use their positions or knowledge of State Farm's decisions or considerations in any manner that conflicts with or otherwise prejudices State Farm's interests.

Unless advance written approval is obtained from the appropriate department head for Corporate employees or from the Senior Vice President for zone employees, employees must not directly or indirectly have any position with or substantial interest in any business or property, or engage in any employment or other activity, which takes time and attention away from the performance of their job duties, conflicts or competes, or might reasonably be supposed to conflict or compete with State Farm's interests, or affects their independent judgment to act in State Farm's interests.

State Farm's personnel decisions, as well as the selection of providers of goods and services, must not be influenced by personal interests. Unless advance written approval is obtained from the appropriate department head for Corporate employees, from the Zone Senior Vice President for zone employees, or from appropriate leadership for senior Leadership Level employees, persons with whom you have a close personal relationship should not be subject to your scope of supervision or influence in the terms, conditions, or changes in status in their employment. The same approval process applies to the selection of providers of goods and services.

CLAIM LITIGATION COUNSEL

State Farm recognizes that those employees holding positions as Claim Litigation Counsel owe an ethical duty of undivided loyalty to their individual clients. If the good faith discharge of these duties and responsibilities by Claim Litigation Counsel conflicts with their duty of undivided loyalty to State Farm as an employee, the duty to their individual clients is preeminent.

ACKNOWLEDGEMENT AND DISCLOSURE

The completion of your Code of Conduct Acknowledgement and Disclosure form requires you to select one of the following options:

- Your code of conduct conforms to the Code, select option #1 and submit it.
- If you have a conflict with some aspect of the Code, select option #2, describe the circumstances on the space provided, and submit it for management review and resolution.