



# Sustainability Report 2019



## CEO Message



At Travelers, we manage risk for our customers. We have been doing that successfully for more than 160 years. As we look ahead, sustaining our success requires that we do that and more.

Our continued success requires that we do three things successfully: **perform, transform** and make good on the **Travelers Promise**.

At Travelers, **perform** means executing on our long-term financial strategy to generate industry-leading returns on equity over time. In each of the past 10 years, we have outperformed the industry in terms of average return on equity, and, as a consequence, in creating shareholder value. By continuing to execute successfully on our long-term financial strategy, we will continue to outperform and create shareholder value.

Our formidable competitive advantages are the foundation of our success. However, we understand that the competitive advantages that have fueled our achievements over the past decade will not necessarily be the same as those we will need to continue to lead for the next decade. Consequently, **transform** means positioning the company to continue to perform by ensuring that our competitive advantages remain relevant and differentiating tomorrow and 10 years from tomorrow. To that end, we have embraced an ambitious innovation agenda guided by our vision to be *the undeniable choice for the customer and an indispensable partner for our agents and brokers*.

Perform is how we deliver industry-leading results today, and transform is the way we prepare to do so tomorrow. Each depends on the other, and both depend on one thing: the **Travelers Promise**.

The Travelers Promise is a commitment to take care of our customers, our communities and each other. This includes being there to help our customers recover after the storm, and also giving them the security they need to invest in their families and businesses. It also includes caring for the communities in which we live and work by supporting academic and career success, and promoting the development of thriving neighborhoods and enriched communities. Finally, it is about making Travelers a great place to work for our diverse workforce, the best talent in the industry, and a great partner for our agents and brokers. In the end, the Travelers Promise is about taking care of the people we are privileged to serve.

Put another way, for Travelers, sustainability comes down to this: Only by successfully delivering on our perform and transform agenda will we earn the resources we need to keep the Travelers Promise. And only by faithfully keeping the Travelers Promise will we earn the support of key stakeholders essential to our perform and transform success. That is how we are going to deliver results next quarter and succeed for the next quarter century.

With that in mind, I invite you to read on about the ways we are driving sustainability at Travelers.

A handwritten signature in black ink that reads "Alan". The signature is fluid and cursive, with a long horizontal stroke at the end.

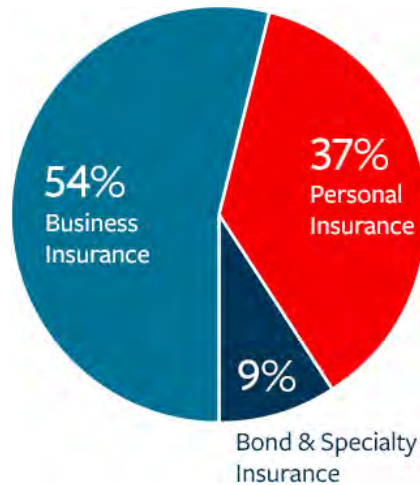
Alan Schnitzer, Chairman and Chief Executive Officer

## Company



The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of commercial, personal and specialty insurance products and services to businesses, government units, associations and individuals. Our diverse business lines offer our customers a wide range of coverage sold primarily through independent agents and brokers. Travelers has approximately 30,000 employees and relationships with approximately 13,500 independent agents and brokers in the United States, Canada, the United Kingdom and the Republic of Ireland. Travelers is the only property casualty company in the Dow Jones Industrial Average and generated revenues of approximately \$32 billion in 2019.

NET WRITTEN PREMIUMS





### BUSINESS INSURANCE

Business Insurance offers a broad array of property and casualty insurance and insurance-related services to our customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland and throughout other parts of the world as a corporate member of Lloyd's.

**Only commercial insurer with a top-five position in seven major product lines<sup>1</sup>, including a No. 1 position in workers compensation and commercial multi-peril**

**Largest U.S. commercial insurance writer in 2019<sup>1</sup>**



### PERSONAL INSURANCE

Personal Insurance writes a broad range of property and casualty insurance covering individuals' personal risks, primarily in the United States, as well as in Canada. Our primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.

**Top-three writer of personal insurance through independent agents in the United States including No. 1 in homeowners<sup>2</sup>**



### BOND & SPECIALTY INSURANCE

Bond & Specialty Insurance provides surety, fidelity, management liability, professional liability, along with other property and casualty coverages and related risk management services to our customers in the United States. Bond & Specialty Insurance also offers certain specialty insurance products in Canada, the United Kingdom, the Republic of Ireland and Brazil (through a joint venture) utilizing various degrees of financially based underwriting approaches.

**No. 2 writer of surety in the United States<sup>1</sup>**

<sup>1</sup>S&P Global Market Intelligence. 2019 U.S. Statutory DWP: Commercial Multi-Peril (Commercial Multiple Peril (Liability), Commercial Multiple Peril (Non-Liability), Farmowners Multiple Peril); Commercial Auto (Commercial Auto No-Fault (Personal Injury Protection), Commercial Auto Physical Damage, Other Commercial Auto Liability); General Liability (Other Liability: Occurrence, Product Liability); Property (Allied Lines, Boiler & Machinery, Burglary & Theft, Earthquake, Fire, Inland Marine, Ocean Marine); Management & Professional Liability (Other Claims Made Liability, Burglary & Theft, Fidelity); Workers Compensation; and Surety.

<sup>2</sup>U.S. AM Best Data Statutory DWP, 2018.

## Business Strategy & Competitive Advantages

At Travelers, our mission for creating shareholder value is to deliver superior core return on equity by leveraging our meaningful and sustainable competitive advantages; generating top-tier earnings and capital substantially in excess of our growth needs; and thoughtfully rightsizing capital and growing book value per share *over time*. Our Board of Directors regularly reviews this long-term financial strategy. Executing our long-term strategy requires that we fulfill our promise to take care of our customers, our communities and our employees. By executing our financial strategy, investing strategically in the future and delivering on the Travelers Promise, we will continue to deliver meaningful shareholder value over time.

### BUSINESS STRATEGY

#### Business Strategy

##### Our Long-Term Financial Strategy for Creating Shareholder Value

More than a decade ago, Travelers laid out a clear, simple and unwavering mission for creating shareholder value:



**CREATE SHAREHOLDER VALUE**  
Objective: Mid-Teens Core ROE *Over Time*

Our results in achieving the elements of this long-term financial strategy speak for themselves. Over the past decade:

- Our return on equity has significantly outperformed the average return on equity for the industry;
- We returned more than \$32 billion of excess capital to our shareholders;
- We grew dividends per share at an average annual rate of 10%; and
- We increased our book value per share by 93%.

Importantly, over this 10-year period, our return on equity has been less volatile than that of others in the property and casualty industry. The level and consistency of our return on equity over time reflect the value of our competitive advantages and demonstrate the discipline with which we run our business.

The successful execution of our long-term financial strategy has enabled us to deliver a total return of approximately 251% to our shareholders over this 10-year period.

### **Delivering Industry-Leading Return on Equity Over Time**

The results we deliver are due to our deliberate and consistent approach to creating shareholder value. We have been clear for many years that one of our crucial responsibilities is to produce an appropriate return on equity for our shareholders. That is our North Star. This has meant developing and executing financial and operational plans consistent with our goal of achieving superior returns, which we defined many years ago as a mid-teens core return on equity over time. We emphasize that the objective is measured over time because we recognize that interest rates, reserve development and weather, among other factors, impact our results from year to year, and that there are years — or longer periods — and environments in which a mid-teens return is not attainable. In that regard, we established the mid-teens goal at a time when the 10-year Treasury was yielding around 5%, and in that environment, a mid-teens return was industry leading. Our ability to achieve a mid-teens return over time going forward will depend, among other things, on interest rates returning to more normal levels by historical standards. In any event, we will always seek to deliver industry-leading, superior returns over time.

Our focus on core return on equity encompasses multiple performance objectives key to creating shareholder value. The measure is a function of both (1) core income and (2) shareholders' equity (excluding unrealized gains and losses on investments). Accordingly, core return on equity reflects a number of separate areas of financial performance related to both our income statement and balance sheet, including the quality and profitability of our underwriting and investment decisions, the pricing of our policies, the effectiveness of our claims management and the efficacy of our capital and risk management.

### **Granular and Deliberate Execution**

One critical component of our ability to deliver exceptional returns over time is our granular approach to underwriting; that means execution, including the allocation of capital, on an account-by-account, line-by-line or class-by-class basis. It also means a very high degree of account segmentation and the allocation of capital generally on a very local geographic basis. With that and our advanced data and analytics, we select the risks we write and price our products deliberately with our targeted return in mind. Underlying all of this is a culture that understands how to balance the science and art of decision-making based on data and analytics. That culture alone is a competitive advantage, and one that we believe is hard to replicate.

There are a number of factors that impact our returns beyond rate and loss trend, including risk selection, mix of business, claim and expense initiatives, and reinsurance. We have a long track record of capitalizing on all of the available levers to deliver superior returns — and of applying these levers on a strategic and business-by-business basis. This is evident in the way we have executed quite differently in each of our business segments through changing economic and business cycles.

### **Disciplined Investment Approach**

Similar to our underwriting strategy, our **investment philosophy** is well defined and consistent. Our investment portfolio is managed first and foremost to support our insurance operations and, accordingly, is positioned to meet our obligations to policyholders under a wide range of conditions. We emphasize risk-adjusted returns and credit quality rather than reaching for yield that is not consistent with the underlying risk. Our asset allocation is designed so that even when we experience lower non-fixed income returns, which we know on occasion we will, the predictable stream of investment income from our fixed income portfolio will nonetheless provide a firm and reliable foundation for our overall results. In addition, our Investment Policy, approved by our Board of Directors, reflects a long-term approach to sustainable value creation and requires that Travelers **consider ESG factors in the investment process**, to the extent relevant.

### **Rightsizing Capital and Growing Book Value Over Time: A Balanced Approach**

Our **capital management** strategy has been an important driver of shareholder value creation over time. Our first objective for the capital we generate is to reinvest it in our business — organically and inorganically — to create shareholder value. We will continue to retain capital to support growth in our business and invest capital to further our ambitious innovation agenda and advance other strategic objectives. We expect that to the extent that we continue to grow premium volumes, the level of capital to support Travelers' financial strength ratings will also increase, and accordingly, the amount of capital returned to shareholders relative to earnings would be somewhat less than it otherwise would have been absent the growth in premium volumes. In addition, we continue to make strategic investments in everything from talent to technology. We are disciplined stewards of our shareholders' capital, and to the extent that we continue to generate capital that we cannot reinvest consistent with our objective of generating industry-leading returns over time, we will manage it the same way we have for more than a decade — by returning it to our shareholders.

Our performance has enabled us to return significant amounts of excess capital to our shareholders in the form of dividends and share repurchases while meaningfully growing book value per share. We set our dividend at a level that we believe to be both competitive and sustainable, recognizing that we provide coverage for catastrophic events, and use share repurchases to return additional excess capital to our shareholders. This strategy gives us the flexibility to respond to changing business conditions and permits us to take advantage of business opportunities as they present themselves.

### **Acquisitions and Footprint**

The lens through which we evaluate acquisition opportunities is that a transaction should contribute to our mission by improving our long-term return profile, reducing the volatility of our returns or creating shareholder value through some other important strategic benefit, such as a geographic or product position.

We have a great deal of experience in executing strategic transactions, and we view this as a core competency. The company that we are today has come together through a number of significant transactions over the past two decades.

Across all of our businesses, our strategic focus continues to include creating opportunities to write more business through retaining and growing our relationships with our high-quality in-force accounts and bringing our franchise value to new customers. As we have done successfully over the past few years, we will continue to seek to grow without compromising our return objectives or changing our risk profile, primarily by targeting customers, industries, products and geographies that we know well. In terms of geography, we continue to believe that geopolitical risk and economic instability around the world are underappreciated today. Accordingly, we like our North America concentration. That is not to say that we do not continue to recognize value and evaluate opportunities outside of North America, but we have set an even higher bar for those opportunities today.

### Investing in Our Future

Our **competitive advantages** set us apart; they are foundational to the success of our long-term financial strategy. At the same time, we understand clearly that the world is changing, and changing quickly. Broadly speaking, we see four significant forces of change impacting our industry:

- Consumers' expectations are changing and being shaped by their experiences in other industries.
- Rapid progress in technology is enabling us to reimagine almost every aspect of our business.
- The opportunities presented by data and analytics are becoming even more consequential.
- Traditional distribution is consolidating and alternative models are developing.

We are focused intently on these forces of change. While our long-term financial strategy is not changing, the competitive advantages that have fueled our success over the last decade will not necessarily be the same as those we will need to continue to lead for the next decade. That is the focus of our innovation agenda: making sure that our competitive advantages are as relevant and differentiating tomorrow as they are today.

Ultimately, the vision for our innovation agenda is to be:

***the undeniable choice for the customer and an indispensable partner for our agents and brokers.***

This vision drives our three **innovation** priorities:

- Extending our advantage in risk expertise;
- Providing great experiences for our customers, agents and brokers and employees; and
- Optimizing our productivity and efficiency.

A key theme running through our investments is that they are designed in large part to enable us to optimize the top line at attractive returns. We have been investing in these priorities for several years, while delivering industry-leading returns and an improving expense ratio.

We are undertaking this work from a position of strength. We have the resources and expertise to be successful. Moreover, our business is complex, and the value of deep domain expertise in understanding risk and the products and services our customers need to manage that risk cannot be underestimated as the starting point for innovation. We believe the winners in our industry will be those who can innovate successfully on top of a foundation of excellence.

\* \* \*

Underlying our financial strategy and our innovation agenda is the Travelers Promise — our promise to be there for our customers, communities and employees. Only by faithfully keeping the Travelers Promise will we earn the support of key stakeholders essential to our success. And only by successfully delivering on our financial strategy and executing our innovation agenda will we earn the resources we need to keep the Travelers Promise. That's why, at Travelers, our business strategy and performance are inextricably linked with the Travelers Promise.



OUR COMPETITIVE ADVANTAGES

## Our Competitive Advantages Are Meaningful & Sustainable

Our competitive advantages serve as the foundation for our success, helping us to fulfill our promise to protect our customers.

Underlying our competitive advantages are three key enablers that help set us apart — our talent and expertise, our industry-leading data and analytics and our financial strength.

Click on each of the competitive advantages in the graphic to learn more.





#### OUR COMPETITIVE ADVANTAGES

## Risk Selection Underwriting & Pricing Segmentation

Data and analytics influence the decisions we make and drive innovation throughout the organization — from the development and delivery of our products and services to risk selection, underwriting and pricing. But data and analytics are only as good as the people interpreting them — which is why we match our strength in analytics with a deep industry expertise. We are also increasingly transforming data into actionable insights to improve our decision-making.

- More than 1,500 employees working in analytics, including 400 actuaries, 200 data scientists and statisticians, and 350 data engineers.
- An Underwriting function of approximately 4,200 people, with an average tenure at Travelers of 12.5 years, supported by 4,000+ operations specialists across 70+ locations.
- A broad appetite with a deep underwriting specialization in more than 40 industries.



#### OUR COMPETITIVE ADVANTAGES

## Product Breadth & Specialization

We engage broadly across nine major lines of insurance in three segments — **Business Insurance**, **Bond & Specialty Insurance** and **Personal Insurance**. Our portfolio is balanced across these lines of business and further diversified by geography, customer size and our deep underwriting specialization.

- Only commercial insurer with a top-five position in seven major product lines<sup>1</sup>, including a No. 1 position in workers compensation and commercial multi-peril.
- Largest U.S. commercial insurance writer in 2019.<sup>1</sup>
- Top-three writer in personal insurance through independent agents, including No. 1 in homeowners.<sup>2</sup>
- 62.3% of domestic premiums from liability lines (e.g., workers compensation, management liability, general liability, auto insurance) in 2019.
- 37.7% of domestic premiums from property lines (e.g., homeowners, commercial property) in 2019.

<sup>1</sup>S&P Global Market Intelligence. 2019 U.S. Statutory DWP: Commercial Multi-Peril (Commercial Multiple Peril (Liability), Commercial Multiple Peril (Non-Liability), Farmowners Multiple Peril); Commercial Auto (Commercial Auto No-Fault (Personal Injury Protection), Commercial Auto Physical Damage, Other Commercial Auto Liability); General Liability (Other Liability: Occurrence, Product Liability); Property (Allied Lines, Boiler & Machinery, Burglary & Theft, Earthquake, Fire, Inland Marine, Ocean Marine); Management & Professional Liability (Other Claims Made Liability, Burglary & Theft, Fidelity); Workers Compensation; and Surety.

<sup>2</sup>U.S. AM Best Data Statutory DWP, 2018.



OUR COMPETITIVE ADVANTAGES

## Distribution Relationships

Domestically, we are the carrier of choice among independent agencies and brokers. Our agent and broker partners have a deep understanding of customer needs, and they provide insights that are a valuable part of our underwriting and risk selection process.

- Ranked No. 1 commercial lines insurer in the UBS Semi-Annual Insurance Agent Survey when agents were asked to identify their commercial lines carriers.<sup>1</sup>
- Relationships with more than 13,500 independent agencies and brokers.

<sup>1</sup>UBS Semi-Annual Insurance Agent Survey, Nov. 2019.



## OUR COMPETITIVE ADVANTAGES

### Claim Services

Our dedicated Claim professionals are trained to deliver high-quality service and handle claims efficiently and with compassion. We have a unique and flexible **catastrophe response capability**, made possible by extensive employee cross-training and advanced workforce management programs. In each of the last three years, we closed more than 94% of our claims arising out of the largest catastrophes within 30 days.

- 12,000+ Claim employees.
  - 500+ nurses; approximately 800 trial-ready attorneys.
  - 250+ field-based Claim fraud investigators.
- Drones flown by Claim professionals to work more safely and effectively; one of the largest commercial users of drones with about 750 FAA-certified drone pilots and 60,000 flights conducted since the program's inception.
- Approximately 35 predictive claim models leveraging data and analytics to improve claim outcomes for our customers and efficiency for Travelers.
- Subrogation recoveries that significantly outperform industry benchmarks.<sup>1</sup>
- **Travelers Claim University**, our state-of-the-art training and professional development facility, dedicated to providing technical training and leadership development to approximately 12,000 Claim employees.
- Deliberate cultivation of ethical, customer-centric Claim culture through training, internal communications, management coaching and compliance activities.
- Highly selective hiring process for Claim staff designed to attract, retain and develop employees with empathy, integrity and professional expertise.
- Recognition for Claim professionals who deliver exceptional customer experiences that help build the Travelers brand and business.

<sup>1</sup>National Association of Subrogation Professionals (NASP) industry data.



#### OUR COMPETITIVE ADVANTAGES

## Risk Mitigation & Improvement

For over 110 years, our loss prevention professionals have assisted agents, brokers and customers across the country and around the world. We deliver expertise in safety and risk mitigation through one of the largest Risk Control departments in the industry. We complete approximately 120,000 consultations annually, including 60,000 jurisdictional boiler inspections, which contribute to a unique risk assessment database we have assembled over the past decade. We leverage this resource not just for risk mitigation but also for risk selection and pricing.

More than 500 Risk Control professionals, including a diverse set of engineers and industry specialists.

- **Travelers Risk Control consultants** are backed by highly qualified specialists in areas such as fire protection, product liability, transportation and much more.
- Specialized expertise in public entity exposures, emerging and advanced technology, cybersecurity and resilience, and property valuation for both building and business/personal property.
- Leading provider of **risk control services in the construction industry**.
- Proprietary risk assessment database with 200M+ data points compiled over more than a decade.
- Unique and highly sophisticated Forensic Lab.
- Fully functional sprinkler lab for training customers on sprinkler systems, and effective inspection, maintenance and testing.
- More than 150,000 boiler and pressure vessel object inspections each year, in accordance with the appropriate local jurisdictional requirements and the ASME codes.

# Capital & Risk Management



As a large property and casualty insurance enterprise, Travelers is exposed to many risks. These risks are a function of the environments within which we operate. Since certain risks can be correlated with other risks, an event or a series of events can impact multiple areas of our business simultaneously. These exposures require us to take an entitywide, aggregate view of risk and understand the potential impact on all aspects of our operations. Our Enterprise Risk Management activities involve both the identification and assessment of a broad range of risks and an execution of synchronized strategies to effectively manage these risks. Through our Enterprise Risk Management, we also manage our risk taking to be within our risk appetite in a prudent and balanced effort and determine our risk capital needs, taking into account regulatory requirements, financial strength and credit rating considerations, among other factors.

## APPROACH

### Approach

Enterprise Risk Management (ERM) is a companywide initiative that involves the identification and assessment of a broad range of risks that could affect our ability to fulfill our business objectives, as well as the development of plans to mitigate their effects. Our Board of Directors oversees our ERM process. The Risk Committee and the other committees of the Board, as well as our separate management-level enterprise risk and underwriting risk committees, are key elements of our ERM structure and help to establish and reinforce our strong culture of risk management. For example, having both a Board Risk Committee that oversees operational risks and our ERM activities, and a management-level enterprise risk committee that reports regularly to the Board Risk Committee, enables a high degree of coordination between management and the Board. The Risk Committee of the Board meets with senior management at least four times a year to discuss ERM activities and provides a report to the full Board of Directors after each such meeting.

### BOARD OVERSIGHT OF RISK

While the Board Risk Committee oversees the implementation, execution and performance of Travelers' ERM program and reviews the strategies, processes and controls pertaining to Travelers' insurance operations, the Board has allocated and delegated risk oversight responsibility to various committees of the Board. Accordingly, all committees of the Board share responsibility for oversight of strategic objectives, risk management and the sustainability of our business. We believe that allocating responsibility for specific topics to a committee with a particular skill set and experience improves the effectiveness of the overall oversight of risks and opportunities. The Board reviews and acknowledges these responsibilities annually.

<b>Audit Committee</b>	Responsible for oversight of risks related to integrity of financial statements, including oversight of financial reporting principles and policies and internal controls; the process for establishing insurance reserves; and risks related to regulatory and compliance matters generally. <a href="#">Audit Committee Charter.</a>
<b>Compensation Committee</b>	Responsible for oversight of risks related to compensation programs, including formulation, administration and regulatory compliance with respect to compensation matters. <a href="#">Compensation Committee Charter.</a>
<b>Investment and Capital Markets Committee</b>	Responsible for oversight of risks in our investment portfolio (including valuation and credit risks), capital structure, financing arrangements and liquidity. <a href="#">Investment and Capital Markets Committee Charter.</a>

<b>Nominating and Governance Committee</b>	Responsible for oversight of risks related to corporate governance matters, including succession planning, director independence and related person transactions; diversity and inclusion efforts; public policy initiatives and community relations. <a href="#">Nominating and Governance Committee Charter</a> .
<b>Risk Committee</b>	Responsible for oversight of risks related to business operations, including insurance underwriting and claims; reinsurance; catastrophe risk and the impact of changing climate conditions; credit risk in insurance operations; information technology, including cybersecurity; and business continuity planning. <a href="#">Risk Committee Charter</a> .

## RISK MANAGEMENT LEADERSHIP & METHODS

### Risk Management Leadership & Methods

A senior executive team, which includes the Chief Risk Officer and the Chief Underwriting Officer, oversees the ERM process. This team facilitates risk assessments and collaborates with others throughout the enterprise to implement effective risk management strategies for Travelers. This team also works across Travelers to enhance effective and realistic risk modeling capabilities as part of our overall effort to understand and manage our portfolio of risks.

Travelers uses various analyses and methods, including proprietary and third-party computer modeling processes, to make underwriting and reinsurance decisions designed to manage the company’s exposure to catastrophic events. In addition to catastrophe modeling and analysis, we model and analyze our exposure to other extreme events. We also utilize proprietary and third-party computer modeling processes to evaluate capital adequacy. These analytical techniques are an integral component of our ERM process and further support our long-term financial strategy and business objectives.

Our approach to ERM is reinforced by our compensation structure, which is designed to encourage a careful balance of risk and reward, both on an individual risk basis and in the aggregate on a companywide basis. Importantly, our compensation program promotes and drives a *long-term* perspective to managing our business. This long-term perspective is especially important in the property and casualty insurance industry where a short-term focus could create incentives for management to relax the company’s underwriting or investment standards to increase revenue and reported profit in the near term but creating excessive risk for shareholders over the longer term. Moreover, results in the property and casualty insurance industry can vary significantly when measured year-to-year due to a variety of factors, including the periodic occurrence of significant catastrophes. Accordingly, we believe that the right way to manage our business is with a long-term perspective and to create value over time. See our [Proxy Statement](#) for a comprehensive discussion of how our compensation program incorporates this long-term perspective.

## BUSINESS RESILIENCY

### Business Resiliency

Our robust approach to business resiliency is designed to allow us to deliver on the Travelers Promise to take care of our customers, communities and employees in the face of unexpected disruptions. Travelers Business Resiliency Management is our internal ecosystem that is focused on ensuring that we can operate consistently for our employees, agents and customers despite crises and operational disruptions and, accordingly, continue to deliver for our shareholders. Our Business Resiliency Management takes a holistic, three-pronged approach that encompasses business continuity, disaster recovery and crisis management. With senior management direction and support and with oversight by the Risk Committee of our Board of Directors, our program is focused on both preventive measures (including technology availability design, facility resilience and training/awareness programs) and response preparation (including business contingency planning, technology restoration and crisis management/emergency response).

Travelers Business Resiliency Risk Committee, composed of members of our executive team, oversees implementation of our business resiliency program and, along with our management-level Enterprise Risk Committee, is charged with reviewing and approving mission- and business-critical processes, identifying risks to business resiliency and facilitating decisions to accept, mitigate or remediate these risks.

Pursuant to its charter, the Risk Committee of our Board of Directors oversees “the strategies, processes and controls pertaining to business continuity and executive crisis management for the Company and its business operations.” In exercising its oversight, the Risk Committee of our Board meets annually with members of the Business Resiliency Risk Committee and the Enterprise Risk Committee to review the company’s business continuity, disaster recovery and crisis management efforts, including to review the enterprise event response protocols and how those protocols would be, and were, triggered for events ranging from catastrophes to localized shootings or bomb threats near individual locations. The Risk Committee also receives quarterly reports regarding preventive measures relating to cyber incidents, including those affecting suppliers that impact Travelers, as well as the steps taken to reduce future risk and continuously improve our threat detection and response processes.

## **Business Continuity**

The primary objective of business continuity is to ensure that the company is prepared to respond to, and recover from, an unexpected disruption. This requires a solid understanding of the risks to our operational structure and involves contingency planning and testing of approximately 400 business processes across Travelers. We have inventoried our business processes and categorized them according to their criticality and urgency to the company, and we have tailored our resiliency measures accordingly.

In addition, our corporate pandemic plan outlines our strategy for maintaining a safe and healthy workplace and provides contingency plans to keep our business running should a pandemic, such as the novel coronavirus (COVID-19), arise. These plans focus on the health and safety of our employees while allowing us to maintain critical business activities, thereby mitigating the impact of a pandemic.

Through annual risk reviews, which are facilitated centrally, each business function updates its resiliency plans with respect to key operational aspects, including workforce, worksite and technology. The plans address significant interruptions and their workaround capabilities. In addition, we conduct validation exercises to test the effectiveness of those plans.

In addition, as a fundamental part of our Business Resiliency Management program, we identify supplier risks and mitigating controls, enabling the company to make informed decisions throughout the life cycle of a supplier relationship. Specifically, we assess the business continuity and disaster recovery risk of our suppliers to evaluate their overall business resiliency, recovery capabilities and limitations, as well as Travelers' business process contingency strategy. As part of our annual risk reviews, all Travelers businesses identify supplier dependencies for each business process within their respective area, including level of urgency, and document supplier contingency strategies in the event of a disruption.

## **Disaster Recovery**

We base our approach to disaster recovery on a model that provides redundant infrastructure, application and platform solutions designed to enable continued operation in the event of a disruption. We strategically review these solutions on a regular basis to align with our business strategy. In addition, disaster recovery testing is performed annually.

We inventory all computing platforms with a detailed plan to move to an alternate site, the specifics of which vary by application design and business criticality. We maintain technology availability standards to ensure adequate designs are deployed and sufficient procedures are in place and tested to restore infrastructure, applications and data in the event of a disaster.

We perform daily backups of changed production data from our primary facility to our alternate. Critical technology components are often designed with high availability and a multitude of restoration options to address local, site and data corruption events. In addition, disaster recovery testing can be performed on an application by application basis.

## **Crisis Management**

As part of our Business Resiliency Management program, we have an integrated response team that comes together to manage events, both planned and unplanned, providing a coordinated and facilitated response to situations from "business as usual" to "crisis." This response team maintains well-documented emergency response procedures and conducts regular training, scenario planning and exercises well in advance of any emergency. Roles and responsibilities of team members are clearly defined, enabling an efficient response to a national crisis or a technology, worksite, workforce or supplier event.

Our crisis management operating model includes two teams. The Operational Response Team manages corporate security, real estate, technology, cyber, business continuity and environmental health and safety events and is activated and engaged regardless of the severity of the event, incident or crisis. The Enterprise Event Response Team manages catastrophes, underwriting and exposure, claim response and regulatory events. When escalation is required, these teams engage with the Executive Crisis Management team, our group of senior executives who oversee the execution of our crisis management and emergency response plans.

Through our comprehensive planning and preparations, we strive to put Travelers in the best position possible to respond to potential business interruptions, to the benefit of all our stakeholders.

## **Travelers Business Resiliency Management in Action**

Despite the extraordinarily challenging circumstances related to COVID-19, we have been able to continue to serve our customers, agent and broker partners and each other seamlessly due to our extensive planning and preparation for unforeseeable circumstances; the commitment, resourcefulness and professionalism of our team; and the tremendous efforts of our Technology and Operations group. Activating our Business Resiliency Management program and our corporate pandemic plan, we transitioned almost our entire workforce practically overnight to safely and effectively work from home; we have more than 29,000 employees simultaneously logging in remotely and have been hosting more than 80,000 virtual meetings on a daily basis. Due to our comprehensive planning and the exceptional response of Travelers employees to the crisis, we have been able to continue to deliver the risk management products and services that our customers need to live their lives and run their businesses, as well as the outstanding, uninterrupted service that our customers and agent and broker partners have come to expect.

Throughout the COVID-19 pandemic, our Board of Directors has met regularly with our Chief Executive Officer to review management's operational response to the pandemic, as well as strategies to minimize and mitigate the short- and long-term risks to the company. The meeting topics covered all aspects of our event response and business continuity, including our workforce transition to working remotely, workforce health and safety, productivity, technology and cybersecurity, supply chain management, capital and liquidity management, legislative and regulatory activity, short- and long-term business impacts, financial results and community relief efforts.



### Balanced Approach to Capital Management

Travelers has consistently satisfied policyholders while delivering strong returns over time. Integral to our long-term financial strategy is a balanced approach to rightsizing capital and generating capital in excess of our growth needs. Our capital models first address our need to comply with risk-based capital requirements and our desire to maintain strong financial strength and credit ratings and ensure that we can satisfy the claim payouts and other obligations of our business.

To meet these objectives, we monitor our cash inflows (e.g., premiums, service fees, investment income) and outflows (e.g., claim payments, capital investments, operating expenses) on an ongoing basis. Since most of our policies renew on an annual basis, we reassess our pricing and risk appetite against our capital needs each year.

Our capital management strategy has been an important driver of shareholder value creation over time. As we have said many times, our first objective for the capital we generate is to reinvest it — organically and inorganically — in our business to create shareholder value. We will continue to retain capital to support growth in our business and invest capital to further our ambitious **innovation agenda** and advance other strategic objectives. Today, we are making strategic investments in everything from talent to technology. Having said that, we are disciplined stewards of our shareholders' capital, and to the extent that we continue to generate capital that we cannot reinvest consistent with our objective of generating industry-leading returns over time, we will manage it the same way we have for more than a decade — by returning it to our shareholders.

Our **financial success** and balance sheet strength have enabled Travelers to grow dividends per share at an average annual rate of 10% while increasing our book value per share by 93% in each case over the last 10 years. These accomplishments are on top of returning approximately \$45 billion of excess capital to the company's shareholders, an amount that exceeds the company's market capitalization of approximately \$30 billion at the time the repurchase program was initially authorized in 2006. Our financial strength is also reflected in our strong credit ratings with four of the major rating agencies.

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## Investment Management



The primary purpose of our investment portfolio is to position us to fulfill our promise to our customers to fund future claims payments. For this reason, we employ a thoughtful investment philosophy that focuses on stable and appropriate risk-adjusted returns.

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### APPROACH

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#### Approach

We strive to be thoughtful underwriters on both sides of our balance sheet, and we have always allocated our assets to support our insurance operations, not the reverse. Because the primary purpose of our investment portfolio is to fund future claims payments, Travelers employs a risk-adjusted approach to its investment portfolio. Our asset allocation gives us a high level of confidence that our capital is adequate to support our insurance business, in both good times and bad. Our approach has served us remarkably well over a long period and allows us to invest in our businesses with an eye to the future.

Our co-Chief Investment Officers — members of our Management and Operating Committees — lead our investment department, which directly manages our fixed income assets (94% of our investment portfolio), as well as our investments in equity securities, real estate, private equity limited partnerships, hedge funds, real estate partnerships and joint ventures. The Investment and Capital Markets Committee of the Board oversees our investment strategy and the risks related to our investment portfolio (including valuation and credit risks), capital structure, financing arrangements and liquidity.

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### INVESTMENTS IN SUSTAINABLE VALUE

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#### Investments in Sustainable Value

As of December 31, 2019, Travelers invested assets totaled \$77.9 billion, of which 94% was invested in fixed maturity and short-term investments. This high-quality investment portfolio generated net investment income of \$2.5 billion pre-tax (\$2.1 billion after-tax) in 2019.

In addition to achieving appropriate risk-adjusted returns, our investments enable many environmental and social improvements. For example, we invest in municipal bonds that support water and sewer projects (\$5.2 billion), which help mitigate pollution, provide safe drinking water, promote conservation and, in many cases, respond to changing climate conditions. Additionally, our investments in K-12 education (\$8.8 billion) and higher education (\$3.8 billion) support enterprises directly involved in improving communities and the lives of their students. We currently own over \$1.2 billion in fixed income securities classified as “green bonds” by Bloomberg. We also maintain smaller investments in renewable energy tax credits, which help fund solar farms, and low-income housing tax credits, which help build affordable housing. See the [Investment Portfolio](#) section in our 10-K for a detailed breakdown of our investment portfolio. For additional detailed information related to our investment holdings, please see our most currently available [annual audited statutory basis financial statements](#) for the Travelers Combined Pool, and other non-pooled entities, which includes a summary of the investments held by investment type, country and credit rating where applicable in the Summary Investment Schedule (Exhibit 2 for the Travelers Combined Pool Audit; Exhibit 1 for the other non-pooled entities audits) and the Supplemental Investment Risks Interrogatories (Exhibit 3 for the Travelers Combined Pool Audit; Exhibit 2 for the other non-pooled entities audits).

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## ESG FACTORS IN INVESTMENT DECISIONS

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### ESG Factors in Investment Decisions

Travelers recognizes the importance of responsible investment and, accordingly, incorporates environmental, social and governance (ESG) factors in assessing the sustainability of the entities in which we invest. Travelers has traditionally limited its exposure to public equity securities and other riskier asset classes. Since Travelers invests overwhelmingly in fixed income securities, our analysis of ESG factors focuses primarily on credit risk. Our Investment Policy, approved by our Board of Directors, reflects a long-term approach to sustainable value creation and requires that Travelers consider ESG factors in the investment process, to the extent relevant.

With respect to our fixed income investments, we invest using a variety of qualitative and quantitative criteria that take into account both expected returns and risks including interest rate, credit, prepayment and other risks. Our fundamental investment process weighs, on an appropriate basis, financial statement data, management information, relevant ESG factors, third-party research and other information. Our asset allocation process considers the expected return advantages offered in the market in compensation for bearing various risks, including credit risk and environmental, social and governance risks.

For example, in our municipal bond, mortgage and real estate investments, we consider the impact that changing climate conditions may have on any given city, state or region. Since we assume catastrophe risks such as earthquakes and windstorms in our capacity as an insurer, we also seek to manage our portfolio's credit risk to such events by assessing our investment exposures in impacted geographic areas. In addition, for municipal bond issuers in the Southwestern United States and other areas of the country susceptible to drought, all investment analyses include an assessment of water supply adequacy.

For further discussion on the incorporation of ESG factors in our investment process and the impact of the regulatory environment in which we operate on the investments we make, please see our [SASB disclosure](#).

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## Lead Director Message



As independent Lead Director of Travelers, I am privileged to serve a company that helps our customers achieve their personal and business goals by protecting the things that matter most to them. I am also proud to oversee a management team that takes an integrated approach to sustained value creation.

As a Board, we have a responsibility – just as management does – to act as stewards of our shareholders' capital by creating shareholder value over time. We have long recognized that, to succeed in this mission, we must take care of our customers, communities and employees – or, as we refer to it, fulfill the Travelers Promise. We do not see our mission of creating shareholder value as separate and apart from our need to uphold the Travelers Promise. In fact, Travelers' success for over 160 years is owed, in large part, to upholding that Promise.

Our Board takes a holistic approach to its oversight responsibilities with the goal of ensuring that the decisions Travelers makes today maximize its long-term sustainability. In this regard, we work closely with Travelers' leadership to provide oversight of the company's business and financial strategy and operations, which are inextricably linked with the Travelers Promise.

In addition to overseeing capital allocation, investment management, enterprise risk management and other business topics traditionally overseen by boards, the Board also

meets regularly with senior Travelers leaders to review strategic plans and initiatives related to a broad variety of business-relevant risks and opportunities. These include, for example, risks and opportunities related to changing climate conditions, data privacy and cybersecurity, ethics and compliance, human capital management, diversity and inclusion and community relations, to name just a few. Recognizing the importance of a strong company culture, our discussions include a focus on how the company is fostering a culture of candor and respect at every level of the organization.

This last year, for example, as we have done in the past, the Risk Committee and the Board met regularly with leaders throughout the organization, including the Chief Risk Officer, the Chief Underwriting Officer and the SVP for Catastrophe Risk Management, to discuss catastrophe risks, including weather volatility and changing climate conditions. Among other things, these discussions focused on Travelers' underwriting risk management approach in light of catastrophe volatility (particularly as it relates to wildfires), the potential impact to Travelers and its customers of climate-related perils and strategies for mitigating climate-related risks.

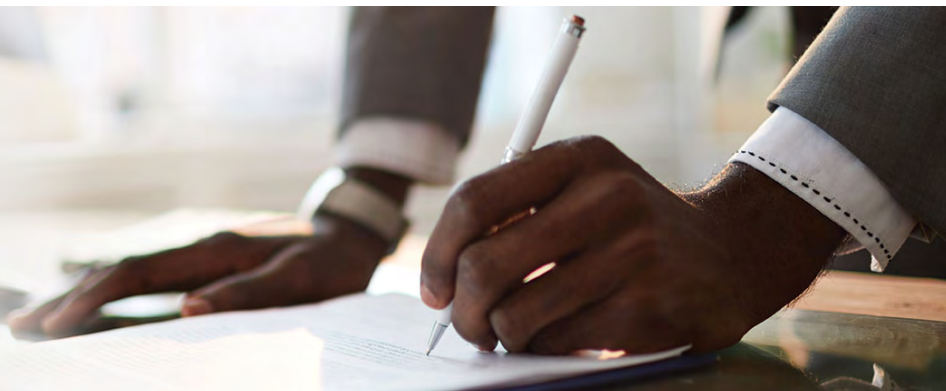
Technology and cybersecurity risks have also been top of mind for the Board and for me, as Chair of the Risk Committee. The Risk Committee and the Board meet regularly with the Chief Technology and Operations Officer and the Chief Information Security Officer to review evolving cyber risks and their impact on our company, our cyber products and our customers. In addition, as part of a larger strategic planning session, over the past year we reviewed strategies to ensure that Travelers' technology remains a strong foundation to support innovation in our businesses and drive improvements in our customer experience.

We recognize that given the pace of change in today's world, our business will continue to face new and evolving challenges. As a Board, we will continue to examine each issue with the attention and thoughtfulness it deserves, with the overarching goal of ensuring Travelers' ability to create shareholder value over time. We feel confident that this approach will enable Travelers to continue to perform today and transform for tomorrow.

On behalf of Travelers' Board, I look forward to continuing to serve the interests of our shareholders and other stakeholders. In the meantime, I encourage you to read more about Travelers' holistic approach to sustained value creation on this site.

Todd C. Schermerhorn, Lead Director

# Governance Practices



The Board of Directors and management of Travelers are committed to implementing sound corporate governance practices that ensure that the company operates ethically and with integrity and is managed to maximize the long-term interests of its shareholders

## APPROACH

### Approach

Our commitment to good corporate governance is reflected in our [Governance Guidelines](#), which describe the Board's views on a wide range of governance topics. These Governance Guidelines are reviewed annually by the Nominating and Governance Committee, and any changes deemed appropriate are submitted to the full Board for its consideration. Our [Proxy Statement](#) discusses our robust corporate governance practices, which are designed to support sustained value creation for our shareholders.

The Board works with management to set the short-term and long-term strategic objectives of our company and to monitor progress on those objectives. Strategic topics are generally discussed at each Board meeting, and the Board and management participate in a separate strategy session each year. In setting and monitoring strategy, the Board, along with management, considers the risks and opportunities that impact the long-term sustainability of our business model and whether the strategy is consistent with our core values, culture and [risk appetite](#). The Board regularly reviews:

- Our progress with respect to our strategic goals;
- The risks, including the environmental, social and governance (ESG) risks, that could impact the long-term sustainability of our business; and
- The related opportunities that could enhance our long-term sustainability.

The Board oversees these efforts in part through its standing committees, based on each committee's responsibilities and areas of expertise. The Board has allocated and delegated risk oversight responsibility to its committees in accordance with the following principles:

Committee	Oversight Responsibilities
<b>Audit</b>	<ul style="list-style-type: none"> <li>• Oversight of risks related to integrity of financial statements, including oversight of financial reporting principles and policies and internal controls.</li> <li>• Oversight of the process for establishing insurance reserves.</li> <li>• Oversight of risks related to regulatory and compliance matters generally.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• Oversight responsibility generally for our Enterprise Risk Management activities.</li> <li>• Oversight of risks related to business operations, including insurance underwriting and claims; reinsurance; catastrophe risk and the impact of changing climate conditions; credit risk in insurance operations; information technology, including cybersecurity.</li> <li>• Oversight of business continuity plans.</li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>• Oversight of risks related to compensation programs, including formulation, administration and regulatory compliance with respect to compensation matters.</li> </ul>
<b>Investment and Capital Markets</b>	<ul style="list-style-type: none"> <li>• Oversight of risks in the Company's investment portfolio (including valuation and credit risks), capital structure, financing arrangements and liquidity.</li> </ul>

Committee	Oversight Responsibilities
<b>Nominating and Governance</b>	<ul style="list-style-type: none"> <li>• Oversight of risks related to corporate governance matters, including succession planning, director independence and related person transactions.</li> <li>• Oversight of the Company's workforce diversity and inclusion efforts, public policy initiatives and community relations.</li> </ul>
<b>Each committee is also responsible for monitoring reputational risk to the extent arising out of its area of responsibility.</b>	

Each Board committee has a written charter, which contains specific responsibilities, including the above-mentioned risk oversight functions.

With respect to oversight of ESG-related risks and opportunities, each committee is assigned responsibility for oversight of matters most applicable to its charter responsibilities. We believe that allocating responsibility to a committee with relevant knowledge and experience improves the effectiveness of the Board's oversight. For example, as indicated above, the Audit Committee oversees risks related to regulatory and compliance matters; the Compensation Committee oversees implementation of our pay-for-performance philosophy and practices designed to ensure equitable pay across the organization; the Nominating and Governance Committee oversees our workforce diversity and inclusion efforts, public policy initiatives and community relations; and the Risk Committee oversees strategies pertaining to management of catastrophe exposure.

With a focus on continually improving the ability of the Board to provide informed oversight, the Nominating and Governance Committee oversees educational sessions for directors on matters relevant to our company, business strategy and risk profile. Recent topics of those sessions focused, for example, on the role that corporate culture and board oversight played in the latest publicized lapses in corporate governance at other firms.

The Board and each of its committees evaluate and discuss the allocation of oversight responsibility every year, along with their respective performance and effectiveness.

In addition, our Chief Sustainability Officer and our ESG management committee — a multi-disciplinary committee consisting of senior company executives that meets at least quarterly — drive the prioritization and management of, and reporting on, sustainability issues. We also regularly engage with our investors, customers, employees, agents and brokers, regulators, rating agencies and other stakeholders on business issues and the ESG topics of interest to them.

To learn more about the specific risk oversight functions delegated to each Board Committee and our Enterprise Risk Management activities, see the [Capital & Risk Management](#) section of this site, and view our [Proxy Statement](#) to see specific Board Committee responsibilities. To learn more about our stakeholder engagement and how we identify our priority sustainability topics, see the [About Our Sustainability Reporting](#) section of this site.

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## BOARD INDEPENDENCE & DIVERSITY

### Board Independence & Diversity

An effective and independent Board of Directors is critical to good corporate governance. All of our directors, other than our Chairman and CEO, are independent. All committees are comprised of independent directors, other than the Executive Committee on which our Chairman and CEO serves. Independent members of the Board and each of the committees regularly meet in executive session with no member of management present.

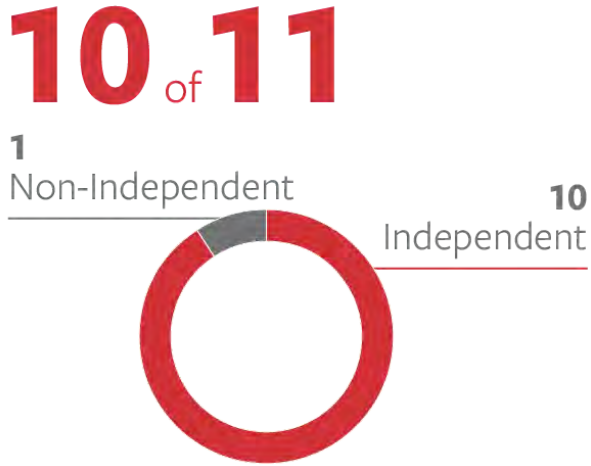
The Board has an independent Lead Director. The independent Lead Director coordinates the efforts of the independent directors and has the authority to, among other things, convene and chair meetings of the independent directors as deemed necessary, as well as approve the Board meeting schedules and meeting agenda items.

To further ensure effective independent oversight, non-employee members of the Board regularly meet in executive session with no members of management present. Executive sessions are chaired by the independent Lead Director. Each of the committees also meets regularly in executive session. For additional information on our Board structure and the role of the independent Lead Director, see our [Governance Guidelines](#) and our [Proxy Statement](#).

The members of the Board have a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to our business. The current members of our Board are also diverse in terms of gender and ethnicity. The Board and the Nominating and Governance Committee carefully consider the importance of diverse viewpoints, backgrounds and experiences and other demographics when selecting future director nominees. The Board seeks to ensure that the Board is composed of members whose particular expertise, qualifications, attributes and skills, when taken together, allow the Board to satisfy its oversight responsibilities effectively.

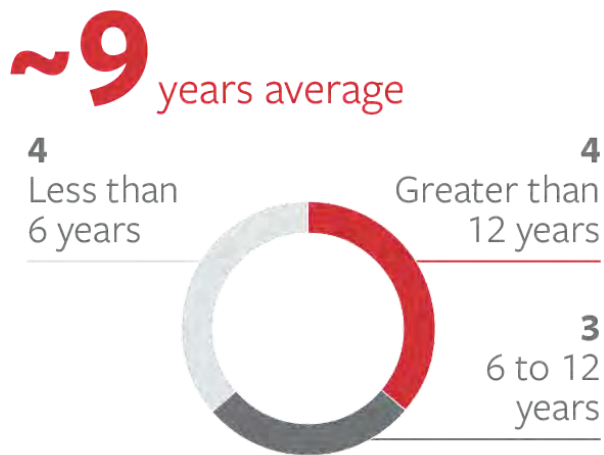
Another factor considered in board composition is maintaining a balanced approach to board tenure and age. Our intent is to ensure an appropriate mix of long-serving and new directors.

Independence<sup>1</sup>



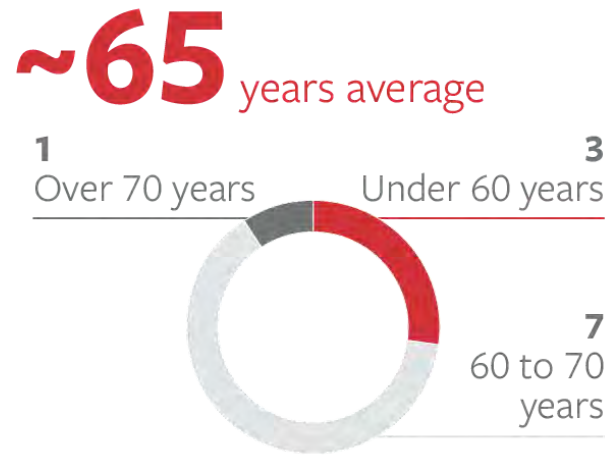
<sup>1</sup>All of our directors are independent with the exception of our Chairman and CEO.

Tenure<sup>2</sup>

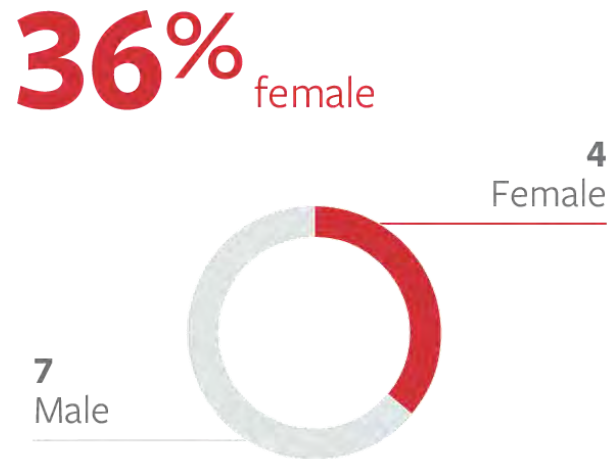


<sup>2</sup>The Board's balanced approach to refreshment results in an appropriate mix of long-serving and new directors.

Age



Diversity



BOARD & EXECUTIVE COMPENSATION

Board & Executive Compensation

Our director and executive compensation programs are designed to reinforce a long-term perspective and to align the long-term interests of our executives and directors with those of our shareholders.

Director Compensation Highlights

- Under the director compensation program, non-management directors currently receive more than 50% of their annual board and committee chair compensation in the form of deferred stock units. The shares underlying these units are not distributed to a director until at least six months after the director leaves the Board, aligning director interests with those of long-term shareholders.

- Non-management directors are required to accumulate and retain a level of ownership of Travelers equity securities equal to four times the director's most recent annual deferred stock award.
- Directors can elect to have their annual retainers and committee chair fees paid in common stock units that are credited to their deferred compensation account and distributed at a later date designated by the director.

### Executive Compensation Highlights

With our pay-for-performance philosophy and compensation objectives as our guiding principles, we deliver annual executive compensation through the following elements:

	Element	Metrics	CEO Compensation Mix	Other NEOs
<b>Fixed</b>	Base salary	<ul style="list-style-type: none"> <li>• Base salaries are appropriately aligned with our peer compensation comparison group.</li> </ul>	<p>5.6%</p>	<p>15.4%</p>
<b>Performance-Based Cash</b>	Annual Cash Bonus	<ul style="list-style-type: none"> <li>• Core return on equity is the primary factor in the Compensation Committee's evaluation of the company's performance.</li> <li>• In addition, the Committee considers other metrics, including core income and core income per diluted share, and the metrics that contribute to those results.</li> </ul>	<p>33.8%</p>	<p>44.3%</p>
<b>Performance-Based Equity</b>	Long-term Stock Incentives	<ul style="list-style-type: none"> <li>• Annual awards of stock-based compensation are typically in the form of stock options and performance shares. Because our performance shares only vest if specified core return on equity thresholds are met, and because stock options provide value only if our stock price appreciates, the Compensation Committee believes that such compensation is all performance-based.</li> <li>• The mix of long-term incentives for the CEO and other named executive officers is approximately 60% performance shares and 40% stock options, based on the grant date fair value of the awards.</li> </ul>	<p>60.6%</p>	<p>40.3%</p>

- Our executive compensation program links compensation to the achievement of our short-term and long-term financial goals and strategic objectives.
- As part of our longstanding pay-for-performance philosophy, we utilize performance measures that are intended to align compensation with the creation of shareholder value and reinforce a long-term perspective.
- The Compensation Committee evaluates a broad range of financial and non-financial factors when awarding performance-based incentives each year.
- The Compensation Committee believes that the most senior executives, who are responsible for the development and execution of our strategic and financial plans, should have the largest portion of their compensation tied to performance-based incentives, including stock-based compensation, the ultimate value of which is dependent on the performance of our stock price over time and our three-year core return on equity. Accordingly, the proportion of total compensation that is performance-based increases with successively higher levels of responsibility; our senior-most executives have the largest portion of their compensation tied to performance-based incentives, including stock-based long-term incentives.
- Our executive compensation program reflects established and evolving corporate governance standards, including:
  - A robust share ownership requirement of the lesser of 150,000 shares or the equivalent value of five times base salary for the CEO, the lesser of 30,000 shares or the equivalent value of three times base salary for vice chairmen and executive vice presidents and the lesser of 5,000 shares or the equivalent of base salary for senior vice presidents;
  - A clawback policy with respect to cash and equity incentive awards to our executive officers;



- The prohibition of hedging transactions as specified in our securities trading policy; and
- The prohibition of pledging shares without the consent of Travelers (no pledges have been made).

For more detail regarding our executive compensation program, see the Compensation Discussion & Analysis section of our [Proxy Statement](#).

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## SHAREHOLDER RIGHTS

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### Shareholder Rights

Travelers [Articles of Incorporation](#) and [Bylaws](#), together with our [Governance Guidelines](#), define and protect our shareholders' rights, including through:

- **Annually Elected Directors.** The annual election of directors reinforces the Board's accountability to shareholders.
  - **Proxy Access.** Shareholders may include director nominees in our Proxy Statement if certain conditions are met.
  - **Majority Vote Standard for Director Elections.** In uncontested elections, a director who receives fewer votes "For" his or her election than "Against" must promptly tender his or her resignation to the Board.
  - **Single Voting Class.** Travelers common stock is the only class of shares outstanding.
  - **No Poison Pill.** Travelers does not have a poison pill plan.
  - **Right to Call a Special Meeting.** Special meetings of the shareholders may be called at any time by a shareholder or shareholders holding 10% of voting power of all shares entitled to vote or 25% where the meeting relates to a business combination.
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# Climate Strategy



Our property and casualty insurance operations expose us to various risks, including those arising from natural catastrophes. Recent hurricanes and wildfires underscore the unpredictability of weather trends and that changing climate conditions could impact the frequency and severity of natural disasters. Our climate strategy centers on sound governance and risk selection supported by products, services and public policy that mitigate the impact of severe weather events, including by building more resilient communities.

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## APPROACH

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### Approach

As a core part of our business, we continually monitor, assess and respond to the risks and opportunities posed by changing climate conditions to provide products and services that both help our customers mitigate associated risks and are priced to meet our long-term financial objectives. This section introduces our approach to managing changing climate conditions, which we expand on in a more detailed [report](#) that aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). To read about environmental efforts within our operations, refer to the [Eco-Efficient Operations](#) section.

Our Board of Directors and Risk Committee consider changing climate conditions as part of, and integral to, overseeing our business and operations. The Board of Directors plays an important role in overseeing our Enterprise Risk Management (ERM) organization, including our company's evaluation of potential risks relating to changing climate conditions. The Risk Committee of the Board, composed of independent directors, assists the Board in overseeing the operational activities of our company and identifying and reviewing risks that could have an impact on Travelers, including risks related to changing climate conditions.

Consistent with its Charter, the Risk Committee has oversight responsibility for climate-related strategies, processes and controls, including catastrophe risk management, reinsurance and product underwriting and pricing. In addition to the Board Risk Committee, various business-level risk committees meet multiple times a year with senior members of management to discuss potential risks to Travelers related to the environment and changing climate conditions. These business-level committees include the Catastrophe Risk Management Committee, the Enterprise Risk Committee, the Emerging Issues Committee and the Climate, Energy and the Environment Committee (CEEC).

The CEEC coordinates and supports climate-related initiatives and strategies across Travelers and is a venue to share information and leverage expertise. The CEEC has four subgroups, each led by senior staff and aligned with a key area of focus:

- **Risk Identification and Management** – Supports business activities to identify, monitor and assess climate-related risks. Participants include Business Underwriting Groups across the company, such as ERM, Enterprise Catastrophe Strategy and Analysis, Investments, Government Relations, Risk Control, Claim, the Global Renewable Energy Practice Group and Enterprise Underwriting.
- **Products, Market Development and Customer Services** – Supports activities to identify and develop product opportunities, explore potential new markets and expand services to help customers prepare for and respond to potential risks related to changing climate conditions and “green” trends. Participants include Business Insurance Underwriting and Product, Enterprise Underwriting, Risk Control, Claim, the Global Renewable Energy Practice Group and all business units.
- **External Relations, Communications and Industry Leadership** – Supports Travelers external-facing corporate groups on matters pertaining to climate, energy and the environment. Participants include the Travelers Institute, Government Relations, Corporate Communications, Enterprise Catastrophe and Analysis, Enterprise Underwriting, Risk Control, Community Relations and Investor Relations.

- **Facilities and Operations Management** – Coordinates Travelers initiatives and activities to develop and implement environmentally responsible corporate practices, including establishing and implementing emission reduction practices and monitoring progress in achieving emission reduction goals. Participants include Travelers Facilities Managers.

Travelers provides climate-related disclosure through mandatory submissions, such as our latest National Association of Insurance Commissioners (NAIC) Insurer **Climate Risk Disclosure Survey submission**, as well as voluntary disclosures, such as our **TCFD Report** and our **2019 CDP Climate Change survey response**. Travelers has also been an invited respondent to the RobecoSAM Corporate Sustainability Assessment and has been included on the Dow Jones Sustainability Indices' North America index for 13 consecutive years (2007–2019).

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## RISK IDENTIFICATION & MANAGEMENT

### Risk Identification & Management

Our Risk Identification and Management Subcommittee of the Climate, Energy and the Environment Committee (CEEC) meets regularly to discuss and assess climate-related issues, risks and trends. The subcommittee stays current on climate-related and environmental risks, including through industry publications and external conferences, and actively monitors various relevant risk factors, such as:

- Climate-related litigation and novel theories of liability;
- Legal and regulatory requirements impacting climate, energy and the environment;
- Market-based policies that put a price on greenhouse gases such as carbon pricing or cap-and-trade programs;
- Efforts by states, nations and non-governmental organizations to adopt policies or implement programs designed to reduce emissions impacting global temperatures; and
- Impacts related to emerging “clean” or “green” energy and technology trends and products.

The subcommittee also receives regular updates from internal subject matter experts regarding emerging scientific analyses and published reports relating to weather trends and the effects of changing climate conditions. The majority of these publications focus on the possible forward-looking impacts of changing climate conditions. These publications include:

- Materials issued by the U.N. Intergovernmental Panel on Climate Change (IPCC);
- National Climate Assessment Reports issued in the United States by the National Oceanic and Atmospheric Administration (NOAA) as part of the U.S. Global Change Research Program (USGCRP); and
- Articles published in scientific journals.

When a potential risk is identified, the subcommittee engages in a comprehensive process to evaluate the risk and consider potential impacts to Travelers, including impacts to our catastrophe modeling practices and the use of such modeling, as well as impacts to our underwriting strategies, coverage language or product offerings. This process involves the relevant internal stakeholder groups and, as appropriate, may be elevated under our Enterprise Risk Management (ERM) framework for discussion with senior management and the Board of Directors. To read more about our ERM activities, refer to the **Capital & Risk Management** section.

### Risk Control & Mitigation

Changes in climate conditions, which manifest themselves over long periods of time, provide a long-term opportunity for Travelers Risk Control department to offer and develop services to help current and potential customers mitigate the risks associated with such changes. For example, to help mitigate and minimize property losses caused by weather-related events, Travelers Risk Control developed a comprehensive framework of technical planning resources to assist customers with conducting business impact analyses to prioritize and implement risk management action plans and physical improvements. Risk Control monitors events and claim trends and partners with associations such as the **Insurance Institute for Business & Home Safety (IBHS)** to evaluate innovative building products and new technologies to minimize wind, hail and wildfire exposures. This deep domain expertise enables us to help customers improve their resiliency over time.

In addition, our Risk Control professionals provide guidance to our customers that have incorporated “green” products or systems to reduce carbon emissions and/or increase environmental sustainability. These products and systems include, for example, solar panels on residential and commercial rooftops, lithium ion batteries used to store solar energy and vegetative roofs on commercial buildings.

Travelers Risk Control maintains technical committee memberships on the National Fire Protection Association (NFPA), the UL Fire Council, the Property Insurance Research Association and other associations to research and evaluate the reliability and fire safety of “green” products and systems to determine how these products and systems impact fire structural and safety exposures. We use this knowledge to continually update our views and empower our Risk Control professionals to help our customers mitigate the risks associated with changing climate conditions and “green” trends, with a goal of improving outcomes while strengthening customer relationships. To learn more about some of our other climate-related products and services, please refer to the **Products & Services** portion of this section.

At Travelers, we strive to lead by example and incorporate climate-related risk control measures into our own operations. To read about environmental and climate-related risk control efforts within our operations, refer to the **Eco-Efficient Operations** section.

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## UNDERWRITING STRATEGY

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### Underwriting Strategy

We incorporate weather and climate variability into our underwriting and pricing decisions. For example, we have evaluated the extent to which climate phases, such as the El Niño Southern Oscillation, may influence changes in the frequency and severity of U.S. landfall risk of hurricanes. Our catastrophe underwriting also incorporates lessons learned from recent events like the Tubbs Fire (California) in 2017, the Camp Fire (California) in 2018 and the Kincade Fire (California) in 2019, as well as from past events like Hurricane Katrina and Superstorm Sandy. Those lessons are reflected in our:

- Disciplined approach to terms and conditions, which are designed to make outcomes more predictable;
- **Risk control initiatives**, which help us with risk mitigation, selection and pricing;
- Proprietary flood underwriting, which factors in building footprints compared to segmented flood zones; and
- Proprietary wildfire underwriting, which factors in terrain slope, vegetation density and propensity to burn, road access including proximity to fire stations, as well as historical footprints.

We are also able to respond quickly to changing conditions since most of our policies renew annually. This gives us the flexibility to adjust our pricing, underwriting strategy and related policy terms and conditions, as appropriate. In addition to making short-term tactical adjustments to our underwriting strategy and product pricing based on the climate-related risks we identify, we monitor climate-related risks on both a medium- and long-term horizon to arrive at a holistic view of climate-related impacts on our business over time, further allowing us to adjust and refine our strategy, products and pricing.

Our broad product diversity also mitigates our exposure to climate-related risks. We engage broadly across nine major lines of insurance through our three business segments — Business Insurance, Bond & Specialty Insurance and Personal Insurance. Our portfolio is balanced across these lines of business and further diversified by geography, customer size and our deep underwriting specialization. See our **Business Strategy & Competitive Advantages** section to learn more about our product breadth and specialization.

Finally, informed by our risk selection, claims experience and risk appetite, we reinsure a portion of the risks we underwrite to further manage our exposure to losses and to protect our capital. We cede to reinsurers a portion of these risks and pay premiums based upon the risk and exposure of the policies subject to such reinsurance. For further discussion of our reinsurance program, see our **Annual Report on Form 10-K**.

Our robust risk management practices and disciplined approach to underwriting and pricing help Travelers identify and manage both the transition and physical risks related to changing climate conditions and respond to climate-related opportunities now and as such opportunities evolve over time.

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## CATASTROPHE & WEATHER MODELS

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### Catastrophe & Weather Models

Travelers uses various analyses and methods, including proprietary and third-party computer modeling processes, to make underwriting and reinsurance decisions designed to manage the company's exposure to catastrophic (CAT) events. Our Enterprise Catastrophe Strategy and Analysis group assesses CAT risk and manages the development of strategic CAT efforts, including the use of proprietary and third-party computer models and geospatial analysis to analyze CAT events and related risks.

We actively monitor and evaluate changes in third-party models and, when necessary, calibrate the CAT risk model estimates delivered via our proprietary processes. We consider historical loss experience, recent events, underwriting practices, market share analyses, external scientific analyses and various other factors, including non-modeled losses, to refine our proprietary view of CAT risk. These proprietary models are updated regularly as new information and techniques emerge.

In addition to CAT modeling, our geospatial capabilities integrate weather event overlays on policy and claim locations, which we further supplement with aerial imagery to fully understand our loss activity compared to expectations. Analytical techniques like this are an integral component of our **Capital & Risk Management** processes and further support our long-term financial strategies and objectives.

### Products & Services

Our dedicated **Global Renewable Energy Practice** provides **insurance solutions** for the life span of a renewable energy business, from research and development and manufacturing to permanent operations, as well as for onshore and offshore wind, solar and biopower operations. This practice is designed to facilitate innovation and the growth of renewable energy businesses and support the transition over time to a lower-carbon economy. Our Global Renewable Energy Practice also helps Travelers capture a greater share of the expanding renewable energy industry domestically and internationally, as trends toward renewable and clean energy sources continue to accelerate. For example, our **WindPak®** and **SolarPak®** insurance products respond to unique coverage issues for the wind and solar industries.

As an integral part of our business operations, we also monitor, assess and respond to the risks and opportunities posed by changing climate conditions and evolving “green” trends to provide insurance products and services that address our customers’ needs. Our business areas, supported by the Climate, Energy and the Environment Committee (CEEC), identify and assess the feasibility of new product opportunities that are responsive to changing climate conditions and evolving “green” trends and examine the impact of these trends on our current product offerings. We offer discounts where permissible to incentivize environmentally responsible behavior. Examples of our current product offerings include the following:

- **Green Building Coverages.** A suite of Green Building coverages that respond to the unique coverage issues of “green” commercial buildings and provide for the additional costs to help policyholders repair, replace or rebuild with “green” materials after a loss.
- **Green Home Discount.** A discount of up to 5% for homes that are LEED (Leadership in Energy and Environmental Design) certified.
- **Windstorm Mitigation Discount.** In many states, our newest homeowners program offers a discount of up to 18% on hurricane premium for homes built to the Insurance Institute for Business & Home Safety (IBHS) FORTIFIED Gold™ Standard. In Alabama, depending on the location, the discount can be up to 55% on hurricane premium for this designation.
- **Hybrid/Electric Vehicle Discount.** A discount for hybrid or electric vehicles.
- **Hybrid Boat Discount.** A discount of up to 10% for hull and liability coverages on hybrid boats and yachts, available in certain states and subject to individual eligibility.
- **Electric Boat Discount.** A discount of up to 10% for electric boats run by motors instead of engines, available in certain states and subject to individual eligibility.

In addition, through our **Prepare & Prevent** website, we provide customers, agents and brokers and the general public extensive educational resources to help them plan for, stay safe during and recover from natural disasters of all types. This site and our secure Risk Control Customer Portal give customers, agents and brokers access to over 1,250 resources to help them better understand risk, mitigate exposures and prevent losses.

Finally, when possible, we take steps to notify customers and agents of certain approaching natural disasters and inform them of steps they can take to help prevent damage. We send customized severe weather alerts – via text message, email or both – that let customers know of pending hazards in their area. We also provide links to actionable prevention content on our Prepare & Prevent website. After major natural disasters, we communicate with customers and agents to inform them of steps they can take to mitigate damage, file a claim and begin the recovery process.

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## RESILIENT COMMUNITIES

### Resilient Communities

As part of an ongoing effort to enhance public awareness about the need for effective adaptation strategies to reduce losses related to natural disasters, Travelers supports and participates in research, advocacy and education. Travelers sponsors the **Insurance Institute for Business & Home Safety** (IBHS), the BuildStrong Coalition, **Habitat for Humanity®** and the Wharton Risk Center to promote stronger building codes and more resilient communities and to influence industry standards and best practices. We participate on the board of IBHS, an independent, nonprofit, scientific research organization tasked with understanding and quantifying the impact of building codes and standards on loss. Over the last decade, IBHS has identified gaps through full-scale laboratory testing at its state-of-the-art facility and influenced changes to existing building code standards and best practices to mitigate potential losses.

We also participate on the board of the BuildStrong Coalition, a group composed of national business and consumer organizations, companies and emergency management officials. BuildStrong is dedicated to advocating for federal government legislation and incentivizing state adoption and enforcement of building codes to protect property, save lives from the devastation of natural disasters and reduce loss costs.

In 2018, national mitigation and resiliency efforts benefited from the enactment of the Disaster Recovery Reform Act. Long a priority for Travelers and the BuildStrong Coalition, Congress has now provided states and localities with dedicated pre-disaster and post-disaster funding opportunities that will save lives and help communities reduce the future costs of natural disasters by helping homeowners fortify their homes using IBHS proven technologies. As concluded by a National Institute of Building Sciences study released in 2018 that evaluated the results of 23 years of federal mitigation grants, federal funding can save the United States \$6 in future disaster costs for every \$1 spent on hazard mitigation.

We believe advocating for our communities is good for our customers, for the communities in which we live and work and for creating shareholder value over time.

# Key Initiatives



IBHS SPONSORSHIP

**Supporting Research in Severe Weather Readiness and Response**



WILDFIRE DEFENSE SERVICES

**Using Data to Protect Our Customers**



TRAVELERS FORTIFIES COMMUNITIES

**Building Strong, Resilient Communities**



TEAM RUBICON

**Veterans Deploy with Disaster Responders**



COMMUNITY RESILIENCE AWARD

**Rewarding Leadership in Community Response**



TRAVELERS INSTITUTE®

**Thought Leadership on Disaster Preparedness**

# Community



Travelers — directly and through the Travelers Foundation — has provided more than \$223 million in gifts to local communities over the past decade, focused on supporting academic and career success, developing thriving neighborhoods and creating culturally enriched communities. Our giving, along with our extensive volunteer efforts, assist our ability to deliver sustained value for all stakeholders.

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## APPROACH

### Approach

At Travelers, we understand that we can only thrive as a business enterprise if our economy — and by extension our communities — thrive too. We believe that strong communities are sustained by educational and economic opportunities, and we are dedicated to assisting our communities in generating those opportunities. Our community initiatives are also designed to enhance employee engagement and retention by providing volunteer and matching gift programs.

Travelers provides **community support** both directly and through the Travelers Foundation, the company's philanthropic arm. The Travelers Foundation Board of Directors provides oversight of the Foundation's strategy, priorities and activities. Our Community Relations department meets regularly with the Foundation's Board, comprised primarily of senior leaders from our Management and Operating Committees. The Travelers Community Relations department also reports annually to the Nominating and Governance Committee of the Travelers Board of Directors. Travelers and the Travelers Foundation publicly disclose [a detailed annual list of charitable giving](#) and [community reports](#) to highlight our accomplishments and progress.

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## OUR GIVING PRIORITIES

### Our Giving Priorities

With a focus on equity and inclusion, we target our giving and volunteerism priorities to help improve academic and career success, develop thriving neighborhoods and create culturally enriched communities.

- **Academic and Career Success:** Travelers supports initiatives that improve academic and career success for underrepresented youth, which help address community and corporate needs for a skilled workforce, sustained economies and a better quality of life. Travelers, directly and through the Travelers Foundation, has provided more than \$95 million since 2009 to help foster academic success, increase career preparedness and reduce barriers to higher education. Programs such as **Travelers EDGE® (Empowering Dreams for Graduation and Employment)** are helping to strengthen our communities and build a robust and diverse talent pipeline for Travelers for the future. In addition, Travelers continues to partner with Roadtrip Nation, an organization that creates content, products and experiences to help individuals pursue fulfilling careers, by sponsoring the "Risk & Reward" documentary. The four-part documentary series is available on Roadtrip Nation's website and airs on public television stations across the United States. In 2019 alone, it was available through 757 broadcasts in 60 U.S. markets. More than 1,000 students have also enrolled in the Roadtrip Nation career-readiness curriculum.

- **Thriving Neighborhoods:** Travelers fosters thriving neighborhoods through neighborhood economic development and community-building services to help individuals, families and small businesses understand and mitigate risks, stay safe and prepare for disasters. This includes programs such as the **Small Business Risk Education (SBRE) program**, our work with **Habitat for Humanity®** and SBP (Formerly St. Bernard Project) to fortify homes, and our support of nonprofits that are building strong, resilient communities, such as Team Rubicon.
- **Culturally Enriched Communities:** Travelers supports organizations that enrich lives through arts and culture, both as a lever for academic improvement and to ensure vital communities with a high quality of life where our employees live and work. In 2019, we launched Travelers Art Speaks, an initiative that leverages Travelers' investment in arts and cultural organizations to spark meaningful and thought-provoking dialogue around diversity and inclusion among employees.

## TRAVELERS CHARITABLE GIVING

	2019	2018	2017
<b>Direct Cash</b>	\$17,423,703	\$18,873,872	\$16,353,332
<b>Foundation Cash</b>	\$6,586,694	\$6,284,365	\$6,366,650
<b>Total Cash</b>	\$24,010,397	\$25,158,237	\$22,719,982
<b>Non-Cash</b>	\$206,064	\$393,864	\$161,488

## EMPLOYEE VOLUNTEERISM & GIVING

### Employee Volunteerism & Giving

We take pride in empowering our employees to have a positive impact on their communities by serving others. As community leaders, Travelers employees are more than strong corporate citizens — they are valuable assets to the communities in which they live and work. Year after year, our employees' efforts to give back to the communities we call home is truly remarkable, and 2019 was no exception. Our employees collectively logged more than 130,000 volunteer hours in 2019, and over the past decade, they have recorded more than 825,000 hours. These hours include time spent volunteering for both company-sponsored events, like the **Travelers Championship®** golf tournament for which 1,700 employees volunteered in 2019, and employee-selected organizations. We do not limit the number of paid volunteer hours an employee can take during the year. Each employee works directly with their manager to balance volunteering with their job responsibilities.

We hear from our employees about how connecting with their communities — by contributing their time and talents and contributing financially — is personally rewarding, drives engagement and morale and strengthens their commitment to our company's mission. We also see how community involvement — whether by leading a team volunteer project, coordinating an event for a local nonprofit, providing pro bono services or serving on a charity's board of directors — helps our employees develop as professionals, building competencies that we value in the Travelers workforce.

Through the Travelers Community Connections intranet site, we encourage Travelers employees to log their company-sponsored and independent volunteer activities, as well as view other volunteer opportunities available in their communities. In addition, Travelers maintains both a matching gift program and a volunteer grants program to encourage employees in their efforts.

#### Community Connections Matching Gifts Program

Travelers amplifies our employees' generosity with the Travelers Community Connections (TCC) program. From 2010–2019, Travelers matched our employees' gifts of time and money with \$16 million in matching funds. The program offers an annual Cash Match of up to \$500 per employee, which includes donations made during our annual employee giving campaign. We reward volunteerism with our Volunteer Match program, which provides a \$500 grant to eligible nonprofit organizations for every 24 hours an employee volunteers at the same organization. Employees may earn up to two \$500 grants per year. We also provide incremental rewards for logging hours on our TCC intranet site.

In addition, we offer an annual Community Connections Campaign, which encourages employee giving through fundraising events and reminds employees about the ability to give to their favorite charities through payroll deduction and other methods. During the 2019 campaign, employees raised approximately \$900,000 for our local communities through a variety of events.

Beginning in 2020, we made the following updates to our employee giving program:

- Our employees can now give year-round through payroll deduction rather than during a designated pledge period.
- Donations can be made on a one-time or recurring basis using payroll deduction, a credit card or a PayPal account.
- Our matching gift program requires no minimum donation.



## Travelers Community Connections Team Volunteer Grants

The TCC field office volunteer grant program encourages and supports volunteer work at our offices across the United States by letting employee teams request grants of up to \$15,000 to support local schools and nonprofit organizations. In 2019, 34 organizations connected to 19 Travelers offices received more than \$350,000 through this program, not counting 54 Habitat for Humanity® build days in the United States and Canada, which we supported with nearly \$600,000 in grant funding. As demonstrated below, this program adds up to millions of dollars in assistance for the communities we call home.

### SUPPORTING EMPLOYEE COMMUNITY INVOLVEMENT

	2019	2018	2017
<b>Employee Volunteer Hours</b>	130,000	120,000	143,500
<b>TCC Field Office Activities</b>	34	36	38
<b>Habitat Build Days</b>	54	51	55
<b>Matching Gifts</b>	\$1.3 million <sup>1</sup>	\$2.3 million	\$2.6 million

<sup>1</sup>In 2019, we suspended the employee giving payroll deduction pledge drive as part of our plan to introduce our new employee involvement intranet site, which accounts for the reduction in matching gifts. As of January 2020, employees have the ability to donate through the new platform "on demand" at any time throughout the year, using payroll, credit card or PayPal. Donations to most public charities are eligible for the company match.

# Key Initiatives



TRAVELERS EDGE®

**Transforming Tomorrow's  
Workforce**



TRAVELERS CHAMPIONSHIP®

**Our Signature Community  
Event**



(SBRE) EMPOWERING SMALL  
BUSINESS OWNERS TO SUCCEED

**Educating Businesses  
About Risk**



JUNIOR ACHIEVEMENT INSURANCE  
LEARNING LABS

**Fostering Financial  
Literacy and Insurance  
Know-How**



PARTNERSHIP WITH INVEST

**Travelers Insuring Futures**



SUPPORTING OUR ENTREPRENEURS

**Our Partnership with  
Village Capital**



COMMUNITY RESILIENCE AWARD

## Rewarding Leadership in Community Response



TEAM RUBICON

## Veterans Deploy with Disaster Responders



TRAVELERS FORTIFIES COMMUNITIES

## Building Strong, Resilient Communities



2019 FEATURED SERVICE PROJECT

## Stronger than the Storm



AMERICAN FORESTS PARTNERSHIPS

## Committing to Plant up to One Million Trees to Aid Reforestation Efforts



KABOOM! PLAYGROUNDS

## Creating Neighborhood Playspaces

## Customer Experience



We strive to provide great experiences for our customers, agents and brokers at every touchpoint, from sales to claim servicing. To meet evolving consumer and business expectations, we are investing in technologies, capabilities and talent to deliver fast, personalized service across platforms, with the goal of being *the undeniable choice for the customer and an indispensable partner for our agents and brokers.*

### APPROACH

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#### Approach

We recognize that to deliver on our promise to our customers and to produce industry-leading returns over time, we need to understand our customers' changing needs and expectations, which are increasingly shaped by their experiences both inside and outside the insurance industry. Meeting and exceeding those expectations requires us to keep the customer at the heart of everything we do and collaborate with our agent and broker partners to provide a seamless and consistent experience across all interactions and touchpoints.

Our Head of Customer Experience, a member of our Operating Committee, leads our enterprisewide efforts to enhance our customer experience. We use multiple customer and agent listening posts and surveys to better understand ever-changing customer needs. We also leverage our data and analytics expertise to develop intelligent models to predict and provide for their needs throughout the customer life cycle. Based on what we learn, we are investing in technologies, capabilities and talent to become faster, easier, nimbler, more digital, more mobile and more personalized, enabling us to advance one of our three innovation priorities — to provide great experiences for our customers, agents and brokers.

From a claim perspective, customer experience is both a core value and a business discipline. Travelers processes the overwhelming majority of claims internally; in 2019, we were able to adjust virtually 100% of our claims with our own employees. This structure sets us apart in the industry, allowing us to process claims more quickly and accurately, enabling a consistently high standard of customer service. Our claims handling capability is a competitive advantage that results in a better outcome for our customers and a more efficient outcome for us. In 2019, we were able to resolve nearly 95% of our customers' property claims arising out of catastrophe events within 30 days. The capacity to service virtually all of our claims with our own employees also provides us with valuable insights and data, which helps us continually learn from our customers and refine our service processes to optimize their experience with us. Our claims handling ability is at the heart of our promise to our customer and proved again in 2019 to be a significant competitive advantage.

Together, we are using the power of innovative communication channels and human-centered design to deliver on key moments that matter to our customers, today and tomorrow. Over the years, we have captured some of our customers' more powerful experiences with Travelers in this series of [short videos](#).

We pride ourselves on delivering for our customers but are pleased when our customer experience has been recognized by others. For example:

- Newsweek named Travelers as one of America's best companies for customer service (2019).
- U.S. News rated Travelers second-best car insurance company (2019).
- J.D. Power identified Travelers as a top-10 carrier for both auto and property claim satisfaction and among the highest in overall improvement year-over-year in auto claim satisfaction (2018).
- The Marsh ProBroker network of 65 UK-based commercial insurance brokers named our Travelers Europe team "Insurer of the Year" (2019).

Ultimately, the results of our customer experience efforts are reflected in our strong customer retention rates.

## CUSTOMER RETENTION RATES

Business Group	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
<b>Domestic Business Insurance (excluding National Accounts)</b>	86%	85%	86%	85%	86%	85%	84%	84%
<b>Domestic Business Insurance: Select Accounts</b>	83%	82%	82%	81%	83%	82%	82%	83%
<b>Domestic Business Insurance: Middle Market</b>	88%	88%	87%	87%	87%	87%	86%	86%
<b>Domestic Bond &amp; Specialty Insurance: Management Liability<sup>1</sup></b>	89%	90%	90%	89%	89%	90%	90%	89%
<b>Domestic Personal Insurance: Agency Automobile<sup>2</sup></b>	83%	83%	84%	84%	84%	84%	84%	84%
<b>Domestic Personal Insurance: Agency Homeowners &amp; Other<sup>2</sup></b>	86%	86%	86%	86%	86%	85%	85%	86%
<b>Total International Insurance<sup>1</sup></b>	84%	83%	83%	82%	80%	80%	78%	77%

<sup>1</sup>This ratio excludes the surety line of business as surety products are generally sold on a non-recurring, project specific basis.

<sup>2</sup>This ratio represents the expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies. Excludes Direct to Consumer business.

Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

## HUMAN-CENTERED EXPERIENCE

### Human-Centered Experience

At Travelers, we understand the importance of a human connection when a customer experiences a “life event” that provides us the opportunity to help them. At the same time, we understand the growing importance of technology as our customers increasingly desire the ability to interact with us digitally. We are committed to maintaining the human touch while delivering an exceptional digital experience. We strive to exceed our customers’ evolving expectations and work hard to provide our customers with compelling experiences, regardless of the channel they choose – whether in person, over the phone, via live chat or through Travelers.com, the Travelers mobile app, email, text or mail. Here are some of the ways we are doing that:

#### ▼ Maintaining the Human Touch

- Making Sure We Have the Right People**
  - We aim to attract, hire and develop employees with empathy, integrity and professional expertise. Our goal is to hire and nurture people who care about the long-term success of Travelers, which includes caring about the well-being of our customers and providing exceptional service to our customers and agent and broker partners.
- Culture Creation**
  - We are the beneficiaries of a longstanding culture anchored in trust – the trust we earn from our customers in challenging times and the trust we place in each other and our agents and brokers every day. The importance of the Travelers Promise – our commitment to take care of our customers, communities and each other – is deeply ingrained in our employees and is the purpose that brings each of our employees to work each day with energy and enthusiasm.
- Human-Centered Design Practices**
  - Designing exceptional experiences for customers is both an art and a science. To ensure that Travelers stays ahead of the competition, our Customer Experience function has established a Human-Centered Design center of excellence that provides tools, best practices and standards to teams across the enterprise. Additionally, we have hired experienced design professionals across our organization to help ensure we are creating the best experiences possible across all of our service channels, using an outside-in, human-centric approach.

**Loss  
Consultation**

- We have an innovative workflow that gives customers the option of becoming better informed about coverage, deductibles, impact to loss history and the claim process prior to filing an insurance claim.

▼ **Digital Enablement**

**Helping Our  
Customers and  
Agents Go  
Digital**

- With our commercial insurance digital policy, our goal is to enable agents and customers to correspond and transact with us digitally, including by digitally signing or approving forms using e-signature. This enables us to provide quicker service as well as reduce our paper usage and mail costs.
- We have also been encouraging personal insurance customers to go digital by partnering with **American Forests** to fund the planting of a tree for every personal insurance billing account converted to paperless billing; we have committed to planting up to one million trees. As of April 2020, we have reached that goal and have committed to funding the planting of up to an additional 500,000 trees by Earth Day 2021. In addition to streamlining the process for our customers, this initiative is expected to significantly lower our paper consumption and our printing and mailing costs, while also benefitting the environment.

**Travelers BOP  
2.0**

- Our BOP (Business Owner Policy) 2.0 product, launched in 2019 with input from our agents, makes the quoting experience faster and easier with simplified screens, fewer questions, more customer information prefill and modernized business classifications. We also adjusted our pricing, introduced new discounts and provided flexible offerings that allow agents to package coverages in a way that best meets the needs of our customers.

**Quantum Home  
2.0®**

- Through its rebuilt quote and issue system, our *Quantum Home 2.0* product makes it easier than ever to tailor flexible and cost-effective coverage packages and specialty options for home and condo owners, tenants and landlords. Its granular pricing segmentation, customizable coverages and ease of quoting offer a sophisticated and simple solution that delivers value to both customers and agents.
- In 2019, we continued the successful rollout of *Quantum Home 2.0*, which, as of December 31, 2019, is available in 34 states and the District of Columbia.

**MyTravelers®  
Portal**

- **MyTravelers**, our customer portal for personal insurance customers, is available 24/7 and enables our customers to manage their insurance needs more quickly and conveniently. *MyTravelers* allows our customers to make payments, view or change policy information, report a claim, manage common claim tasks and otherwise manage their insurance policies. In addition, through this robust digital experience, we provide our customers with explanations about our insurance products and coverage using plain language and, in some cases, video content.

**Our Virtual  
Assistants**

- On Travelers.com, virtual assistants help customers and claimants answer routine questions and facilitate common service transactions digitally. For example, through our virtual assistants, customers can get direction on how to accomplish tasks such as changing their address, paying their bill or adding a vehicle.

**Travelers  
Insurance Skills  
for Alexa**

- In 2018, we initiated a collaboration with Amazon to provide Travelers customers with an Amazon Echo Dot and a discount on smart home device kits designed to help protect homeowners from some of the most common causes of loss.
- Among other things, our Travelers skill for Alexa assists customers with questions regarding their account, including how to go paperless.
- In addition, the Travelers Home Central Skill provides tips to help maintain and protect the home with a feature for seasonally- and regionally-relevant maintenance and safety tips, a home safety assessment, a step-by-step guide to building an emergency preparedness kit and a safety knowledge quiz.

**Travelers Home  
Central™**

- **Travelers Home Central** is a set of online tools and resources that provides content and information about moving, refinancing, buying and remodeling a home. The content is designed to help our current and future personal insurance customers protect themselves and make them feel more secure about making difficult choices and understanding the risks involved with being a homeowner.

**Online Risk  
Control  
Resources**

- We provide customers with significant pre-loss safety and damage mitigation advice through social media, direct communications and our extensive public-facing **Prepare & Prevent** website.
- Business Insurance customers also have access to the Travelers Risk Control Customer Portal, a library of self-service loss prevention and safety resources for risk management professionals.
- Together, our Prepare & Prevent website and Risk Control Customer Portal give customers online access to more than 1,250 resources to help them better understand risk, mitigate exposures and prevent losses.

**Risk  
Management  
Information  
Services  
(e-CARMA®)**

- For our larger Business Insurance customers with more sophisticated or complex operations, we offer a comprehensive tool, *e-CARMA*, to give customers the ability to monitor and analyze their risk management information. In 2019, we completed several modernization efforts to make accessing loss information faster and easier, thereby helping customers make timely and informed decisions to keep their business running smoothly.

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## ETHICAL & EMPATHETIC CLAIM CULTURE

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### Ethical & Empathetic Claim Culture

Treating our customers, claimants and business partners with the highest degree of integrity, professionalism and empathy, and paying what we owe, are core to our mission. That's why our Claim organization has a deliberate focus on attracting, developing and retaining a high-performing workforce that shares our values and embraces our culture. Within six months of hire, every new employee in our Claim organization goes through a comprehensive training process designed to ensure engagement with Claim's values and vision, which establishes ethical, empathetic and effective claim handling as a key driver of business success. Employees are regularly recognized for their ability to leave our customers feeling secure, respected and cared for at every interaction.

Our **Code of Business Conduct and Ethics** clearly establishes Travelers' policy to handle claims fairly by paying what we owe, and following the terms of the applicable insurance policies and all claim handling standards contained in the applicable statutes and regulations. The Code specifies that Claim personnel are expected to act promptly and in good faith when handling claims. These principles are frequently reinforced by management at all levels within the Claim department through regular training, communications and measurement. Among other things, Claim handling staff are provided with good faith claim handling training that specifically walks through different situations Claim professionals may encounter in their work. Claim professionals' core technical training addresses coverage determination and customer communication, and internal quality review of Claim files includes determination of whether all coverages were correctly identified, applied and communicated to the customer. In addition, all Claim employees are required to annually certify compliance with a Claim-specific compliance plan that goes above and beyond the company compliance plan to specifically address good faith claim handling.

The diversity of our workforce helps us provide empathetic and effective claim service. For example, on average, when we provide Spanish-language workers compensation Claim and medical professionals to Spanish-speaking customers, we see a reduction in lost time and claim, legal and medical expenses, with improved medical and return-to-work outcomes. In our Southern California Claim Center, workers compensation claims handled by culturally and linguistically aligned Claim professionals through our **Cultural Advantage** program saw an 8% reduction in total claim payout, a 21% lower rate of attorney involvement and a 20% improvement in return to work within 30 days (2014–2019 accident years, Southern California Claim Center). This strategically located program is currently available in California, Florida, Texas, Arizona, Colorado, Illinois, Nevada, New Mexico and Utah. We periodically review this program for expansion.

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## LISTENING TO OUR CUSTOMERS & PARTNERS

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### Listening To Our Customers & Partners

At Travelers, we understand the power of listening. To that end, we aim to provide our customers and agent and broker partners with the ability to quickly and easily give us feedback on our products, services and interactions. Our goals are to ensure that we understand our stakeholders and that we use the valuable feedback we receive to develop the products and services that our customers want and need.

We are taking steps to expand our ability to receive and act upon customer feedback, including through the use of "after call" and "after transaction" surveys, feedback buttons on all of our digital properties, and research and in-depth interviews with our customers and agent and broker partners. We also utilize data from third parties such as J.D. Power, and agent and broker surveys, to monitor customers' needs with the goal of providing our customers with an exceptional experience. Ultimately, by listening to our customers and evolving our processes and strategies to align more closely with both customer and agent and broker perspectives, we aim to improve customer satisfaction and loyalty.

Here are some of the other ways we advance our goal of listening to our customers and agent and broker partners:

- **24/7 Customer Advocacy Help Line.** With one of the most comprehensive suites of Commercial and Personal product offerings in the marketplace and over 30 businesses and approximately 30,000 employees, it could be difficult to reach the right person at the right time. To make it easier, our Customer Advocacy team of trained specialists is available 24/7 to help our customers, agents and brokers navigate to the right person at Travelers. Customers can find the Customer Advocacy telephone number and email address by clicking on the "Contact Us" button on the front page of Travelers.com.
- **Social Media Response Capabilities.** Many of today's customers prefer to interact through social media. To address this trend, we have established a social media scanning and response capability to quickly respond to customer inquiries through social media. Any time a customer posts on a Travelers social media property, or tags Travelers in a post on their social media property, we have a process to quickly review and triage that comment to the right business partner to determine if a response is needed.

### Supporting Our Agents & Brokers

Our partnerships with our agents and brokers are a key competitive advantage for us and an important driver of our long-term success. We aim to be their indispensable partner; together, we deliver on our promise to be there for our shared customers.

We are continuously enhancing our digital marketing and sales tools to better support our agents and brokers and to help them identify and capture new business opportunities more effectively. For example, we support our independent agents and brokers in Personal Insurance by providing them with social media, marketing and customer relationship resources. These resources allow them to leverage our communication platforms and our extensive product and safety content to engage with their local markets and communities. We also work closely with our agents when designing new products, such as **Quantum Home 2.0**<sup>®</sup>. *Quantum Home 2.0* provides greater customization, fewer steps to complete a quote and simplified customer communications — all of which increase efficiency for agents while helping them to deliver better service and drive new business. We work with our agents and brokers to provide our shared customers with clear and accurate information, which can guide them toward the products/services they need.

Travelers Institute<sup>®</sup> educational programming also offers unique value to our network of 13,500 agent and broker partners, providing a distinguished thought leadership platform. Over the past 10 years, the Travelers Institute has hosted hundreds of events in collaboration with agents and brokers, enhancing these relationships while providing education and risk mitigation strategies to thousands of consumers. The programming leverages our agents' knowledge of how issues such as cybersecurity, distracted driving and natural disasters directly affect families, businesses and communities. Agencies and agent associations regularly co-host programs with the Travelers Institute, invite customers and provide expert speakers, showcasing their risk management expertise and reinforcing their value as trusted advisors for critical insurance decisions. In addition, the Travelers Institute offers presentations on the economic outlook and political landscape at agent conferences and events and provides educational content including publications, social media campaigns and videos for agents and brokers to share with clients. These programs are a great example of how our efforts to strengthen our communities also enhance our relationships with our agent and broker partnerships and drive our bottom line.



# Key Initiatives



## AMAZON COLLABORATION

**Travelers Teams Up with Amazon to Provide Smart Home Solutions**



## QUANTUM HOME 2.0<sup>®</sup>

**Simplifying the Customer Experience**



## TRAVELERS INSTITUTE<sup>®</sup>

**Insurance Essentials: Your Questions Answered**



## AMERICAN FORESTS PARTNERSHIPS

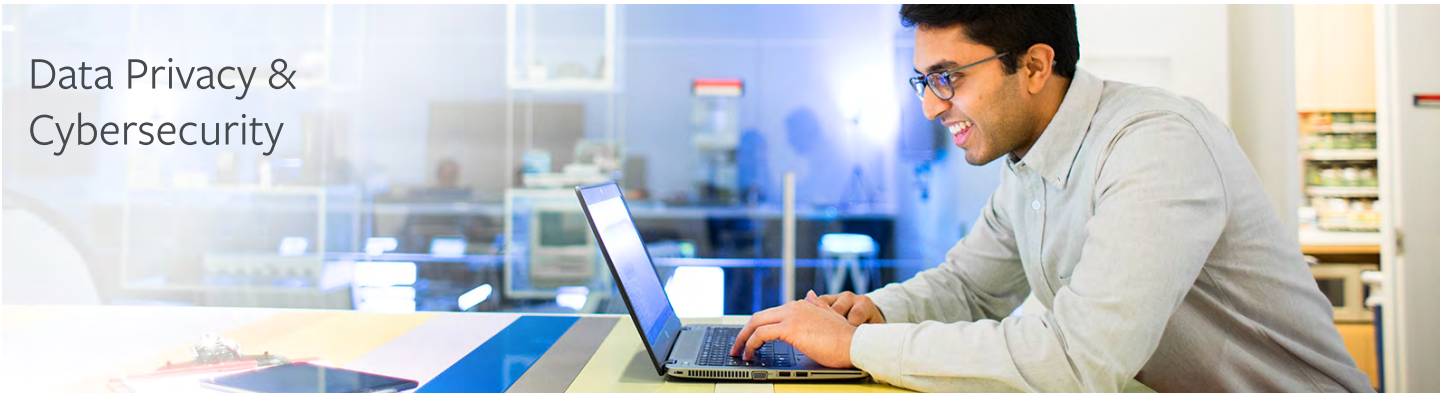
**Committing to Plant up to One Million Trees to Aid Reforestation Efforts**



## WILDFIRE DEFENSE SERVICES

**Using Data to Protect Our Customers**

## Data Privacy & Cybersecurity



As technology becomes more complex and sophisticated, so do the cyber risks that businesses and organizations face. For Travelers, this means first and foremost protecting information about the people and property we insure. Our understanding of these cyber threats also enables us to provide innovative cyber solutions for our customers.

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### APPROACH

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#### Approach

Our Chief Information Security Officer (CISO) leads the Travelers Cybersecurity department. He reports to the Chief Technology and Operations Officer and is a member of the Enterprise Risk team. Our CISO provides quarterly updates on cybersecurity, cyber risk and related policies to Travelers executive management and the Risk Committee of the Board. The Risk Committee of the Board regularly reviews and discusses with management the strategies, processes and controls pertaining to the management of our information technology operations, including cyber risks and cybersecurity.

Travelers Cybersecurity department is composed of more than 100 trained individuals, many of whom hold advanced certifications. The Cybersecurity team, under the direction of the CISO, continuously analyzes cybersecurity and resiliency risks to our business, considers industry trends and implements controls, as appropriate, to mitigate these risks. This analysis drives our long- and short-term strategies, which are executed through a collaborative effort within Technology and Operations and are communicated to the Board of Directors regularly.

In addition to managing our own cyber exposure, we recognize the valuable services we can provide our customers in the face of the mounting cyber risks they are facing. We offer cyber liability insurance, which provides a combination of coverage options to help protect our customers' businesses.

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### CYBERSECURITY

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#### Cybersecurity

At Travelers, we take a multifaceted approach to protect information in our care and assist our customers in safeguarding their digital assets. We embed data protection throughout our operations and information technology programs with the goal of safeguarding our customer data and digital assets. As a foundation to this approach, Travelers maintains a comprehensive set of cybersecurity policies and standards, which align with the International Standards Organization (ISO) 27001 standard. Our policies include codes of conduct for employee and non-employee system users, which reinforce the data privacy and protection sections of our [Code of Business Conduct and Ethics](#).

#### Policy & Governance

We embed data protection throughout our business operations and information technology program. Our goal is to provide a disciplined approach to safeguarding our information assets and our customers' data. As a foundation to this approach, Travelers maintains a comprehensive set of cybersecurity policies and standards, which we have developed in collaboration with a wide range of disciplines, such as information technology, cybersecurity, legal, compliance and business, among others. Annually, Travelers undergoes an SSAE 18 SOC 2

(Statements on Standards for Attestation Engagements No. 18 Service Organization Control 2 report) examination by an independent external audit firm. In addition, we continuously self-assess against our internal policies, which are in alignment with ISO 27001, using our internal risk assessment process and a wide variety of other frameworks, such as the National Institute of Standards and Technology (NIST) Cybersecurity Framework, New York Department of Financial Services Cybersecurity Requirements for Financial Services Companies and the Payment Card Industry Data Security Standard. Our comprehensive and collaborative approach allows us to further the organizational culture of data security awareness, the effectiveness of data governance and the responsiveness to evolving data management protocols.

### Technology

Travelers utilizes sophisticated technologies and tools to protect information, including multifactor authentication, firewalls, intrusion detection and prevention systems, vulnerability and penetration testing and identity management systems. Our identity and access management systems employ both commercial authentication products from leading companies as well as internally developed systems based on prevailing industry standards. We include periodic recertification access for key data, and we utilize multifactor authentication based on the level of risk. We monitor for anomalies on our network, and our Security Operations Center responds to those anomalies.

In addition, we participate in vulnerability information sharing networks, such as the Financial Services Information Sharing and Analysis Center (FS-ISAC). We also track industry and government intelligence sources for impact in the marketplace and deploy necessary updates as appropriate.

Finally, Travelers has a robust approach to software patch management, and we have designed and implemented comprehensive systems to provide a high level of security to safeguard sensitive data.

### Training & Awareness

All Travelers employees receive data privacy and cybersecurity training annually as part of our annual Code of Business Conduct and Ethics training. Additionally, our annual security awareness training covers a broad range of security topics, from password protection and social engineering, to privacy and compliance. We also provide regular targeted training on topics such as, but not limited to, phishing, secure application development, use of social media and fraud. We educate our employees through a number of methods, including computer-based training, security materials and presentations, company intranet articles, email publications and various simulation exercises. In addition, certain Travelers contractors receive data privacy and cybersecurity training.

### Third-Party Relationships

Travelers has a cybersecurity diligence and oversight process for its third-party vendors. This process is a component of our supplier management program. Prior to the commencement of services, our Cybersecurity team performs a risk/rating assessment of all vendors that will have access to and process Travelers data and conducts formal risk assessments on certain service providers based on the risk/rating assessment. Reassessment occurs on a regular basis, the frequency of which is determined based on a risk assessment and rating process. The assessment process utilizes a comprehensive questionnaire, which addresses aspects of the vendors' data security controls and policies, including business continuity, as well as on-site assessments for higher risk relationships.

### Incident Response

Travelers has implemented a Security Incident Response Framework. The framework is a set of coordinated procedures and tasks that the Travelers incident response team executes to ensure timely and accurate resolution of computer security incidents. In order to maintain the robustness of the framework, we conduct tabletop testing exercises several times annually, using risk analysis to select which components of the plan to test.

### Compliance

Our cybersecurity framework includes regular compliance assessments with Travelers policies and standards and applicable state and federal statutes and regulations. We validate compliance with our internal data security controls through the use of security monitoring utilities and internal and external audits. In addition, we proactively perform self-assessments against regulatory frameworks such as the NIST Cybersecurity Framework.

Additional information regarding privacy and security, including Travelers Privacy Statements, is available [on our website](#).

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## DATA PRIVACY

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### Data Privacy

Protecting our customers' data and safeguarding customer privacy are essential parts of the Travelers Promise. We evaluate data from many sources, including from our individual or business customers themselves, third-party service providers and public sources. In addition to guiding our risk selection and pricing, we leverage this data to run sophisticated predictive claim models, which improve claim outcomes for our customers and efficiency for our business.

Key aspects of our data privacy program include the following:

- Travelers will not give or sell personal information to nonaffiliated third parties for their marketing purposes without permission.

- Travelers maintains safeguards designed to help prevent unauthorized use, access and disclosure of personal information. For example, we limit access to personal information and require those who have access to use it only for legitimate business purposes.

Core privacy principles guide the actions we take when collecting and using personal information, including the following:

- **Notice.** We give notice to individuals about the purposes for which Travelers collects, processes, stores and discloses personal information.
- **Collection and Use.** Travelers thoughtfully considers information collection practices and strives to limit collection to only information that is relevant and reasonably necessary to accomplish Travelers' intended purposes. Travelers uses the personal information collected directly from insureds for purposes consistent with the context of the transaction, the purpose for which it was collected and/or with consent.
- **Access and Correction.** Personal insurance customers may request access to, and correction of, personal information about them held by Travelers, and Travelers will honor those requests consistent with applicable law.
- **Disclosure.** Travelers takes steps designed to ensure that personal information is only disclosed to third parties for legitimate business reasons.
- **Cross-Border Transfers of Data.** Travelers takes steps designed to ensure that any transfer of personal information across country borders is made in accordance with local laws of the country from which the personal information is being transferred and the country to which the personal information is being transferred.
- **Retention and Destruction.** Travelers maintains policies on record management, including record retention schedules and purge and deletion procedures. When personal information is disposed, we employ secure methods, which are designed to make the personal information unreadable and unreconstructable (such as shredding or degaussing).
- **Information Quality and Integrity.** Travelers takes reasonable steps designed to ensure that the personal information it uses is accurate, relevant, complete and up-to-date for the purposes for which it is to be used.
- **Security.** Travelers understands that cybersecurity is essential for protecting personal information and employs appropriate physical, technical and administrative measures to safeguard and secure personal information. In the event the security of certain personal information has been compromised, Travelers has a formal process to manage and mitigate any associated risks, and notify individuals when appropriate.
- **Training and Awareness.** Travelers provides appropriate training to all individuals with access to personal information.

During 2019, Travelers updated its privacy processes and implemented measures to comply with the California Consumer Privacy Act (CCPA), effective January 1, 2020. Travelers has implemented an online portal and toll-free telephone number, which will allow California consumers to make requests under the CCPA and enable Travelers to respond appropriately to those requests. We also updated the Travelers website with a new privacy notice, in compliance with the CCPA.

For additional information regarding how we collect, use, share and protect personal information, see the [Privacy & Security](#) section of our corporate website.

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## CYBER PRODUCT OFFERINGS

### Cyber Product Offerings

Our 2019 Travelers Risk Index Report found that, since 2015, the percentage of small businesses that have suffered a cyber attack has tripled, from 4% to 12%. Medium-sized (10% in 2015 to 20% in 2019) and large businesses (19% in 2015 to 33% in 2019) have also seen increases of their own. As technology becomes more complex and sophisticated, businesses and organizations of all sizes need to prepare with both cyber insurance and an effective cybersecurity plan to manage and mitigate cyber risk. Travelers understands the complexity of cyber threats and has solutions to insure and protect our business customers' assets. Our policyholders receive the **full spectrum of cyber protection**, before, during and after an incident. In addition, the Travelers Institute, our public policy division, helps further education on cybersecurity through programming across the United States and Canada.

The cost of dealing with a data breach goes beyond repairing databases, strengthening security procedures or replacing lost laptops. Companies may face liability if their customers' personally identifiable information (PII) or protected health information (PHI) are exposed in a data breach. Regulations requiring notification of affected customers also drive costs for companies that have experienced a data breach compromising personal or confidential data. We have a number of different coverages available and work with our customers and our agent and broker partners to tailor the coverages to the specific risks our customers face.

Our cyber offerings go beyond just insurance coverage. By partnering with leading global providers, Travelers is able to offer both agents and policyholders educational tools, risk management resources and pre- and post-breach services. These tools help our agents and policyholders become more knowledgeable and informed about cyber threats and how to prepare for and overcome them.

Travelers continues to introduce new and innovative coverage options. In 2019, for example, we began offering our Betterment coverage, which provides for costs to improve a computer system after a security breach, when the improvements are recommended to eliminate vulnerabilities that could lead to a similar breach.

Differentiators of our cyber insurance program include the following:

- Travelers has provided cyber-related insurance coverage with robust risk management services for more than 30 years.

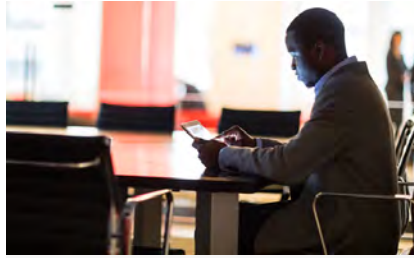
- Travelers understands the importance of helping organizations work through an incident, from recovering after a breach to managing expenses associated with a cyber event.
- Our Chief Information Security Officer (CISO) meets regularly with the Cyber Insurance team to promote sharing and collaboration within our business.
- From 2011 through 2019, our gross written premium from cyber coverage has seen an over 30% compounded annual growth rate.
- Travelers was listed as a top-five cybersecurity insurance carrier by direct premiums written in 2016–2018.<sup>1</sup>
- Travelers was ranked as the No. 1 cyber insurance carrier by agents in 2018.<sup>2</sup>

Visit the [Cyber Insurance](#) page on our corporate website for more information on our cyber products and services.

<sup>1</sup> National Association of Insurance Commissioners (NAIC) data, sourced from S&P Global Market Intelligence and reported by Insurance Information Institute (I.I.I.). As of the publication of this site, 2019 rankings are not available.

<sup>2</sup> Property Casualty 360°, 2018 NU/PIA Independent Agent Survey Results.

# Key Initiatives



2019 TRAVELERS RISK INDEX

**Understanding Cyber Risks**



TRAVELERS INSTITUTE®

**Cyber: Prepare, Prevent, Mitigate, Restore®**



DATA PRIVACY

**National Cybersecurity Awareness Month**



(SBRE) EMPOWERING SMALL BUSINESS OWNERS TO SUCCEED

**Educating Businesses About Risk**

# Disaster Preparedness & Response



Severe weather events and other disasters are part of our business. Travelers takes a holistic approach to managing our company’s exposure to disasters, helping our customers prepare for, respond to and recover from disasters, and influencing the public policy agenda with regard to resiliency, sustainability and adaptation.

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## APPROACH

### Approach

While our Risk Control department focuses on preparing for the unexpected, our Claim Catastrophe Response team takes the lead on customer interactions should a disaster or extreme weather event occur. Our Claim Catastrophe Response team coordinates closely with multiple business units and functions across the organization, including Underwriting, Legal and Communications, to respond to our customers' needs in a quick, efficient and compassionate manner. That's part of the Travelers Promise to take care of the people we serve.

Our promise to protect customers from disasters begins well before a catastrophe hits. We partner with our customers and communities to ensure they are as prepared as possible for disaster, and we employ leading-edge data and analytics capabilities to help predict extreme events. In the event of a large catastrophe, we leverage the power of our data and analytics, as well as our 30,000 dedicated, in-house employees, to provide the best possible outcomes for our affected customers.

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## PARTNER IN PREPAREDNESS

### Partner in Preparedness

Travelers offers a range of resources that help our customers and the public prepare for disasters:

- **Business Continuity Planning.** Our network of more than 500 **Risk Control** consultants and our self-service portal for Business Insurance customers provide a comprehensive set of resources, including individualized business continuity planning, to help businesses of all types prepare for natural disasters and other potential disruptions within their operations and **supply chains**, with a focus on readiness and preserving business operations.
- **Prepare & Prevent Resources.** Through the **Prepare & Prevent** page of our corporate website, we provide customers, agents and brokers and the general public with extensive educational resources to help them plan for, stay safe during and recover from natural disasters of all types.
- **Education and Advocacy.** The **Travelers Institute**, our public policy division, helps further educate the public and advocate with policymakers on the benefits of **disaster preparedness** and **resilient communities**.
- **Building Resilient Communities.** Through charitable partnerships, Travelers and the Travelers Foundation support building strong communities, including through a **partnership with Habitat for Humanity®**.
- **Wildfire Defense.** In 2019, Travelers launched a **Wildfire Defense Services Endorsement** for California home and landlord policies with fire coverage. The endorsement is included at no additional cost to the policyholder. Travelers works with Wildfire Defense Systems, a private firm that specializes in wildfire mitigation, which uses proprietary forecasting and threat analysis to identify which Travelers customers could be impacted by a wildfire. For at-risk properties, Wildfire Defense Systems provides loss prevention services, such as reducing potential fuel sources, taping vents and applying fire retardants.

- **Pre-Catastrophe Communications.** The Travelers Risk Control department partners with the Claim department to develop and distribute catastrophe communications, including customized severe weather alerts that let customers know of pending hazards in their area. We distribute these alerts via text message, email or both, and link them back to actionable prevention content on our Prepare & Prevent website. For example, in 2019, as Hurricane Dorian threatened to make landfall in the United States, we provided preparation communications to our insureds. Travelers also communicates with customers and agents after major disaster events to inform them of steps they can take to mitigate damage, file a claim and begin the process of recovery.

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## LEADING ANALYTICAL CAPABILITIES IN DISASTER RESPONSE

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### Leading Analytical Capabilities in Disaster Response

As part of our efforts to respond to our customers' needs in a quick, efficient and compassionate manner after a disaster or extreme weather event, we seek to further develop and leverage our leading analytical capabilities. We have built a **proprietary approach** to assembling data that lets us assess severe storms, such as the precise size of hail forming in a storm cell, to understand the footprint of an event, how many customers will be affected and the probable severity of the losses. In addition to **catastrophe (CAT) modeling**, our approach utilizes geospatial capabilities which integrate event overlays that aggregate millions of data points from weather services, our weather models and ultra-high resolution aerial imagery on policy and claim locations. Our sophisticated Workforce Management platform leverages our geospatial insights to inform workforce deployment and Claim response decisions before, during and after a catastrophe event in order to engage the right catastrophe resources and technical expertise and begin deployment efforts before claims are even reported. All of that helps us to get the right people to the right place faster than ever before.

We continue to innovate and enhance our analytical capabilities, enabling us to fulfill our promise to take care of our customers in the event of a natural disaster. Our recent innovations include:

- **Using Satellite and Geospatial Technology to View Disaster Areas.** In 2019, we launched the Travelers Catastrophe Map Viewer, which provides agents and brokers with searchable, high-resolution before-and-after images of areas affected by disasters. The Travelers Catastrophe Map Viewer uses photos from aircraft equipped with market-leading aerial camera systems that are sent over certain disaster areas to assess damage. Images are often available within one or two days after a catastrophic event, allowing our Claim professionals to quickly assess damage, notify customers about the condition of their property and begin the claim and recovery process — often before physical access to the affected area is possible.
- **Combining Aerial Imaging and Artificial Intelligence (AI) Learning to Detect Wildfire Losses.** The Travelers Wildfire Loss Detector tool helps us assess which properties are total losses after a wildfire event. Our teams leverage machine learning capabilities built into the Wildfire Loss Detector tool to analyze thousands of images of damaged and undamaged homes, immediately assessing which properties are total losses after a wildfire. With this powerful tool, we are able to provide reimbursement for home losses in just a few weeks, allowing our customers to more quickly begin recovering and rebuilding their properties. The tool won the Gartner 2019 Eye on Innovation Award and a CIO 100 Award.
- **Using Smartphones for Quicker, Safer Claim Inspections.** Thanks to innovative virtual inspection and measurement technology, we are able to transform smartphone photos of a property into an accurate, three-dimensional model so that our Claim professionals can easily inspect property damage without climbing ladders, and our policyholders can provide information without having to schedule an on-site inspection. In other words, whether following a disaster or in the event of any other covered loss, we are creating a faster and easier claim process for our customers and a safer environment for our employees.

Where possible, we also gather data from controlled experiences to improve prevention and preparations. For example, Travelers supports the Insurance Institute for Business & Home Safety (IBHS), and in March 2019, IBHS conducted a **Wildfire Demonstration** by constructing and then setting a house on fire in its controlled research facility. The only building of its kind, this facility can generate hurricane-force winds, hail and wind-driven rain and embers. The studies conducted therein allow IBHS and supporting members such as Travelers to study the impacts of wildfires and other disasters in real-world scenarios, as well as analyze the results to better respond to disasters and protect our customers and their assets. For more information on IBHS and the ongoing work Travelers supports, see our key initiative regarding **IBHS**.

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## DEDICATED CATASTROPHE RESPONSE RESOURCES

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### Dedicated Catastrophe Response Resources

Our sustained investment in innovative catastrophe response strategies sets Travelers apart from our peers. We handle customer claims, including all catastrophe (CAT) claims, with specially trained Travelers employees. Generally, we do not contract CAT claims to third-party adjusters. We employ more than 300 dedicated catastrophe response specialists located across North America, prepared to deploy on 24 hours' notice. Operational and logistical support specialists at the National Catastrophe Center support this CAT team, which also partners closely with our nearly 2,000 property Claim professionals to respond to losses promptly, efficiently and compassionately. In 2019, we were able to adjust virtually 100% of our claims with our own employees. Our in-house claim capability allows us to process claims more quickly and accurately and enables a consistently high standard of customer service; it is a competitive advantage that results in a better outcome for our customers and a more efficient outcome for us.



Our sophisticated workforce management programs help us quickly organize, triage and deploy Claim professionals with the right expertise to the affected area. We leverage the power of 30,000 employees to support our response efforts in the event of a large catastrophe. We make considerable investments in [training our Claim staff](#) and cross-train thousands of employees to handle lower-severity catastrophe claims. This allows our catastrophe and claims experts to focus on high-severity claims without sacrificing quality. Our Claim department regularly conducts “tabletop” exercises to test our readiness to respond to different disaster scenarios, including storms, wildfires, earthquakes, cyber attacks and man-made events. In 2019, for instance, we conducted several earthquake exercises that mirrored the Federal Emergency Management Agency (FEMA) “Shaken Fury 2019” (SF19) exercises. The purpose of SF19 was to evaluate and improve the whole community’s response to a “no-notice” earthquake, identify gaps in resources and implement a coordinated recovery strategy that prioritizes resources required for the response.

Our fleet of self-contained Mobile Claim Offices brings immediate claim service to our customers, who can stay connected using our satellite technology and power their smart devices at our generator-driven charging stations.

Our [National Catastrophe Center](#), staffed by full-time catastrophe management professionals, allows us to plan and coordinate response activities in a secure environment away from the disaster area — before, during and after an event. Equipped with state-of-the-art tools such as the Global Forecast System, this “command center” monitors weather 24-hours a day, seven days a week, and overlays patterns with claim trends and our customers’ locations. This enables us to identify potential events early and to quickly transform information into action. Our team follows a catastrophe playbook that includes resource deployment and communication to our customers throughout our process. For more information, see our [video about Travelers Emergency Response](#).

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## CUSTOMER OUTCOMES

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### Customer Outcomes

Overall, our catastrophe (CAT) response approach enables Travelers to respond quickly, effectively and compassionately — and, of course, with integrity — to our customers when they need us most. Despite the added logistical difficulties inherent in CAT response, our CAT Claim performance consistently meets or exceeds our internal benchmarks for claim handling. In 2019, approximately:

- 95% of property claims arising out of CAT events were resolved within 30 days of receipt of the claim notice;
- 82% of CAT claims were paid within a week of inspection; and
- 52% of CAT claims were paid the same day as inspection.<sup>1</sup>

In addition to being good for our [customers](#), our ability to quickly adjust claims can have significant impacts in helping communities recover. This [short documentary](#) demonstrates the impact our CAT response can have on customers, agents and brokers and communities.

We also have numerous case studies of businesses that have successfully partnered with Travelers to develop and implement effective [business continuity](#) and disaster recovery plans. Effective preparations can help our customers protect their employees and manage their operations through natural disasters so they can continue to serve their customers and communities in the aftermath. This [short video](#) features one customer’s experience.

<sup>1</sup>Based on Travelers catastrophe claim data, 2019.

# Key Initiatives



NATIONAL CATASTROPHE CENTER

**Catastrophe Planning and Response**



WILDFIRE DEFENSE SERVICES

**Using Data to Protect Our Customers**



IBHS SPONSORSHIP

**Supporting Research in Severe Weather Readiness and Response**



TRAVELERS INSTITUTE®

**Thought Leadership on Disaster Preparedness**



TRAVELERS FORTIFIES COMMUNITIES

### Building Strong, Resilient Communities



COMMUNITY RESILIENCE AWARD

### Rewarding Leadership in Community Response



TEAM RUBICON

### Veterans Deploy with Disaster Responders



2019 FEATURED SERVICE PROJECT

### Stronger than the Storm

## Diversity & Inclusion



By creating a welcoming environment that brings together people with different backgrounds and perspectives, we enable new ideas, spark innovation and reinforce a culture in which employees feel valued, respected and supported. Diverse experiences and viewpoints yield greater insights and better outcomes, raise the bar on individual and team performance and sharpen our focus on our customers. That’s why, for us, diversity is a business imperative.

### APPROACH

#### Approach

Travelers values the unique abilities and talents each individual brings to our organization and recognizes that we benefit in numerous ways from our differences. We benefit from our differences in culture, ethnicity, national origin, race, color, religion, gender, gender identity, age, veteran status, disability, genetic information and sexual orientation. In that regard, as regularly reinforced by our Chairman and CEO and other senior leaders, diversity and inclusion is a business imperative for us.

As part of our commitment to **diversity**, we aim to:

- Foster an inclusive environment where all employees can reach their full potential;
- Provide learning and development opportunities to advance diverse leaders;
- Employ a diverse workforce to maintain our talent advantage; and
- Explore diverse markets today to tap into tomorrow’s opportunities.

**“Diverse experiences and viewpoints yield greater insights and better outcomes, raising the bar on individual and team performance, sparking further innovation and sharpening our customer focus.”**  
— Alan Schnitzer, CEO



Our Chief Diversity and Inclusion Officer leads our diversity and inclusion efforts. We also have a Diversity Council that is chaired by our CEO and composed of our 40 most senior executives. The council directs diversity initiatives such as:

- Raising awareness about the value of a diverse workforce;
- Partnering with business units to drive diversity strategies and goals, develop business unit-specific tactics, report outcomes and celebrate successes;
- Promoting key internal and external diversity programs and determining accountability for recruiting, training, developing and retaining diverse talent;
- Raising awareness about the importance of community outreach and the inclusion of diverse suppliers in our procurement process; and
- Sharing information and analytics about the clear relationship between diversity and business performance.

In 2018, we organized three additional working councils to focus more extensively on implementing diversity and inclusion priorities: the Business Heads Working Council, the Diversity Networks Executive Sponsor Working Council and the Field Leadership Working Council.

- The **Business Heads Working Council** ensures we identify emerging trends impacting the diversity and inclusion agenda and partners with our Chief Diversity and Inclusion Officer and Chief Human Resources Officer to identify, agree upon and implement solutions to mitigate the adverse impacts.
- The **Diversity Networks Executive Sponsor Working Council** provides strategic direction and coaching to the leaders of our employee-led Diversity Networks.
- The **Field Leadership Working Council** ensures our diversity and inclusion strategy is successfully executed in our field office locations, where approximately 70% of our employees are based.

In addition to the numerous programs and initiatives we describe in further detail in this section, we have **policies** that encourage an inclusive culture and protect all employees from workplace harassment and discrimination. We use the results of our employee engagement survey, as well as periodic “pulse” surveys and focus groups, to inform our diversity and inclusion strategy and evaluate our progress. We also use metrics and analytics to measure, evaluate and act upon programs that impact the success of our people, our most important asset. We collect data — including data aligned with **EEO-1** gender and race categories — to evaluate the progress of our diversity and inclusion initiatives. This data includes employee census data regarding women and people of color, promotions, voluntary terminations and employee turnover. We maintain a robust process to review, analyze and share that data with our senior leaders on a quarterly basis. Our data demonstrates that we have made significant progress over the past decade. In each of the last 10 years, we have increased the percentage of people of color in our workforce. As of December 31, 2019, women and people of color represent approximately 55% and 25% of our U.S. workforce, respectively. We also continue to make year-over-year progress in promoting women and people of color. In each of the last 10 years, we have increased the percentage of women and people of color (as defined by the EEO-1 race and ethnicity categories for the U.S.) in management-level positions.

Our Board of Directors encourages diversity and inclusion within Travelers — including within the Board itself — and oversees our diversity and inclusion efforts. The Nominating and Governance Committee of the Board meets regularly with senior management, including our Chief Diversity and Inclusion Officer, to review and discuss our strategies to encourage diversity and inclusion within our company. In addition, the Board receives regular updates from senior management regarding the data we collect and oversees our progress. For information about the diversity of our Board of Directors, see the **Governance Practices** section of this site.

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## INCLUSIVE LEADERSHIP & TRAINING

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### Inclusive Leadership & Training

We provide training, development and cultural events to encourage an inclusive culture among all of our employees and leadership.

Starting with our Chairman and CEO, we expect our leaders to actively demonstrate their commitment to diversity and inclusion through their actions. Inclusive Leadership goals are included in all managers’ annual performance objectives. This Inclusive Leadership performance objective drives leader accountability, recognition and reward. On an annual basis, managers are assessed and held accountable for meeting these objectives to reinforce the business relevance of diversity and inclusion and foster a work environment where all employees are included and appreciated. This further helps us attract, retain, engage and develop employees from all cultures and backgrounds.

We advance our inclusive objectives through training, development and cultural events for leadership and employees alike. Managers and leaders of all levels attend our leadership workshop, where they receive a 360-degree assessment from supervisors, co-workers and direct reports on how successful they are at fostering an inclusive culture within their teams. In addition, all employees — at all levels and in all functions — participate in our Appreciating Differences diversity training. Travelers designed this dynamic, interactive diversity education program to teach our employees how to leverage differences for shared success. We also educate our employees on unconscious bias as part of our Appreciating Differences diversity training, as well as through our Inclusive Leadership workshops and other companywide events. By helping our employees begin to recognize, acknowledge and minimize potential blind spots with respect to unconscious biases, we spark more open and honest conversations, increase employee engagement and strengthen our business.

We have never tolerated workplace harassment or discrimination in our inclusive environment. To make clear that these behaviors have no place at Travelers, we enhanced our harassment awareness training in 2019. This training is mandatory for all employees and not only covers legal definitions and our [company policy](#), but also takes a broader approach that explores ways to ensure a respectful work environment and sustain an “if you see something, say something” culture. To learn more about our overall approach to business conduct, see the [Ethics & Values](#) section of this site.

Beyond training, we host an ongoing series of events for all employees designed to encourage a culture that embraces the power of differences, where individuality is honored and diverse perspectives are celebrated, to benefit our employees, customers, agents and communities. Called Diversity Speaks, these events feature guest speakers who share personal stories and provide different experiences and viewpoints. In 2019, our Diversity Speaks events delved deeper into the many aspects of building inclusion. From a conversation with CNBC’s Joanne Lipman, author of *That’s What She Said: What Men and Women Need to Know About Working Together*, to learning from United Nations humanitarian leader Cara Yar Khan about the importance of creating cultures where people of all backgrounds are valued and meaningfully engaged, these forums are insightful, inspirational and well attended. Here are the Diversity Speaks events we held in 2019:

Speaker	Event Name	Event Description
<b>Travelers DN Leaders Panel</b>	Ask Me About My Diversity	A panel discussion with diversity network leaders who shared how they help cultivate cultural awareness at Travelers and why it’s important. The panel modeled courageous cultural conversations and how cultural awareness is reflected in Travelers’ new diversity and inclusion advertising.
<b>Chris Bashinelli</b>	Global Citizenship: Cultivating Mindful Engagement	Chris “Bash” Bashinelli, documentarian and host of <i>Bridge the Gap</i> , described how, by embodying the qualities of a “global citizen” — presence, empathy and inspiration — we can influence those around us.
<b>Cara E. Yar Khan</b>	Human Diversity: Breaking Down Cultural Barriers	Cara Yar Khan, a humanitarian leader for the United Nations and UNICEF diagnosed with a rare muscle disease, discussed identifying unconscious biases and how to make conscious decisions to include people with disabilities.
<b>Travelers Leaders Panel</b>	Allies in Diversity & Inclusion	Four Travelers leaders shared how they are serving as allies in creating a more diverse and inclusive workplace.
<b>Joanne Lipman</b>	What Men and Women Need to Know About Working Together	Best-selling author and CNBC contributor, Joanne Lipman, explored the roots of unconscious bias, how it impacts our lives and our businesses and the important roles allies play.

In 2019, more than 4,000 employees attended these live events in person or hosted watch parties across all Travelers locations. American Sign Language interpreters are present at these events to ensure that all employees can fully participate.

In 2019, our Community Relations and Enterprise Diversity and Inclusion groups partnered to sponsor Art Speaks — a local cultural and art experience followed by discussions in the workplace that help strengthen an inclusive work environment. When art speaks, it can have a powerful impact; this event uses arts experiences — theater, visual arts, dance, film and music — to drive dialogue among employees about diversity and inclusion.

### Diverse Talent Development & Pipeline

We provide learning and development opportunities, including career planning and mentoring assistance, to help employees with career development and preparation for potential advancement. We regularly monitor diverse representation in these programs. We also have established deliberate retention, development and advancement actions tailored to deepen diverse talent pools and broaden advancement opportunities. These targeted activities include matching upcoming leaders with mentors within the organization and offering workshops to advance their careers within Travelers. In 2018, Travelers launched an initiative to help women advance and grow in all phases of their insurance careers. Called **SHE Travels<sup>SM</sup>** — named to highlight Travelers' support of the positive momentum of women in our business — it is one of many efforts at Travelers to lead the industry in advocating for women in all parts of the insurance industry.

We also sponsor a number of external opportunities to support the professional development of all of our employees, including opportunities specific to nurturing diversity. Conferences attended by Travelers employees include the Hispanic IT Executive Council Summit, Management Leadership for Tomorrow Career Advancement Program, Mid-Level Managers Symposium, Out & Equal Workplace Summit, Linkage, Inc.'s Women in Leadership Institute™, Black Enterprise Women of Power and the Springboard Disability Matters Conference. To learn more about our overall approach to talent development, see the **Human Capital Management** section of this site.

Travelers focuses on attracting and retaining the best people from the broadest pool of talent to position the company for future success. We use talent acquisition strategies, including sourcing strategies and diverse slate requirements for management level positions, to help us create a pipeline of diverse candidates. Our diverse slate process requires that we interview at least one qualified, interested female or person of color candidate before an offer is made.

We have numerous initiatives and partner with many college diversity groups and other organizations to cultivate our pipeline of talent.

- Our signature career pipeline program, **Travelers EDGE<sup>®</sup>**, provides a unique, holistic approach to education for underrepresented students. Through partnerships with colleges, universities and community-based organizations, *Travelers EDGE* increases access to higher education and provides students with opportunities to excel, which helps broaden the diverse pool of talent seeking careers at Travelers or in the insurance industry.
- We regularly participate in diversity and inclusion-focused industry forums and career fairs such as the **Howard University F.I.R.M. Symposium**, the Grace Hopper Celebration and the Out & Equal Workplace Summit.
- The military community is important to Travelers, and we're proud of **our partnerships** with organizations that assist veterans in transitioning to **civilian life**, including Veteran Recruiting, the Military Fellowship Program and Academy Women.
- We have a **unique partnership** with several organizations that provide opportunities for people with disabilities, including Gallaudet University, Viability, Lifeworks, VIA, Disability Matters and Disability:IN.
- We also foster partnerships with and sponsor diverse professional organizations such as the National African American Insurance Association (NAAIA), Young Risk Professionals, INROADS, Ron Brown Scholars, Hartford Youth Scholars, Prospanica, Grace Hopper and Dive In.

We have received various awards and recognition for our diversity efforts, including:

- Best Place to Work for LGBTQ Equality, Human Rights Campaign Foundation, 2016–2020, and received a 100% score on the Human Rights Campaign Corporate Equality Index, Human Rights Campaign Foundation, 2016–2020;
- Military Friendly<sup>®</sup> Company, VIQTORY, 2018–2020;
- Military Friendly<sup>®</sup> Employer, VIQTORY, 2007–2020;
- Best for Vets, Military Times, 2014–2019;
- Best Place to Work for Disability Inclusion, Disability:IN and American Association of People with Disabilities, 2018–2019, and scored 100% on the Disability Equity Index<sup>®</sup>, 2018–2019;
- Best Employers for Women, Forbes, 2018;
- America's Best Employers for Diversity, Forbes, 2019–2020;
- Employer of the Year, Lifeworks, 2018;
- Top 100 Intern Programs, Way Up, 2017–2019; and
- Gamma Iota Sigma Diversity & Inclusion Champion of the Year, 2019.

See our **Awards & Recognition** page for a full listing.

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Diversity & Professional Networks

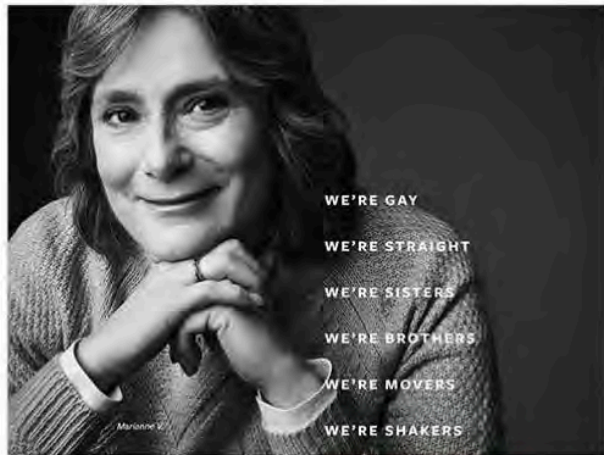
In 2008, we created Diversity Networks — voluntary groups led by employees dedicated to fostering a diverse and inclusive work environment. Open to all employees, the networks help foster the retention, development and success of our employees through networking, mentorship and community volunteer opportunities. In addition, these groups are a resource for our business leaders, sharing insights that help give the organization a competitive advantage. Currently, we have eight Diversity Networks with more than 11,500 unique employee members — more than a third of our employee population. Consistent with our view that diversity is a business imperative, the results of our recent employee engagement survey show that employees who are members of at least one Diversity Network are more engaged at work than those who are not members.

Each Diversity Network has a sponsor from our executive leadership team, who is responsible for the alignment of that Diversity Network’s vision, mission and objectives with our business goals and strategies. Executive sponsors serve two- to three-year terms as change champions and active advocates for the Diversity Network, making connections to people, resources and support across Travelers. In addition to eight Diversity Networks, we have professional business networks, such as Women in Actuarial & Analytics, a group that has fostered individual development and helped increase the representation of actuarial and analytic women for more than 10 years. In 2019, Travelers launched EmpowHER+, our Women in Technology & Operations and Allies professional group, focused on inspiring women to achieve their full career potential. EmpowHER+ is fast growing with representatives across the company.

WE’RE TRAVELERS



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### Supplier Diversity

By doing business with diverse suppliers, Travelers promotes the development of these enterprises, supports the growth of the communities in which we do business and aligns contractor diversity to our workforce and customer base. For these reasons, we remain committed to providing opportunities for qualified businesses owned by people of diverse backgrounds to participate in our bidding and procurement processes.

Our Procurement team tracks both Tier 1 Travelers spend with certified diverse suppliers and Tier 2 spend with diverse subcontractors doing business with our prime suppliers. These diverse suppliers are businesses owned by individuals from historically disadvantaged populations, such as women, racial and ethnic minorities, LGBTQ+, people with disabilities and veterans. We also maintain a database of diverse prospective bidders to feed our request for proposal (RFP) processes. In 2019, Travelers spent over \$100 million with our Tier 1 and Tier 2 diverse suppliers.

To learn more about the structure and goals of this program, visit the [Supplier Diversity](#) page on our corporate website.

Our community programs, such as [Travelers Small Business Risk Education \(SBRE\)](#) and our partnerships with the [Minority Business Development Institute \(MBDI\)](#) and the [Metropolitan Economic Development Association \(MEDA\)](#), are also designed to encourage the development of diverse businesses.

# Key Initiatives



THE POWER OF TRAVELERS IS US

**The Power of Travelers Is Us**



SHE TRAVELS<sup>SM</sup>

**Advancing Women's Careers in Insurance**



ENHANCING OUR COMMITMENT TO PEOPLE WITH DISABILITIES

**Fostering a More Inclusive Workforce and Changing Lives**



COMMITTED TO MILITARY VETERANS

**Supporting Those Who Serve**



FOSTERING INCLUSION

**Supporting Transitioning Employees and Gender Inclusivity**



TRAVELERS EDGE<sup>®</sup>

**Transforming Tomorrow's Workforce**



HOWARD UNIVERSITY F.I.R.M.  
SYMPOSIUM

### Inspiring the Next Generation of Job Seekers



(SBRE) EMPOWERING SMALL  
BUSINESS OWNERS TO SUCCEED

### Educating Businesses About Risk



PARTNERSHIP WITH INVEST

### Travelers Insuring Futures



SUPPORTING OUR ENTREPRENEURS

### Our Partnership with Village Capital



METROPOLITAN ECONOMIC  
DEVELOPMENT ASSOCIATION  
PARTNERSHIP

### Helping Minority Entrepreneurs Succeed



MINORITY BUSINESS DEVELOPMENT  
INSTITUTE PARTNERSHIP

### Helping Minority- and Women-Owned Contractors

# Eco-Efficient Operations



Travelers is committed to a long-term sustainable approach to protecting the environment, recognizing that being responsible stewards of our shareholders' capital necessarily requires a commitment to take care of all our stakeholders, including our planet. We continuously look for cost effective ways to minimize our impact on the environment, which can also reduce our operating expenses, without compromising on our promise to customers and employees.

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## APPROACH

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### Approach

As an insurer, most of our greenhouse gas emissions (GHG) are from office activity, mobile combustion (e.g., claim vehicles, commuting) and business travel. While these sources are relevant to our operating costs and environmental impact, our primary climate-related risks and opportunities relate to our property insurance and claim service, which we cover in the [Climate Strategy](#), [Public Policy](#) and [Disaster Preparedness & Response](#) sections of this site.

Our Chief Administrative Officer — a member of the company's Management and Operating committees — oversees office activity, mobile combustion and business travel enterprisewide with the help of the Corporate Real Estate and Procurement teams. These teams regularly monitor and analyze our operations and facilities to identify ways for us to operate more efficiently, reduce our environmental impact and lower our operating expenses. We prioritize projects based on their expected financial impact, so our efforts to reduce our energy consumption and waste not only reduce our environmental impact but also lower our operating expenses. Our [GHG Inventory & Goals](#) page summarizes our progress to reduce direct and indirect GHG emissions.

Our [new open workspace environment](#) reduces our footprint and incorporates enhanced technology, including remote collaboration tools and video-enabled conference rooms, to reduce non-essential business travel. In addition, to encourage environmentally and socially responsible behaviors and support employee efforts to conserve natural resources, we provide a variety of [incentives to our employees](#) to use sustainable transit alternatives.

In 2019, we also began encouraging our customers to reduce their environmental impact by committing to fund the planting of a tree for every personal insurance billing account converted to paperless billing. Our goal to plant up to [a million trees](#) through this campaign, which we met in April 2020, and our new goal to fund the planting of up to an additional 500,000 trees are one example of our commitment to find and create shared value – in other words, to find ways to simultaneously protect our environment, create a streamlined experience for our customers and increase shareholder value.

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## ENVIRONMENTAL POLICY & MANAGEMENT SYSTEM

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### Environmental Policy & Management System

The [Travelers Environmental Policy](#), approved by senior management, outlines some of the steps we take to operate more efficiently and in an environmentally conscious manner, including:

- Continuously reviewing our equipment and technology, installing more efficient versions when needed;
- Conducting assessments with utility providers to better understand and adjust our energy usage; and
- Monitoring waste output to ensure we recycle as much as possible.

In addition, all Travelers-owned campuses are ENERGY STAR® certified, which means that we are in the top quartile in terms of energy performance standards, and undergo an annual recertification process.

Travelers continues to analyze the company's operational impacts on the environment and works to minimize negative impacts. We utilize an environmental management system that regularly reviews our operations to measure our impacts and to identify opportunities that increase efficiency and reduce costs.

Some of the key elements of our environmental management system include:

- Periodic recommissioning of facilities;
- Evaluating emerging technologies, such as alternative energy, and their potential use in our facilities;
- Partnering with power and other utility providers to review our operations and, when available, leveraging their incentive programs to help fund our improvements;
- Evaluating potential changes to energy regulations that may impact our costs and operations;
- Using technology to fine-tune operational parameters;
- With respect to waste, minimizing and recycling as much waste as possible; and
- Evaluating how to be more efficient in space utilization, which has led to the introduction of a new **open workspace environment** that is designed to increase operational efficiency and decrease our need for office space, which will further minimize our impact on the environment.

Our Corporate Real Estate team conducts ongoing facilities assessments at all owned locations. We also take these assessments into account when developing our capital expenditure plan. For example, we recently decided to upgrade all lighting in our Travelers-owned Hartford campus to LED fixtures in an effort to reduce our utility consumption, extend the asset life of our lights and provide an enhanced environment for Travelers employees.

As stated in our **Supplier Code of Conduct**, we expect our suppliers to comply with all applicable environmental laws and to work to minimize any negative environmental impact from their operations, including reducing or mitigating emissions, increasing sustainable use of natural resources and reducing or eliminating waste. Our Procurement team also oversees comprehensive supplier selection and supply chain management processes, including the review of climate and environmental considerations, where appropriate. In our supplier selection process, Procurement evaluates potential suppliers using the following information, as appropriate:

- Detailed information about the supplier's sustainability programs;
- Sustainability attributes specific to the supplier's products or services;
- Results achieved from the supplier's sustainability programs; and
- Independent audit and/or certification of the supplier's sustainability practices.

Post-selection, Travelers uses a risk-based approach to monitor news alerts for a selection of suppliers, which includes monitoring for negative news relating to the suppliers' environmental issues and ethical practices.

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## GHG INVENTORY & GOALS

### GHG Inventory & Goals

Travelers set a goal to reduce the company's absolute Scope 1 and 2 emissions by 40% by 2020, based on a 2011 base year. As of the end of 2019, we have achieved 97% of this goal. The Scope 1, 2 and 3 emissions data in the table below has been **verified by an independent third party**. We outline our greenhouse gas (GHG) inventory, boundary and third-party assurance further in our **2019 CDP Climate Change survey response**.

We have implemented various emissions reduction initiatives in recent years, including:

- **Lighting.** We continue to upgrade our lights to LED and work with the local utility companies to understand the incentives that are available and that Travelers could qualify for and receive. To date, we have spent approximately \$3.5 million on interior renovations at our Travelers-owned Hartford campus and plan to spend an additional \$3.5 million over the next two years in connection with LED conversions.
- **Information Technology (IT) Equipment Upgrades.** We implement ongoing upgrades to more energy efficient IT equipment in our data centers. We typically upgrade this equipment every three years.
- **Building Fabric Maintenance Program.** Targeting windows and roofs, we have a comprehensive preventive maintenance and repair program to ensure building integrity and reduce energy loss. This program for building fabric will be ongoing for the life of each building.
- **Cloud Migration.** We are working toward using more cloud storage solutions to reduce our dependence on data centers, and thereby reduce our carbon footprint, over time.

- **Efficient Fleet Vehicles.** We partner with car manufacturing companies to continue transitioning our fleet to more environmentally efficient vehicles/engines.

Since 2011, and as of the end of 2019, Travelers reduced the company's absolute Scope 1 and 2 emissions by 39%.

Metric	2019	2018	2017	2011
<b>Scope 1 GHG Emissions (metric tons CO<sub>2</sub>e)</b>	23,746	25,591	26,640	37,436
<b>Emissions from Mobile Combustion (metric tons CO<sub>2</sub>e)</b>	22,525	24,329	25,405	36,574
<b>Emissions from Office Activity (metric tons CO<sub>2</sub>e)</b>	1,221	1,262	1,235	862
<b>Scope 2 GHG Emissions* (metric tons CO<sub>2</sub>e)</b>	27,970	29,881	28,250	47,167
<b>Total Scope 1 and Scope 2 GHG Emissions (metric tons CO<sub>2</sub>e)</b>	51,716	55,472	54,890	84,603
<b>GHG Emissions per Revenue (metric tons CO<sub>2</sub>e per \$)</b>	.00000163	0.00000183	0.00000189	0.0000033248
<b>GHG Emissions per FTE (metric tons CO<sub>2</sub>e per person)</b>	1.72	1.85	1.83	2.76
<b>Scope 3 Emissions from Travel</b>	17,819	18,584	18,175	Not Tracked
<b>Percentage of Electricity from Renewable Sources</b>	21%	17%	15%	Not Tracked
<b>Percentage of Total Energy from Renewable Sources</b>	6%	5%	4.5%	Not Tracked

\* Location-based method.

## WATER & WASTE

### Water & Waste

As with energy and greenhouse gas (GHG) emissions, we see many opportunities to align our long-term financial interests with responsible water use and waste disposal, creating shared value for our shareholders and the environment. Travelers monitors waste and water across the company's operations and has implemented certain practices to help ensure proper waste handling and water use. Specifically, we:

- Employ a third-party vendor to properly recycle and dispose of obsolete IT equipment;
- Shred and recycle paper at all locations;
- Have installed auto-shutoffs on most faucets;
- Are installing water bottle filling stations in **all new workspaces** to reduce the use and disposal of single-use water bottles; and
- Have a bottle and can recycling program at all owned locations.

In 2018, we began implementing an owned-portfolio inventory, which allows us to track waste and water usage. We now measure and track all waste at our owned facilities, including single stream recycling, municipal solid waste and construction/demolition waste. Furthermore, we track all water and sewer use, including general water use for restrooms, kitchens and landscape-related irrigation. With these tracking capabilities, we will be able to monitor our waste/water consumption trends over time and quantify impacts of building improvements as they relate to creating more environmentally sustainable workplaces.

# Key Initiatives



## AMERICAN FORESTS PARTNERSHIPS

**Committing to Plant up to One Million Trees to Aid Reforestation Efforts**



## OFFICE RENOVATIONS

**Boost Engagement and Save Energy**



## REDUCING NON-ESSENTIAL TRAVEL

**Encouraging Eco-Friendly Commuting and Video Collaboration**



## GREENING CLAIMS

**Monitoring the Environmental Impact of Our Vehicle Usage**

## Ethics & Values



At Travelers, so much of our culture is built on trust — the trust we earn from our customers in challenging times and the trust we place in each other every day. That trust is built upon honesty, integrity and accountability — values that serve as the foundation for all that we do. The commitment of our directors, officers and employees to our Code of Business Conduct and Ethics, applicable laws, regulations and company policies helps to ensure the long-term success of our organization.

### APPROACH

#### Approach

Travelers established and maintains a [Code of Business Conduct and Ethics](#), which applies to all our employees, officers and directors and provides a framework for sound ethical business decisions. The Code, which is also available in French and Portuguese for our employees located in Canada and Brazil, provides principles for each employee to follow when acting on behalf of Travelers and sets forth our expectations on a number of topics, including conflicts of interest, compliance with laws, business ethics and use of corporate assets. Our Chief Ethics and Compliance Officer oversees communication, education and compliance with the Code. We also employ and train additional Legal, Compliance and Human Resources personnel to help our employees reach the right decision, regardless of the circumstances.

Our ability to achieve our goals of being *the undeniable choice for the customer and an indispensable partner for our agents and brokers* depends upon our culture of honesty, integrity and accountability. Our commitment to transparency and integrity starts with our senior leadership. Our Chairman and CEO, Alan Schnitzer, sets the tone, including through regular companywide communications. Here's an excerpt from one of his recent messages:

**“Intellectual integrity, a culture of transparency and the duty to call it like we see it are necessary conditions for long-term success. We should hold ourselves and each other to that standard. One of the many things that makes this company great is the expertise, experience, grit and determination of Travelers employees. We have the skill and creativity to solve any problem and meet any challenge. But we can only solve problems and meet challenges if we’re honest with ourselves and each other about what those problems and challenges are.**

**I’m not sending this message because I think we have a problem. In fact, quite the contrary. I’m sending this message because our culture of collaboration, camaraderie and shared responsibility is a treasure that we should never take for granted.” — Alan Schnitzer, CEO**

This approach remains critical to maintaining our culture of candor and continuing to deliver sustained value to our stakeholders.

We expect our suppliers to conduct themselves with the same level of honesty and integrity as our employees. [Travelers Supplier Code of Conduct](#) documents our expectation that all contractors, consultants, suppliers and vendors demonstrate their commitment to ethical, humane, socially responsible and legally compliant business practices, including by maintaining a harassment-free and respectful workplace. We also proudly commit to the protection of human rights everywhere we do business, as described in our [Human Rights Statement](#).

To learn how our ethical culture drives our ability to attract and retain talented, diverse and qualified employees, see our [Human Capital Management](#) and [Diversity & Inclusion](#) sections.



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## ETHICS & COMPLIANCE TRAINING & AWARENESS

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### Ethics & Compliance Training & Awareness

Upholding a culture of honesty, integrity and accountability underlies the long-term success of our organization. To support this culture, we promote ethics and compliance awareness across our operations. All employees must complete our annual Ethics and Compliance Training and Certification program, which includes:

- **Code of Business Conduct and Ethics Training and Certification:** We require all employees to complete annual ethics training, which includes training modules on a variety of important topics, such as anti-bribery and anti-corruption. Additionally, all employees and directors must certify annually that they have reviewed, understand and agree to comply with the principles set forth in the Code.
- **Policy Certification:** We expect all employees to familiarize themselves with, and certify to their compliance with, applicable company policies. These include:
  - Anti-Bribery and Anti-Corruption Policy
  - Information and System Use Policy
  - **Equal Employment Opportunity Policy**
  - Gifts to Government Officials
  - **Harassment-Free Workplace Policy**
  - Internal Dispute Resolution Policy
  - Nepotism, Favoritism and Personal Conflict of Interest Policy
  - **Respectful Workplace Policy**
  - Security Trading for Employees Policy
  - Security Trading for Executives Policy
  - Social Media Policy
  - Supplier Management Policy
  - **Whistleblowing and Non-Retaliation Policy**

Bribery and corruption are wholly inconsistent with Travelers core values of honesty, integrity and accountability, and we have instituted policies, procedures and internal controls for complying with anti-bribery and anti-corruption laws. Travelers strictly prohibits any promise, offer, or the provision of anything of value to any government official or any other person for the purpose of improperly obtaining or retaining business, influencing action or obtaining any form of improper benefit. We provide additional information regarding our expectations for employees in our internal Anti-Bribery and Anti-Corruption Policy.

Additionally, we are committed to providing a fair and inclusive workplace where all employees are treated with dignity and feel valued, respected and supported. Among other things, we require all employees to complete harassment awareness training, which we enhanced in 2019, and our Internal Dispute Resolution Policy allows employees to seek review of employment-related issues, concerns, actions and decisions. To learn more about our employee practices and programs, see our [Human Capital Management](#) and [Diversity & Inclusion](#) sections.

In our continuing efforts to raise awareness and educate employees regarding compliance and ethics issues, Travelers publishes a regular “Dear Ethics” column on the company’s intranet site. We base the topics of the “Dear Ethics” columns on real situations that the Travelers Ethics and Compliance Office has addressed and that have been anonymized for the publication. The column’s goal is to address situations in a relatable fashion and offer concrete suggestions for how employees should act in various circumstances.

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## ETHICS HELPLINE

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### Ethics Helpline

We provide employees with multiple channels, including the Human Resources, Employee Relations and Compliance areas and the Travelers Ethics Helpline, to raise concerns. Our independently administered [Ethics Helpline](#) is available to employees and others 24/7 to report issues or seek guidance confidentially and anonymously. Trained professionals investigate each concern and, where appropriate, escalate it internally.

Once an Ethics Helpline report is filed, an investigation is conducted, if appropriate. Any ethics- or compliance-related issues are addressed by the Ethics and Compliance Office. Our Chief Ethics and Compliance Officer provides the Audit Committee with quarterly summaries of matters reported through the Ethics Helpline and more frequent compliance updates as appropriate. Additionally, the Audit Committee receives reports on all matters reported to the Chief Ethics and Compliance Officer that involve accounting, internal control or audit matters, or any fraud involving persons with a significant role in our internal controls.

We also maintain a formal [Whistleblowing and Non-Retaliation Policy](#) that prohibits retaliation against, or discipline of, an employee who raises an ethical concern in good faith.

# Human Capital Management



The talent and expertise of our approximately 30,000 employees is critical to maintaining our competitive advantages in a rapidly evolving business landscape. Fostering a thriving, vibrant and authentic culture is essential to attract and retain talented, diverse and qualified employees. It is our employees who collectively drive our performance and fuel our innovation agenda.

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## APPROACH

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### Approach

We owe our success to our extraordinary talent. Our future success requires that we continue to attract, develop and retain top talent and maintain our unique culture — a culture that cares deeply about the company and is rooted in trust, collaboration and diversity and inclusion. Our approach to human capital management starts with our innovative talent acquisition strategies, which are designed to help us attract the best people from a broad pool of talent. Once they join Travelers, we provide our employees with development programs that foster personal and professional growth, and an inclusive environment in which our employees feel valued and engaged, allowing them to maximize their potential. And throughout their careers with us, we provide our employees with comprehensive benefits and equitable and competitive compensation plans.

Our Board takes an active role in overseeing our human capital management strategy, including our initiatives to shape our workforce and workplace to drive business performance and ensure that we are well positioned for the future. Our Chief Human Resources Officer — a member of our Management and Operating committees — and other senior executives present to the Board regularly on these matters.

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## CULTURE

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### Culture

Travelers has a unique and rich culture that has been built over decades and runs deep in the organization. Hallmarks of our culture include:

- **Trust.** At Travelers, so much of our culture is built on trust — the trust we earn from our customers in challenging times and the trust we place in each other and our agents and brokers every day. That trust is built upon honesty, integrity and accountability — values that are core to who we are.
- **Collaboration.** As our Chairman and CEO, Alan Schnitzer, recently noted in an email to all employees, “our culture of collaboration, camaraderie and shared responsibility is a treasure that we should never take for granted.” This collaborative approach to how we operate and think about risk and reward runs through every element of our business, from our underwriting reviews and our approach to Enterprise Risk Management (ERM) to our Claim operations.
- **Diversity and Inclusion.** For us, diversity and inclusion is a business imperative. We believe that diverse experiences and viewpoints yield greater insights and better outcomes, raising the bar on individual and team performance, sparking further innovation and sharpening our customer focus. In addition to corporate policies designed to encourage an inclusive culture and protect all employees from workplace harassment and discrimination, we have numerous programs and initiatives, described in the [Diversity & Inclusion](#) section of this site, to foster a diverse and an inclusive environment.

- **Focus on Merit.** These three elements together — trust, collaboration and diversity and inclusion — form the foundation of our merit-based culture. At Travelers, every individual is encouraged to share their opinion and contribute to the decision-making process. We believe that by listening to diverse views and opinions — regardless of who offered them — we can reach the best business decisions. We recognize, promote and reward employees based on their contributions to our long-term success.

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## ENGAGEMENT & INCLUSION

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### Engagement & Inclusion

More than ever before, employees want and expect a workplace that aligns with their needs, wants and values, and we believe that an engaged workforce drives better business results. Because of that, one of our strategic priorities is to deliver an employee experience that engages our team and strengthens our organization.

To inform the inclusion and leadership strategies we use to execute on those priorities, we work with an independent industry-leading survey administrator to confidentially manage our employee engagement surveys. In 2019, we conducted our second enterprisewide engagement survey, the results of which put us above the 50th percentile in our survey administrator's overall company database. Our response rate in 2019 was 86% — 3% higher than our previous survey — and the overall percentage of engaged employees increased by 10% over the previous two years. The results illustrated that, in particular, we increased our effectiveness in the areas of employee recognition, opportunities to learn and grow, and employees' feeling that their opinions matter.

Based on the results of our 2019 engagement survey, each manager is required to develop action plans to create an even more meaningful employee experience. These plans are the results of team conversations and are designed to hold managers accountable for increasing their employees' engagement. To evaluate our progress, we conduct periodic "pulse" surveys and focus groups. Our Chief Human Resources Officer meets quarterly with our CEO and other executive leaders to discuss employee engagement strategies and our progress.

In 2019, we increased our emphasis on the employee experience, which is anchored in our culture, physical space and technology. For example, we continued to roll out **collaborative workspaces** and offer flexible work arrangements and introduced an enhanced employee assistance program. These are examples of small changes that have a big impact and reflect the continuing and deliberate evolution of the Travelers workplace — one designed to inspire world-class talent in a constantly changing world. Our work is not done; while we have made significant progress in recent years, we continue to identify and implement ways we can make Travelers an even better place to work.

Our average tenure and voluntary turnover rates demonstrate the power of our culture and the attachment our employees have to the organization. Not including our recent acquisitions of Simply Business and Zensurance, our approximately 900 most senior leaders have an average tenure at Travelers of nearly 20 years, and the average tenure of a Travelers employee is 12 years. The voluntary turnover rate of our U.S. employees, who comprise approximately 91% of our workforce, has been lower than 8% for the last several years. In 2019, our voluntary turnover rate in the United States was 7.2%; our global voluntary turnover rate was 7.4%. We are confident that our engagement and inclusion efforts will continue to have a strong impact — by shaping a workforce and workplace that drives exceptional business performance.

Our engagement efforts also continue to have a positive effect on how our employees view the company. Based on experiences reported anonymously and voluntarily by our current and former employees on Glassdoor, a social media site for job satisfaction and engagement, Travelers was listed by Glassdoor in its 2019 Glassdoor Best Places to Work Awards, as well as the 2019 Glassdoor Top CEOs Awards. See our [Awards & Recognition](#) page for a full listing of the recognitions we've received.

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## LEARNING & DEVELOPMENT

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### Learning & Development

Our commitment to learning and development is rooted in our belief that for us to be successful, we must provide our employees with the skills and capabilities to enable *them* to be successful. Travelers offers learning and development, including through online course offerings; in 2019, Travelers employees enrolled in more than 12,000 e-learning courses.

We encourage and support employee development through our Educational Assistance Program. Through the program, Travelers helps eligible employees pay the cost of eligible education classes and professional designation and certification programs, including for Chartered Property Casualty Underwriter (CPCU), Associate in Risk Management (ARM) and Associate in Claims (AIC). To reinforce the importance of underwriting as a core discipline, Travelers recognizes employees who successfully pass all eight CPCU exams and earn the professional designation by paying for eligible employees to attend their conferment ceremony, which is held each year for new CPCU graduates.

Because we believe that the best learners are the best leaders, we offer a variety of programs that support our managers in their leadership journey. All Travelers managers receive a monthly Leader's Digest email, which provides information and tools to improve the employee experience at Travelers, helping our managers and their teams succeed.

In addition, all managers are required to participate in our leadership workshop. This workshop provides an overview of key leadership practices at Travelers — practices that enable leaders to increase engagement and inclusion, lead change, drive innovation, tie daily goals to a greater

purpose and coach people to higher levels of performance. A critical element of the workshop is a 360-degree assessment tool that allows the manager's supervisor, co-workers and direct reports to provide feedback on key leadership behaviors, such as fostering an inclusive culture where all employees are appreciated and heard. We also offer three additional foundational workshops centered on leadership: Leading People At Travelers, Coaching for Performance Excellence, and Appreciating Differences.

- **Leading People At Travelers** is a workshop for those promoted into a new leadership position and leaders new to Travelers. It is designed to reduce the duration of a new leader's learning curve, support a mindset shift during integration into their new role and provide skills and tools to jump-start the effectiveness of new leaders at Travelers.
- **Coaching for Performance Excellence** is a highly interactive program that focuses on coaching conversations to effectively engage with direct reports. Topics include communicating around performance expectations, performance improvement and career growth. A 360-degree assessment tool precedes participation in the program. This assessment measures the degree of frequency that leaders are engaging in various coaching competencies.
- **Appreciating Differences** is our comprehensive approach for all employees to build and support an inclusive work environment — helping to drive performance, building engagement and creating a high-functioning environment where all individuals can work toward achieving their full potential.

In 2019, our employees and leaders invested approximately 33,300 hours in these four workshops.

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## PERFORMANCE & SUCCESSION

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### Performance & Succession

Performance management at Travelers is about growing the right talent and skill sets and equipping employees with the necessary tools and feedback to ensure our continued success. Every employee at Travelers has performance objectives and goes through a performance evaluation on an annual basis. Our annual performance management process helps with setting goals and planning development, and involves assessing progress against those goals and discussing opportunities for improvement. These progress assessments involve meaningful conversations to discuss what went well and what can be improved.

To make sure that managers have the skills necessary to guide our employees and help them reach their potential, we build their skills with our Coaching for Performance Excellence Workshop; the workshop helps managers develop their questioning, listening, reflecting and exploring abilities.

We also conduct a comprehensive annual talent review, which includes succession planning, to get our most talented employees ready for leadership positions and identify key employees for the next generation of great leaders. Each line of business identifies top-talent employees and succession candidates for targeted development and advancement opportunities with individualized action plans. The talent review process then rolls up through the business, culminating with the CEO and his direct reports meeting to review succession plans for key positions. The CEO then presents those plans to the Board of Directors.

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## TALENT ACQUISITION

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### Talent Acquisition

Travelers is focused on building a pipeline of talent to position the company for future success and is committed to hiring and developing a diverse and sustainable workforce across race, color, religion, gender, gender identity, age, national origin, disability, veteran status, marital status, genetic information and sexual orientation. Our recruiting efforts are designed to help us attract and retain top talent from a broad pool of talent and continue to increase diversity in our hiring.

To maintain our competitive advantages, we increasingly need industry-agnostic talent. Historically, running an insurance company required actuaries, underwriters and finance professionals, among others; in addition to those types of professionals, we now also need roboticists, data scientists, artificial intelligence experts and behavioral economists. This compels us to reimagine our talent acquisition strategies. While we continue to recruit from within our industry, we also recruit from outside our industry for disciplines that are fundamental to our future. We deploy talent acquisition strategies, including advanced sourcing tools, employment branding advertising, social channels and diverse slate requirements, to help us create a pipeline of strong candidates.

We are focused on inspiring the next generation of insurance professionals and actively encourage students and graduates to explore career opportunities in the insurance industry and, in particular, at Travelers. To help us attract new talent to the industry, we have longstanding affiliations and partnerships with a number of organizations that share that mission, including **InVEST**, Insure My Path and Gamma Iota Sigma. In addition, our signature career pipeline program, **Travelers EDGE®**, provides a unique, holistic approach to education for underrepresented students. Through partnerships with colleges, universities and community-based organizations, *Travelers EDGE* increases access to higher education and provides students with opportunities to excel. To learn more about our efforts to bolster our diverse talent pipeline, see the **Diversity & Inclusion** section of this site.

Travelers also offers a multitude of career mentorship and development programs to attract both early career and experienced professionals. Our **Leadership Development Programs** provide students and graduates with an opportunity to move upward through a steady career path in a specific area such as Actuarial and Analytics, Financial Management, Human Resources, Technology or Insurance Operations. Participants complete assignments and rotations designed to help them build upon their strategic thinking skills and business acumen. Our **Development Programs** — in Underwriting, Business Intelligence and Geospatial, Investments, Shared Services, Product Management and Technology — include on-the-job training, classroom instruction, self-study materials and independent work in an assigned business area. These programs provide the foundational knowledge and skills necessary for success at Travelers and have been a part of our talent strategy for nearly 30 years. Many participants have gone on to hold senior roles in Travelers.

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## TOTAL REWARDS

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### Total Rewards

Our compensation and benefits programs are designed to attract, motivate and retain high performing employees and to help employees be healthy and productive in all aspects of their lives. Our long-standing pay-for-performance philosophy differentiates awards based on individual and company performance, regardless of gender, race or any other protected classification. And our comprehensive, flexible benefit options are designed to meet the physical, mental and financial needs of employees and their families.

#### Compensation

Paying our employees equitably is the foundation of our performance-based culture. **Our equitable pay statement** outlines our approach to ensure that we compensate our employees without influence from bias. We designed our compensation processes and controls to help ensure that we compensate our employees equitably. We review our compensation practices annually with independent, outside experts to help ensure equitable pay across the company.

In the United States, we have increased the minimum hourly wage to \$15. As calculated and reported in our 2020 Proxy Statement, in 2019, the median pay of all our employees was more than \$111,000, and the median pay of our full-time U.S. employees, who comprise over 90% of our workforce, was nearly \$128,000, putting us in the top quartile for employee pay in the S&P 500.

Travelers' compensation mix includes base salary, performance-based cash awards and equity grants. The mix of these rewards varies depending on the employee's role at the company.

- Many employees receive most of their total rewards in the form of base salary and medical and retirement benefits. Travelers pays a higher percentage of health care costs for employees with lower salaries.
- Variable compensation (annual bonus and equity) becomes a larger portion of the total rewards mix for employees at higher levels in the organization. Furthermore, the senior-most executives, who are responsible for the development and execution of our strategic and financial plans, have the largest portion of their compensation tied to performance-based incentives.

#### Health & Wellness

Because our employees are our most valuable asset, we are committed to helping them be healthy and productive in all aspects of their lives. We know that when employees and their families are well — physically, emotionally, mentally and financially — they can be more fully engaged both personally and professionally. That's why we offer **comprehensive, flexible benefit options** for our employees, which include medical, dental and prescription drug coverage; flexible spending accounts; life insurance; paid time off; short- and long-term disability; parental leave; child care discounts; and preventive care incentives. In addition, we introduced a leadership-supported **mental health anti-stigma campaign** in 2019 as part of our ongoing efforts to support employees' total well-being, and to create a culture of openness at Travelers where mental health is a priority.

In the United States, our medical plans cover 52,000 individuals (24,000 employees, 19,000 children and 9,000 spouses/domestic partners). In our international operations, we provide medical coverage that supplements government-provided plans to our 2,000 employees and their families, subsidizing between 90% and 100% of total employee health benefit costs. In 2019, we paid approximately \$240 million in medical-related costs on behalf of our employees and their dependents.

Employees and their eligible family members, including spouses, domestic partners and children, are generally eligible for coverage from the first day of employment. To keep rates affordable, Travelers subsidizes premiums on its health care plans through a cost-sharing model. We subsidize health benefits more heavily for lower-paid employees as compared to higher-paid employees, such as the named executive officers. Accordingly, our higher-paid employees pay a significantly higher percentage of the cost of their health benefits as compared to our lower-paid employees.

We have a forward-thinking approach to our benefit plan design. We deliver new, innovative ways to support employee health and well-being, including personal health support to help navigate the health care system; financial incentives for some employees to choose high-quality, low-cost providers; and protections around the use of opioids to help ensure doctors, pharmacists and patients work closely together on treatment plans for pain management.

Our wellness program provides simple, easy-to-use tools and resources that empower employees with the information and support they need to achieve their wellness goals.

- Our *myWellness* Platform is a mobile-friendly, easy-to-use application that serves as a repository of wellness tools and resources to support employees' health and well-being. Using the platform, employees can set physical and mental wellness goals, track healthy habits, find top-rated doctors in their area, review information about a new diagnosis or treatment, challenge friends to health competitions and more.

- Life Balance, our employee assistance program, provides employees access to professional in-person, digital and text-based counseling services, life coaching, personalized mentoring and support resources for daily life needs. All Life Balance services are free, confidential and available 24/7 to employees and their household family members.
- Our Health Advocate Program assists employees and their family members with navigating the health care system and resolving health care issues.
- Grand Rounds is a free service that matches employees enrolled in a Travelers medical plan with top-ranked doctors and helps employees obtain second opinions from leading specialists.
- MSK *Direct* is a free service for Travelers employees and their family members facing a cancer diagnosis. It provides guided access to expert cancer treatment and care at Memorial Sloan Kettering Cancer Center facilities.
- The diabetes management program, a no-cost service that combines the latest technology with real-time support, helps make handling diabetes easier for employees and their adult family members enrolled in a Travelers medical plan.
- Wellness champions in more than 50 local offices help cultivate a culture of wellness at Travelers by leveraging employees' interests and ideas to implement healthy initiatives at local offices.

We also offer:

- Fitness center discounts for employees;
- On-site chiropractors and physical therapists for employees at our Hartford campus;
- Free on-site wellness screenings at our Hartford and St. Paul campuses;
- On-site counseling services for employees at our Hartford campus;
- Free seasonal flu shots for employees through on-site clinics and various retail pharmacies;
- Mobile mammography for eligible employees in certain locations;
- Free tobacco cessation programs for employees and family members enrolled in Travelers medical plans;
- Weight management programs with personalized coaching support, resources to help employees make positive changes and digital tools for users to track progress over time; and
- Health insurance benefits for transitioning employees and family members to cover professional counseling, hormone therapy and, if clinically appropriate, gender reassignment surgery.

### Savings & Retirement

Our 401(k) Savings Plan provides employees with a vehicle to save for their retirement and the opportunity to receive a company match on those contributions. Employees can contribute from 1% to 75% (in whole percent increments) of their eligible pay as pre-tax 401(k) or after-tax Roth(k) contributions, up to the maximum allowed under IRS limits.

Travelers annually matches employee 401(k) contributions dollar-for-dollar up to 5% of eligible pay. The company match contributions made in early 2019 were based on 2018 contributions with a maximum annual company match of \$7,000. Employees become 100% vested in company-matching contributions after three years of service. Ninety-seven percent of our employees are participating in the Travelers 401(k) Savings Plan. Outside of the U.S., we provide defined contribution retirement plans for more than 2,000 employees with an average company contribution rate of over 8%.

Travelers recognizes that the high cost of education and the obligation of repaying student loans prevents many people from saving for their retirement. In 2019, we announced a new and innovative retirement savings benefit, The Travelers Paying It Forward Savings Program, for employees facing student loan debt. Starting in 2020, when an eligible employee makes a payment toward his or her student loans, Travelers will make an annual contribution of that amount into that employee's 401(k) Savings Plan account, dollar-for-dollar up to the first 5% of eligible pay, to a maximum of \$7,000. As of December 31, 2019, more than 1,500 employees had enrolled in this new benefit.

Travelers also assists employees with meeting their retirement needs through the Travelers Pension Plan, a defined benefit pension plan. Travelers pays the full cost of the employee's plan benefits; we do not require employees to contribute personally. The Plan determines the benefits under a cash balance formula, which provides pay and interest credits to a hypothetical account maintained for the employee with an annual pension credit of approximately 4% of the employee's pay. In 2019, approximately \$450 million went to providing our employees with security in their retirement through pension payments and credits and 401(k) matching contributions.

We also support our employees' financial success through financial planning services. Thousands of our employees have taken advantage of this offering. Among other things, we offer our employees:

- A financial wellness assessment that allows employees to get a financial wellness score and personalized checklist to help meet their financial goals; and
- Online, text-based, retirement planning services, including complimentary consultations and workshops to assist in savings and retirement planning.

# Key Initiatives



MAKING MENTAL HEALTH A PRIORITY

**A Focus on Life Balance and Mental Health**



PARTNERSHIP WITH INVEST

**Travelers Insuring Futures**



TRAVELERS INSTITUTE®

**Travelers Institute University Tours**



THE POWER OF TRAVELERS IS US

**The Power of Travelers Is Us**



**SHE TRAVELS<sup>SM</sup>**

**Advancing Women's  
Careers in Insurance**



**COMMITTED TO MILITARY VETERANS**

**Supporting Those Who  
Serve**



**HOWARD UNIVERSITY F.I.R.M.  
SYMPOSIUM**

**Inspiring the Next  
Generation of Job Seekers**



## Innovation



We recognize that the world is evolving quickly. While our long-term financial strategy is not changing, the competitive advantages that have fueled our success over the last decade will not necessarily be the same as those we will need to continue to lead for the next decade. That is the focus of our innovation agenda: making sure that our competitive advantages are as relevant and differentiating tomorrow as they are today. Ultimately, the vision for our innovation agenda is to be *the undeniable choice for the customer and an indispensable partner for our agents and brokers*.

## APPROACH

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### Approach

Travelers delivers consistently superior risk management solutions that help customers of all types identify, mitigate and recover from a wide variety of emerging and existing risks and hazards to achieve their personal and financial goals. As one of the United States' largest multiline insurers, we continually invest in data, analytics and technology to make our processes more efficient and effective to better serve our customers and maintain our competitive edge.

Our **competitive advantages** set Travelers apart; they are foundational to the success of our long-term financial strategy. Nonetheless, we understand clearly that the world is changing, and changing quickly. Broadly speaking, we see four significant forces of change impacting our industry:



We are pursuing an ambitious innovation agenda that is focused intently on these forces of change and is designed to ensure that our competitive advantages remain relevant and differentiating to drive our long-term success.

We believe the winners in our industry will be those with deep domain expertise who can continue to deliver industry-leading results while innovating successfully on top of a foundation of excellence. To ensure that we keep pace with the accelerating pace of demographic, economic, technological and cultural change in today’s consumer and business environment, we have adopted a focused approach to innovation as a business discipline. Our Chief Innovation Officer oversees a dedicated team of innovation specialists, who focus on championing and supporting experimentation across the enterprise and enable connections to new capabilities in external ecosystems. The Travelers iCouncil, a working group of senior leaders, oversees innovation initiatives across the enterprise.

Our *perform and transform* mindset, discussed in our Chairman and CEO’s [message](#), and our culture of innovation have become important parts of our DNA. Our collaborative approach to innovation helps us “focus the future” by bringing an innovative mindset to everything we do, forging strategic internal and external partnerships and accelerating new ideas with speed and direction — or, as we refer to it internally, “innovating with velocity.”

We are pursuing innovation in service of our vision to be *the undeniable choice for the customer and an indispensable partner to our agents and brokers*. In support of that vision, we have established three priorities: extend our advantage in risk expertise; provide great experiences for our customers, agents and brokers; and optimize our productivity and efficiency.

- **Extend our advantage in risk expertise.** Understanding risk, and the products and services our customers need to manage risk, has been foundational to our success for decades. Core to that is our ability to balance the science and art of risk-based decision-making based on data and analytics. That skill set requires a combination of deep expertise and a special culture that values collaboration and long-term success. It is an important competitive advantage developed over a long period of time and one we believe is very difficult to replicate. We seek to extend our advantage by investing in areas like predictive modeling, advanced analytics, robotic process automation, machine learning, artificial intelligence and new products.
- **Provide great experiences for our customers, agents and brokers.** Across all of our businesses, we are focused on becoming faster, easier, nimbler, more digital, more mobile and more personalized. When we think there is a proprietary advantage, we invest in building these capabilities ourselves. In other cases, we partner with, invest in or acquire organizations — both established businesses and startups — to bring these great experiences to market more efficiently. Both approaches have resulted in new and enhanced capabilities such as on-demand Certificates of Insurance for Small Commercial accounts, virtual home and auto inspections, pre-claim loss consultation, and rapid and increasingly on-the-spot digital claim payments, to name a few.
- **Optimize productivity and efficiency.** We are continuously working to optimize our productivity and efficiency to enhance our operating leverage. We primarily do this through investment in technology and improving workflow. Enhanced operating leverage provides us with the flexibility to let the savings fall to the bottom line, reinvest the savings and/or compete on price without compromising our return objectives.

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## DISCOVERING EMERGING & FUTURE OPPORTUNITIES

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### Discovering Emerging & Future Opportunities

As a leading property and casualty insurer with deep industry expertise and a long-standing commitment to learning, we believe that our employees, and the knowledge and insight they bring to serving our customers, underlie all of our key competitive advantages. We combine our talent and expertise with data, analytic tools and research capabilities to identify emerging and future opportunities to provide our customers with the products and services they need to protect what's important to them.

We continually evaluate evolving risks to our customers, and potential opportunities to help our customers mitigate those risks, and we can test real-life scenarios at our research and training facilities — **Claim University**, the **National Catastrophe Center** and the Risk Control **Industrial Hygiene** and **Forensics** Laboratories. Sharing what we learn with our underwriters helps them better select and price risks and develop products and services to address emerging risks and meet evolving customer needs. These learnings also give our Risk Control professionals a competitive edge, allowing them to work effectively with customers to identify occupational risks and mitigate and manage exposures to loss — improving their employees' safety and wellness as well as their own business results. Finally, these insights enable our Claim professionals to help our customers recover from losses quickly and efficiently when losses do happen. We also share our insights with our customers and the public through our agent and broker partners, **Prepare & Prevent** website and Risk Control Customer Portal.

While executing today, we continue to think about the future. We have in-house teams dedicated to researching and formulating educated viewpoints about the future of society, technology and the industry, influencing our long-term strategic priorities. From autonomous vehicles to artificial intelligence, we systematically assess and plan for the potential impact of and business opportunities brought about by new technology and changes in the industry.

With these emerging trends and future scenarios in mind, our dedicated innovation scouts help us forge new partnerships and alliances outside of Travelers to broaden our perspective and enable us to identify new opportunities. We position ourselves in the flow of innovation around the globe through our relationships with incubators, startups, venture capital and private equity firms, and others that are developing exciting new technologies and capabilities. We have partnered with incubators including, for example, Plug and Play, an innovation platform that brings together startups and some of the world's largest corporations, and Startupbootcamp, which supports startups with direct access to an international network of mentors, partners and investors to help them scale. Through these partnerships, we gain early access to new ideas, as well as the opportunity to develop solutions to some of the most interesting challenges impacting our industry. Travelers is also a member of the Hartford InsurTech Hub, an initiative started by a group of executives from the Hartford, Connecticut, area, including from the insurance industry; City of Hartford representatives; and several other community stakeholders. The goal of the group is to develop a local innovation ecosystem supported by local resources, capabilities and talent, in which insurance technology startups can grow and flourish. Our participation in the Hartford InsurTech Hub is an investment in our communities and in our business.

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## DRIVING AN INNOVATION MINDSET & VELOCITY

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### Driving an Innovation Mindset & Velocity

We have established an internal innovation ecosystem to develop the key capabilities we need for the future by leveraging the best talent and ideas from both inside and outside our company. In collaboration with our dedicated Innovation Team, we have a network of business leaders spanning our businesses and functions — our Innovation Evangelist Network — who take ownership of crafting the innovation objectives for their respective business line. This network is supported by hundreds of subject matter experts, software engineers, design specialists and data and analytics professionals. These teams deploy their unique insights, perspectives and skills to bring innovative products and services to market, better serve our customers and agent and broker partners and optimize productivity and efficiency.

Supporting our evangelists and business leaders are our Experimentation Partners, whose primary goal is to enable innovation to happen within the business through mentoring, coaching, facilitation, tools and testing platforms. They provide:

- **A best-in-class innovation methodology** to rapidly bring ideas to life, supported by tools, training classes and online resources;
- **Innovation designers** to facilitate problem definition, information gathering, experiment design and ultimately the building of robust business cases for new ideas; and
- **A platform for rapid test-and-learn** with technology and engineers available to enable experimentation at scale, leveraging the latest software tools and emerging technology available inside and outside the company.

The Experimentation Partners help Travelers solve critical business problems and drive velocity within our innovation agenda.

Harnessing the pioneering spirit of everyone in our organization, we have developed tools, training, communications and events to foster an innovation mindset throughout Travelers. Notably, to elicit new ideas, we regularly host hackathons, which we have branded as Innovation Jams.

Each hackathon is a collaborative and competitive effort by cross-functional teams of employees to develop prototypes to address business challenges and create customer solutions in just 24 hours. Teams are composed of employees from all businesses and functions who bring their technology know-how, business knowledge, understanding of the customer, design talent, marketing and communication skills, and more to the projects. Now in their fourth year, these events have engaged thousands of employees, inspired a number of practical solutions (such as our Wildfire Loss Detector) and led to nearly 30 patent applications.

Our 2019 Innovation Jam drew together over 850 employees on 110 cross-functional teams in 5 global locations — setting a memorable high point for our innovation agenda. Innovation Jam 2019 participants were asked to submit ideas related to one of six themes, including two sustainability-focused themes:

- Sustainability: Community and Environment;
- Sustainability: Customer and Employee Experience;
- The Gig Economy;
- Connected Insurance;
- Machine Learning and Artificial Intelligence; and
- New Products and Services.

Our Evangelist Network selected 15 Innovation Jam ideas for development, and six ideas were submitted for patents.

## INNOVATIVE PRODUCTS & SERVICES

### Innovative Products & Services

The forces of change in our industry present not only risk but significant opportunities. Here are some examples of how we have taken advantage of the opportunities presented by the forces of change.

#### INNOVATIVE PRODUCTS & SERVICES

##### ▼ Business Insurance

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|--|--|
| <b>Travelers BOP 2.0</b>   | <ul style="list-style-type: none"> <li>• Our BOP (Business Owner Policy) 2.0 product, launched in 2019 with input from our agents, makes the quoting experience faster and easier with simplified screens, fewer questions, more customer information prefill and modernized business classifications. We also adjusted our pricing, introduced new discounts and provided flexible offerings that allow agents to package coverages in a way that best meets the needs of our customers.</li> </ul>   |
| <b>Using AI to Streamline Submission &amp; Quoting Processes</b> | <ul style="list-style-type: none"> <li>• Strategic partnership with Groundspeed Analytics, Inc., announced in October 2019, to use artificial intelligence (AI) to simplify our new business and policy renewal processes and drive a better experience for our agents, brokers and customers.</li> <li>• Partnership includes collaboration with Groundspeed on the design of additional AI capabilities for the automation of commercial insurance analytics.</li> <li>• Insurance quote requests often require manual effort to extract information from submitted documents before an underwriter can fully evaluate and price the risk. By organizing valuable unstructured data from submission documents, the use of AI augments Travelers' underwriting capabilities, which enhances risk selection and increases efficiency, while enabling agents and brokers to write business more quickly.</li> </ul> |

##### ▼ Personal Insurance

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|-----------------------------------|--|
| <b>Amazon Smart Home Services</b> | <ul style="list-style-type: none"> <li>• Collaboration with Amazon to provide Travelers customers with discounts on smart home kits that include security cameras; water sensors; smart home hub that wirelessly connects a wide range of smart devices and enables them to work together; and an Amazon Echo Show.</li> <li>• <a href="#">Learn more&gt;</a></li> </ul> |
| <b>Traverse<sup>SM</sup></b>      | <ul style="list-style-type: none"> <li>• An innovative <b>personal insurance product</b> designed for consumers who may not need a traditional homeowners policy.</li> <li>• Designed to meet millennials' needs.</li> </ul>   |

- Can serve as an alternative to renters insurance by including personal liability coverage that meets most landlord requirements.
- Offers identity theft coverage and protects things like mobile phones, laptops, musical instruments, jewelry and even some vacation experiences.
- A completely digital offering; customers can buy policies, make policy changes and submit claims — all online.
- Available in New York and Texas.
- [Learn more>](#)

#### Quantum Home 2.0®

- Product that provides greater customization, fewer steps to complete a quote and simplified customer communications.
- Designed in close collaboration with our agent partners.
- Increases efficiency for agents while helping them to deliver better service and drive new business.
- [Learn more>](#)

### ▼ Distribution

#### Simply Business

- Owned by Travelers and operates as a standalone business.
- A growing technology company that offers products online on behalf of a broad panel of carriers.
- Its proven business model enhances the insurance buying experience for microbusiness owners and aligns with Travelers' efforts to simplify the small commercial insurance transaction, making it more efficient.
- Has more than 630,000 microbusiness and landlord customers, representing more than 1,000 classes of business.
- [Learn more>](#)

#### Zensurance Investment

- Travelers took a majority ownership stake in this startup in 2018.
- A Toronto-based digital provider of online insurance solutions for small businesses.
- Uses data and analytics to identify the most common risks that small businesses face and designs insurance packages best suited for their respective industries.
- A natural fit with our Simply Business team, further adding to our digital capabilities and medium-term strategic positioning to serve small and microbusinesses.
- Offers business insurance online on behalf of a broad panel of carriers in Canada.
- [Learn more>](#)

### ▼ Claim

#### Aerial Imagery and Virtual Damage Inspection

- An artificial intelligence (AI)-driven solution that combines high-resolution before-and-after aerial images of areas affected by disasters with geospatial mapping tools and virtual damage inspection programs to accurately assess damage and begin the claim process, often before physical access to the affected areas is possible.
- In addition to using this technology to help expedite claim processing, Travelers also makes it available to our independent agents and brokers to help them quickly answer their customers' questions.
- One application of this technology, the Travelers Wildfire Loss Detector, won the Gartner 2019 Eye on Innovation Award and a CIO 100 Award.

#### Catastrophe Response Staffing Strategy

- Extensive employee cross-training and advanced workforce management programs enable Travelers to respond quickly and effectively to **large-scale weather events** without disruption or use of third-party adjusting firms, supporting operational effectiveness and customer experience.
- [Learn more>](#)

#### Drones in Property Inspection

- Widespread use of unmanned aerial systems (drones) in property damage inspections speeds claim inspection and resolution times; approximately 97% of all Personal Insurance claims were closed within 30 days when a drone was used during the inspection process, as compared to 90% when a drone was not utilized.
- Widespread use of drones enhances customer experience and increases employee safety.
- Over 750 FAA-certified drone pilots conducted more than 60,000 flights since the inception of the program.
- Travelers was the first insurer to develop a drone training program and assisted with developing FAA regulations for commercial use of unmanned aircraft systems.
- In 2019, we extended our use of drones to Canada.
- Our **strategic investment in Kittyhawk**, a leading provider of drone operations software, reinforces our leadership role in the commercial application of drone technology.

<b>Smartphone Photos in Property Inspection</b>	<ul style="list-style-type: none"> <li>Using innovative virtual inspection and measurement technology, we are able to transform smartphone photos of a property into an accurate, three-dimensional model so that our Claim professionals can easily inspect property damage without climbing ladders, and our policyholders can provide information without having to schedule an on-site inspection.</li> </ul>
<b>Wildfire Defense Systems</b>	<ul style="list-style-type: none"> <li>Working with Wildfire Defense Systems (WDS) to give California home and landlord policyholders an added layer of wildfire protection at no additional cost.</li> <li>WDS uses proprietary forecasting and threat analysis to identify which Travelers customers could be impacted by a wildfire and then assists them in taking preventive measures. Among other things, our relationship allows for the deployment of wildfire prevention specialists to customers' homes to help prevent or minimize damages when wildfires are imminent.</li> <li><a href="#">Learn more&gt;</a></li> </ul>
<b>Early Severity Predictor®</b>	<ul style="list-style-type: none"> <li>The Travelers proprietary <a href="#">Early Severity Predictor®</a> model, which identifies injured employees at a greater risk for chronic pain and therefore opioid addiction, allows us to help them by recommending appropriate medical and behavioral interventions.</li> </ul>
<b>MyTravelers® for Injured Employees</b>	<ul style="list-style-type: none"> <li>In response to the evolving needs of our customers and their injured employees, we have made a number of investments in our workers compensation claims-handling model, TravComp®. For example, we introduced our self-service workers compensation claim portal, <a href="#">MyTravelers for Injured Employees</a>. Through this innovative platform, injured employees are empowered to engage in their return-to-work journey and interact with us digitally throughout the claim process. In-portal claim notifications, messaging with claim and medical professionals, two-way document sharing and tailored digital content help ensure we quickly get the right claim information into the hands of injured employees.</li> </ul>
<b>Digital Tools for Orthopaedic Injuries Pilot</b>	<ul style="list-style-type: none"> <li>Collaboration with Cedars-Sinai, Samsung Electronics America, Bayer and appliedVR to explore the effectiveness of a digital pain-reduction kit that uses therapeutic virtual reality (VR) and wearable technology as a non-pharmacological supplement to managing pain associated with acute orthopaedic injuries of the lower back and extremities.</li> <li><a href="#">Learn more&gt;</a></li> </ul>
<b>Loss Consultation</b>	<ul style="list-style-type: none"> <li>Innovative workflow gives customers the option of becoming better informed about coverage, deductibles, impact to loss history and the claim process prior to filing an insurance claim.</li> </ul>
<b>Virtual Assistant</b>	<ul style="list-style-type: none"> <li>Virtual chat assistants on Travelers.com to answer frequently asked questions and help customers start the claim reporting process.</li> </ul>
<b>Operational "Bots"</b>	<ul style="list-style-type: none"> <li>Autonomous programs that automate routine claim management tasks, creating capacity for Claim professionals to focus on higher value work while accelerating the claim process by reducing touchpoints and handoffs.</li> </ul>
<b>Enhanced Digital Customer Engagement Channels</b>	<ul style="list-style-type: none"> <li>Video communication, secure chat and file exchange capabilities within the <i>MyTravelers</i> portal, which enable more efficient communication between Claim professionals and customers and provide 24/7 access to claim information.</li> </ul>
<b>Roadside Assistance</b>	<ul style="list-style-type: none"> <li>Vendor partnerships provide streamlined roadside assistance services to personal and business auto customers without our customers having to file a claim.</li> </ul>

## ▼ Risk Control

### Construction Vibration App

- Smartphone-based app **ZoneCheck<sup>SM</sup>** helps construction companies understand how site activities can impact ground vibration and help to identify related risks to nearby structures.

### Forensics and Digital Forensics Laboratories

- Forensics lab staffed by 30 scientists and engineers with backgrounds in chemistry, metallurgy, **materials science**, **fire forensics** and construction, bringing analytical rigor to identifying how losses occur and who or what is responsible.
- Digital Forensics lab staffed by specialists enables Travelers to ingest, preserve and analyze digital data from any source, including the web, social media and smart devices.

### Risk Control On Demand<sup>®</sup>

- Virtual safety consulting platform enables customers to access our network of safety specialists in real time. Customers can upload digital media and collaborate with consultants around the globe to evaluate occupational hazards and design and implement safety improvements.

### Risk Toolworks<sup>TM</sup> App

- Our **Risk Toolworks** mobile app puts Travelers 100+ years of risk expertise and industry-leading safety tools in the palm of our customers' hands. The app helps customers protect their businesses and keep their employees safe by providing real-time access to interactive risk management tools and resources that help our customers monitor workplace hazards, track safety tasks and evaluate safety considerations, among other things.
- [Learn more>](#)

### Fire Protection System Impairment Management Tool

- Available on both our secure Risk Control website and **Risk Toolworks** mobile app, this tool is designed to help customers record and communicate to Travelers when a sprinkler system, fire pump, special extinguishing system or other fire protection system component is out of service.
- Customers can track impairments at multiple properties and get reminder emails to help ensure the system is back in service in a timely manner, protecting their business and employees.
- [Learn more>](#)

# Key Initiatives



COLLABORATION WITH CEDARS-SINAI MEDICAL CENTER

**Using Virtual Reality to Help Patients Deal with Pain**



INNOVATION FOR SAFETY

**Wearables Technology to Improve Safety for Construction Workers**



INVESTMENT IN KITTYHAWK

**Enhancing Our Drone Program**



CLAIM UNIVERSITY

**Training World-Class Claim Professionals**





TRAVELERS INSTITUTE®

### Insuring Autonomy — Autonomous Vehicles



AMAZON COLLABORATION

### Travelers Teams Up with Amazon to Provide Smart Home Solutions



NATIONAL CATASTROPHE CENTER

### Catastrophe Planning and Response



WILDFIRE DEFENSE SERVICES

### Using Data to Protect Our Customers

## Public Policy



Travelers commits to constructive participation in the public policy dialogue around issues core to our business and on behalf of our customers, our agents and brokers and the communities we serve. Through the Travelers Institute<sup>®</sup>, our public policy division, we engage with policymakers and thought leaders to help address today's challenges and tomorrow's needs.

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### APPROACH

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#### Approach

Travelers established the Travelers Institute in 2009 as a means of participating in the public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the industry expertise of Travelers senior management and the technical expertise of its risk professionals, as well as other experts, to provide information, analysis and recommendations to public policymakers and regulators. The Executive Vice President of Public Policy is the President of the Travelers Institute and a member of our Management and Operating committees who reports on an annual basis to the Board.

Our senior business leaders set the Travelers Institute's public policy priorities. They ensure that the Institute's initiatives align with the company's business strategy and drivers of sustained value, and have the greatest impact in the communities in which we live and work. Our current priorities are presented in detail on the [Travelers Institute website](#) and include:

- **Distracted Driving;**
- **Insuring Autonomous Vehicles;**
- **Enhancing Cybersecurity;**
- **Small Business Advocacy;**
- **Insurance Education;** and
- **Disaster Preparedness and Coastal Challenges.**

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### STAKEHOLDER ENGAGEMENT & STRATEGIC RELATIONSHIPS

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#### Stakeholder Engagement & Strategic Relationships

The Travelers Institute regularly engages with policymakers, business leaders, researchers, students, civic organizations, advocacy groups and others to examine solutions to the challenges facing communities and businesses today. Through educational symposia, strategic coalitions, conferences, publications and other activities, the Travelers Institute helps further dialogue on a variety of important public policy issues, including those outlined under [Approach](#). These cross-sector collaborations help drive informed discussion and demonstrate our willingness and ability to thoughtfully provide industry leadership.

Collaboration across federal, state and local government is core to the Travelers Institute mission. Travelers Institute programming has featured representatives from various state Departments of Insurance, the U.S. Department of Homeland Security, the Federal Bureau of Investigation, several regional Federal Reserve Banks, the Federal Trade Commission, the National Highway Traffic Safety Administration and the U.S. Small Business Administration, among others. The programs offer critical education about selected public policy topics and provide a platform for government agencies to share and promote resources.

The Travelers Institute's programming not only fills an important role in the public policy dialogue but also enhances our relationships with our customers, independent insurance agents, state regulators and the public. In particular, Travelers Institute educational programming offers unique value to our network of 13,500 agent and broker partners, providing a distinguished thought leadership platform. Over the past 10 years, the Travelers Institute has hosted hundreds of events in collaboration with agents and brokers, enhancing these relationships while providing education and risk mitigation strategies to thousands of consumers. Programming leverages agents' knowledge of how issues such as cybersecurity, distracted driving and natural disasters directly affect families, businesses and communities. Agencies and agent associations regularly co-host programs, invite customers and provide expert speakers, leveraging their risk management expertise and reinforcing their value as trusted advisors for critical insurance decisions. In addition, the Travelers Institute offers presentations on the economic outlook and political landscape at agent conferences and events, and provides educational content, including publications, social media campaigns and videos, for agents and brokers to share with clients. These programs are a great example of how our efforts to strengthen our communities also enhance our relationships with our agent and broker partnerships and contribute to our bottom line.

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## POLITICAL PROCESS COMMITMENTS & CONTRIBUTIONS

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### Political Process Commitments & Contributions

In addition to the Travelers Institute® activities, Travelers directly engages in the public-policy-making process at both the state and federal levels through the Travelers Government Relations team.

Many of the issues on which we focus, such as insurance regulation, regulatory modernization, catastrophe and terrorism risk insurance and tort and class action reform, have a direct impact on the availability and pricing of the products and services we provide to our customers and on the performance of our businesses.

Travelers is committed to participation in the political process in a thoughtful and responsible manner, consistent with the company's **Code of Business Conduct and Ethics** and in compliance with all applicable legal requirements. Our policy titled **Commitment to Participation in the Political Process**, which has been approved by our senior management, outlines our approach to participation in the political process and discusses Board and management oversight of such participation. We annually review and, as appropriate, update our political activity policy.

Highlights of our current policies and practices with regard to political campaign contributions and expenditures and lobbying activity include the following:

#### Governance Around Political Activities

Travelers conducts its political activities, including lobbying, under the oversight of the Nominating and Governance Committee of the Board, which is composed solely of independent directors. Our Head of Government Relations and General Counsel review all corporate political campaign contributions and expenditures, as well as all dues and other payments made to relevant trade associations and other organizations. Lobbying activities on behalf of Travelers require prior approval of the company's Government Relations professionals. Further, the Head of Government Relations reports semiannually to the Nominating and Governance Committee of the Board regarding political contributions and expenditures made by Travelers, including dues and other payments made to relevant trade associations and other organizations, lobbying activities and public policy issues of priority to Travelers. In addition, the Nominating and Governance Committee oversees our policy regarding political activities and any changes to that policy. The Nominating and Governance Committee provides the full Board with a report on the company's political activities at least twice a year.

As noted above, the Nominating and Governance Committee's oversight of political activities includes the company's membership in, and other support of, trade associations and other organizations. Our Government Relations staff and trade association colleagues promote and advance our position on issues having a direct or indirect impact on our business. Our membership in a particular trade association does not suggest that we agree with such association's position on every issue, nor does it suggest that Travelers joined such association primarily due to its lobbying activities.

#### No Corporate Contributions to Federal Candidates or Political Party Committees

In accordance with current applicable law, political contributions to federal candidates and federal political party committees may not be, and are not, made by Travelers. Such contributions may be made by our political action committee, The Travelers Companies, Inc. Political Action Committee (T-PAC), which is not funded by corporate funds but rather by the personal funds given voluntarily by our employees. T-PAC's Contributions Committee, whose objective is to advance the best interests of Travelers and its shareholders, makes decisions concerning the use of those funds. T-PAC reports this spending in filings with the Federal Election Commission, which are publicly available.

#### Disclosure of Political Contributions

Our participation in the political process is governed by law, in addition to internal policy. Travelers complies with all applicable laws and regulations pertaining to political campaign contributions at the federal, state and local levels, including those requiring specific disclosures.

These extensive disclosures required by applicable laws and regulations provide further transparency and public access to information regarding the scope of our political involvement.

Pursuant to our current political activity policy and based in part on shareholder input, Travelers discloses, semiannually in **political contributions reports** on our website, corporate contributions to state and local candidates, candidate campaign committees and other political entities organized under 26 USC § 527. In our political contributions reports we also provide a link to the Federal Election Commission website containing reports filed on behalf of T-PAC.

We also file **federal** lobbying reports under the Lobbying Disclosure Act, and periodic (i.e., monthly, quarterly, semiannual) **state** lobbying reports under the relevant state lobbying laws. Such filings not only disclose lobbying costs but also specifically identify the issues and government entities lobbied.

#### **No Direct Independent Expenditures**

Travelers has not made any direct independent expenditures, at either the federal or state level, and does not have any plans to do so during the current election cycle. Direct independent expenditures, if any, would consist of funds spent by Travelers itself on communications in support of, or in opposition to, a candidate's campaign, without coordination with the candidate. Our political activity policy provides that Travelers may not make direct independent expenditures in a candidate campaign unless, and only if, it believes that an exception to that policy is justified by business need and it obtains the prior approval of the Nominating and Governance Committee or its Chair. If any such direct independent expenditures are made, Travelers would disclose them on its website in the same manner and at the same time as it discloses campaign contributions.

#### **No Grassroots Lobbying or Payments to Tax-Exempt Organizations that Endorse Model Legislation**

Travelers currently does not engage in grassroots lobbying and did not make any payments in 2019 to influence the outcome of ballot measures.

Travelers is currently not a member in, nor does it make payments<sup>1</sup> to, any tax-exempt organization that writes and endorses model legislation.

<sup>1</sup>Travelers pays registration fees for employees to attend national meetings of the National Association of Insurance Commissioners (NAIC) and the National Council of Insurance Legislators.

# Key Initiatives



TRAVELERS INSTITUTE®

**Distracted Driving — Every Second Matters<sup>SM</sup>**



TRAVELERS INSTITUTE®

**Insuring Autonomy — Autonomous Vehicles**



TRAVELERS INSTITUTE®

**Cyber: Prepare, Prevent, Mitigate, Restore<sup>®</sup>**



TRAVELERS INSTITUTE®

**Thought Leadership on Disaster Preparedness**



TRAVELERS INSTITUTE®

**Small Business Advocacy**



TRAVELERS INSTITUTE®

**Insurance Essentials: Your Questions Answered**

## Safety & Health



As an employer, we're committed to the safety, health and well-being of our 30,000 employees — our most valuable asset. And as an insurer we are in the business of improving the safety, health and well-being of our customers and our communities, such as by helping to reduce distracted driving and working with our business customers to prevent and minimize the severity of workplace injuries.

### APPROACH

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#### Approach

At Travelers, our success relies on the safety, health and well-being of our employees. Our workers compensation customers also trust us to take care of their most precious resource — their employees. This combined responsibility makes safety and health both a key driver of our sustained value creation and an opportunity to positively impact the public welfare more broadly.

#### Protecting the Health & Safety of Our Employees

At Travelers, our employees are our most valuable asset, and we are committed to helping them be safe, healthy and productive in their life and at work. To nurture a culture of safety, we outline our expectations in safety policies, regularly evaluate health risks, conduct incident root cause analyses and develop programs to mitigate safety risks for our employees. We provide onboarding training, which includes general office safety and driver safety. We also provide targeted training for our employees who drive regularly for work or visit potentially hazardous environments, such as construction sites or disaster areas, and we regularly survey our owned and leased facilities to check for and mitigate potential hazards. In addition, our company fleet vehicles are equipped with advanced safety features, including forward collision warning systems and autonomous braking, to help keep them safe on the road. Our recent [investments in drones](#) also help keep our employees safe by reducing the need for them to engage in potentially hazardous activities, such as working at heights (climbing onto ladders and roofs). We also offer our employees office workstation ergonomic consultation services and self-help ergonomic tools and training.

Beyond working to ensure the work-related health and safety of our employees, we offer comprehensive benefit programs to help our employees be healthy and productive in all aspects of their lives. In 2019, we launched a new [myWellness](#) platform complete with resources and support focused on helping our employees and their families achieve their wellness goals. We also introduced a [mental health initiative](#) in 2019 as part of our ongoing efforts to support employees' total well-being, eliminate the stigma around mental health issues and create a culture of openness at Travelers.

To learn more about the comprehensive benefit programs we offer our employees, see the [Human Capital Management](#) section of this site.

#### Protecting the Health & Safety of Our Customers' Employees and Our Communities

As a leading workers compensation carrier, we share our risk control expertise, as well as our claim and medical data and analytic insights, with our customers and agent and broker partners. Our goal is to help our customers maximize employee wellness, ensure workplace safety and, when work-related injuries do occur, enable injured employees to return to work as soon as medically appropriate. Our Underwriting and Risk Control departments provide information to customers to help promote a safe workplace and identify and mitigate hazards. When claims do happen, we leverage our network of Claim and medical professionals to quickly deliver appropriate resources to help the injured employee achieve optimal claim and medical outcomes. These resources include, among others, our mobile workers compensation claim portal, [MyTravelers® for Injured Employees](#).

Our team of over 500 Risk Control professionals helps our commercial customers understand exposures to loss and prevent accidents through our services relating to employee safety, ergonomics, industrial hygiene, driving safety and property preservation, among others. We conduct more than 120,000 customer engagements per year through on-site surveys, on-demand risk evaluations, virtual risk assessments, jurisdictional inspections, trainings and online/self-help resources. Additionally, our secure Risk Control Customer Portal provides digital content and interactive tools to help our customers and employees understand and mitigate their risks. With one of the largest Risk Control departments in the industry, we have the expertise and scale to provide our customers with the right resource at the right time. For over 110 years, our professionals with risk control expertise have assisted agents, brokers and customers across the country and around the world. To see our expertise in action, visit our [Risk Management Success Story](#) videos.

We believe the insurance industry must also play an active role in promoting safety in our communities. That's why we provide extensive safety resources to customers and the public through the [Prepare & Prevent](#) page of our website, which we amplify with outreach through traditional and social media strategies. In addition, the [Travelers Institute](#), our public policy division, promotes safe behaviors. For example, the Travelers Institute helps combat distracted driving through its [Every Second Matters](#)<sup>SM</sup> education campaign.

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## SAFETY AWARENESS & CULTURE

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### SAFETY AWARENESS & CULTURE

## Travelers Workforce Advantage®

*Travelers Workforce Advantage* is our comprehensive approach to helping our commercial customers manage employee safety. Given our broad and deep expertise in understanding risk, we are well positioned to help our customers understand and identify their key exposures and assist them in developing risk mitigation strategies, so they can better protect their employees and their businesses. *Travelers Workforce Advantage* contains three main components: attracting and hiring candidates, onboarding and training, and supporting and engaging employees.

Click on each of these components in the graphic to learn more.

# Supporting & Engaging

While many companies offer general safety training and are beginning to embrace the importance of a culture of safety, their health and wellness programs are often less defined. *Travelers Workforce Advantage* recognizes that promoting safety and encouraging a healthy lifestyle, both inside and outside of the workplace, are important to fostering an engaged workforce. A comprehensive safety, health and wellness program should incorporate three key elements:

- **Injury and illness prevention programs.** Our safety consultants help our customers identify common injuries and illnesses and recommend preventive measures to reduce the risk of employee injuries and illnesses. In particular, our safety consultants assist our customers through services such as industrial hygiene monitoring; ergonomic evaluations; and slip, trip and fall assessments.
- **Safety leadership and safety culture.** It is important for an organization's leadership to lead by example, demonstrating the importance of a **culture of safety** across all of its operations. Our safety trainers help our customers' leaders understand the fundamentals and best practices with regard to employee safety so that they can lead by example.
- **General safety training.** Our Risk Control safety consultants provide a broad range of safety training, covering topics such as construction fall protection, ergonomics, industrial hygiene exposure monitoring, best practices in auto safety, key factors in post-injury management and fire protection and life safety systems.

In addition, it is important for employers to have a thoughtful plan for returning injured employees to work when they are medically able to return. How employers manage injuries can impact business continuity. Travelers has a **Corridor of Care®** post-injury management process designed to assist employers in supporting injured employees from the moment they are injured through their return to full duty. This process can help employees receive prompt, quality medical care; facilitate collaboration among the employee, the employee's medical provider, the employer and the insurance professional; and with an effective transitional-duty program, help to build employee morale, keep injured workers connected to the workforce and help them return to work as soon as medically appropriate.

Travelers also offers a **Workforce Pressure Test** tool to help employers understand how engaged, safe and resilient their workforce is through a brief online questionnaire.

# Attracting & Hiring

Conducting a functional job analysis and a job safety analysis of a listed position can better explain the job-related functions of the position to the candidate. It can also help the interviewer develop safety-based questions for the interview process where needed.

A functional job analysis is a structured process to identify and quantify the physical components and environmental conditions of job-related functions. A job safety analysis is a process that breaks down each step in a job, describes the hazards associated with each step and defines the safe work method that minimizes or eliminates each hazard. Conducting a job safety analysis helps our customers understand the hazards and the procedures necessary to address the exposure.

Our Risk Control professionals help customers develop effective job descriptions using a functional job analysis and job safety analysis as part of the customer's hiring process. We believe that a safe work environment starts with understanding the risks inherent to each position and having an informed workforce.

# Onboarding & Training

Our Risk Control professionals assist customers with industry-specific safety training as part of a detailed onboarding and training process. By helping our customers develop a comprehensive and thoughtful onboarding and training process, we help enable a more safe and effective work environment for their employees. An effective onboarding program helps orient employees not only to the functional details of employment, such as appropriate safety procedures, but also to the safety culture of the organization. Our *Safety Improvement Process*, a component of *Travelers Workforce Advantage*, takes a behavior-based approach to identifying and controlling workplace hazards. Our comprehensive *Workforce Advantage* and *Safety Improvement Process* can also help to protect the considerable time and expense invested in recruiting and hiring new employees and increase employee engagement.



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## INDUSTRIAL HYGIENE LABORATORY

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### Industrial Hygiene Laboratory

Our **Industrial Hygiene Laboratory** provides specialized services to our commercial customers to assess employee exposures and help prevent occupational illnesses. Our laboratory has been nationally accredited by the American Industrial Hygiene Association (AIHA) since 1976. With state-of-the-art analytical instrumentation, sampling equipment and methods for analyzing more than 500 chemicals and a staff of 30 certified industrial hygienists, trained chemists and technicians, we offer our customers a wide array of sampling and analysis protocols based on Occupational Safety and Health Administration (OSHA) and National Institute of Occupational Safety and Health (NIOSH) methodologies.

The Industrial Hygiene Laboratory provides critical data to our customers, underwriters and workers compensation specialists to help make informed decisions that keep employees safe and produce long-term value. The Industrial Hygiene Laboratory performs more than 50,000 analyses on approximately 34,000 samples annually for respirable dust and chemical exposures, helping customers identify workplace exposures and better protect their employees.

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## ERGONOMICS CONSULTING SERVICES

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### Ergonomics Consulting Services

Our ergonomics specialists focus on helping customers **identify and reduce ergonomic risk factors** in the workplace. Ergonomic risk factors are prevalent in many industries and can result in musculoskeletal disorders that affect employee health and well-being. Our staff of dedicated certified ergonomists has specialized knowledge and experience working with businesses in the manufacturing, logistics, financial services, health care and service industries. Our core consulting services include:

- Ergonomic assessments to identify the “vital few” tasks with the highest potential for reducing employee injuries;
- The Ergonomic Job Improvement Process (EJIP), our four-phase process to help customers self-identify and address key ergonomic issues using a team approach; and
- Ergonomic task force development assistance to train teams on ergonomic basics and help solve ergonomic issues through employee involvement.

In addition to our on-site services, our ergonomic specialists provide on-demand virtual consulting to customers to help them assess their risks and offer solutions.

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## TRANSPORTATION SAFETY

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### Transportation Safety

Recognizing the need for drivers to operate in an environment that prioritizes and fosters safety, Travelers Risk Control Transportation specialists provide effective fleet risk management solutions to businesses with commercial auto fleets — from passenger vehicles to tractor-trailers. Our specialists conduct on-site visits and meet with managers responsible for vehicle safety to help our customers minimize risk exposures.

Our specialists have experience in “for-hire” trucking fleets, as well as private auto fleets. They can evaluate fleet operation and exposures to help customers determine which controls to implement. After conducting a fleet assessment, our specialists can compare the customer’s controls with industry best practices. With this information, our specialists propose recommendations to help customers build or modify a vehicle safety program designed to prevent transportation-related accidents and reduce costs.

Our consultants work to develop what we refer to as a **“total fleet safety approach,”** which helps our customers effectively control loss exposures in their fleet operations. Our comprehensive approach addresses the key components of a successful fleet safety program, including hiring qualified drivers, managing driver performance, providing effective training and operating well-maintained equipment.

Since driver safety is important not only to our customers but to the general public as well, Travelers offers driver safety information to the public through our [online content](#) and community activities. For example, the Travelers Institute® leverages the expertise of Travelers Risk Control specialists through its [Every Second Matters<sup>SM</sup>](#) initiative to combat distracted driving. This public-facing campaign brings together advocates from the medical, technology and insurance communities, as well as members of the public sector, to explore innovative approaches to prevent distracted driving and make our roadways safer for everyone.

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## FIRE & LIFE SAFETY

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### Fire & Life Safety

Travelers Risk Control Fire Protection specialists have broad experience in many industries, including manufacturing involving metal, wood, plastic, paper and textiles; wholesale and retail business; educational organizations; and various service organizations. Working closely with our customers, our fire protection specialists and consultants identify and evaluate fire hazards and assess facilities and operations relative to property protection and business continuity. We conduct more than 22,000 on-site property surveys annually. In addition to on-site surveys, we offer our customers a range of services, including customized consulting, employee training programs, review and evaluation of fire protection equipment and fire protection specifications and plan reviews for new construction. Our recently launched [Fire Protection System Impairment Management Tool](#), available on our secure Risk Control website and mobile platform, is designed to help customers record and communicate with Travelers when a sprinkler system, fire pump, special extinguishing system or other fire protection system component is out of service. The tool allows customers to track impairments at multiple properties and sends automatic reminder emails to help them ensure their systems are restored and back in service in a timely manner, protecting their business and employees.

Our specialists have deep expertise in the fire and life safety standards of the National Fire Protection Association (NFPA). They maintain memberships with various NFPA standard committees, the UL Fire Council and the Insurance Institute for Business & Home Safety (IBHS), and they are active in the nonprofit Property Insurance Research Group, which is part of the Fire Protection Research Foundation.

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## PREVENTING CHRONIC PAIN & POTENTIAL OPIOID USE

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### Preventing Chronic Pain & Potential Opioid Use

The widespread misuse of and addiction to opioids has led to a national crisis, declared a public health emergency by the U.S. Department of Health & Human Services in 2017. According to the Centers for Disease Control and Prevention, between 1999 and 2018, nearly 450,000 people died in the United States from drug overdoses involving opioids. In addition to its devastating effect on society, the costs associated with opioid addiction are taking an increasing financial toll on businesses and the U.S. economy. It is estimated that between 2015 and 2018, the total economic burden of the opioid crisis in the United States was at least \$631 billion; of that amount, nearly one-third – or \$205 billion – is said to be attributable to increased health care spending, and an estimated 15% – or \$96 billion – are related to lost productivity costs.<sup>1</sup>

#### Using Our Data & Analytics to Help Reduce Addiction

By analyzing workers compensation claim data, Travelers created the [Early Severity Predictor<sup>®</sup>](#) model that uses data and analytics to help predict which injured employees are the most at risk for chronic pain. By adjusting medical care and resources, the *Early Severity Predictor* model can help address potential drivers of chronic pain, a condition that is largely treated with the use of opioids or other painkillers — reducing the risk of opioid addiction.

This program continues to produce results, benefiting nearly 65,000 injured employees since the program's inception in 2015. In addition to improving the recovery experience of so many injured employees, we estimate that this program has resulted in loss costs savings of more than \$150 million due to a substantial reduction in surgeries performed and opioids prescribed and a more rapid return to work by impacted employees. Today, we apply [this model](#) to 100% of the workers compensation lost time claims that we receive.

#### Opioid Addiction & the Construction Industry

Construction sites present health and safety risks that can lead to worker injuries, such as strains, sprains, broken bones and head traumas, which can result in chronic pain and, therefore, opioid treatment. In fact, roughly half of all workers compensation claims related to the construction industry submitted to Travelers involve opioid prescriptions. To help curb prescription opioid abuse, we utilize our *Early Severity Predictor* alongside our comprehensive pharmacy management program, which monitors drug interactions, excessive dosing and abuse patterns to reduce the risk of opioid dependency. With these two efforts combined, we have seen a nearly 40% reduction in the use of opioids among the injured construction workers that we have helped since 2015. Furthermore, our nurses and Claim professionals review claims and create specific action plans for injuries that often include physical therapy and other interventions to prevent acute pain from becoming chronic.

This approach is particularly significant for the construction industry, where Travelers claim data show that injured workers who suffer from chronic pain can be out of work for as much as 50% longer than those in other industries.

#### **An Alternative to Opioids for Managing Chronic Pain**

Employers can also help injured employees avoid opioid dependency and other barriers to a successful return to work by implementing a post-injury management strategy. This is a key part of the Travelers **Corridor of Care®** process, which takes a systematic and positive approach to handling employee injuries. Responding promptly to injuries and providing attentive medical case management can help prevent an injured employee from developing chronic pain for which opioids may be prescribed. This approach can help actively manage an injured employee's return to work as soon as medically appropriate. Helping employees recover from their injuries can also have a positive ripple effect within an organization, helping to prevent disruptions in production, quality and morale. Travelers also continues to support research to find new innovative solutions for managing chronic pain, such as with our recent contributions to a **virtual reality therapy study** at the Cedars-Sinai Medical Center in Los Angeles, California.

\* \* \*

The above programs continue to be great examples of the shared value we create for our customers, their employees and our communities, on the one hand, and our shareholders, on the other, by delivering on the Travelers Promise.

To read more about how we help prevent chronic pain and potential opioid use for our customers and their employees, please visit the Employee Wellness page of [our corporate website](#).

<sup>1</sup>Society of Actuaries, Economic Impact of Non-Medical Opioid Use in the United States (October 2019).

# Key Initiatives



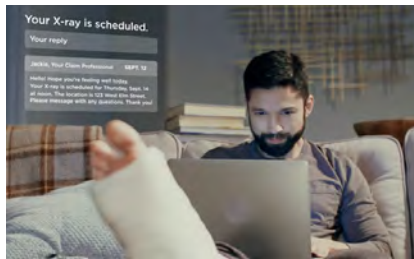
TRAVELERS INSTITUTE®

**Distracted Driving — Every Second Matters<sup>SM</sup>**



TRAVELERS MEDICAL ADVANTAGE®

**ConciergeCLAIM® Nurse: Helping Injured Employees Return to Work**



TRAVELERS MEDICAL ADVANTAGE®

**MyTravelers®: 24-Hour Unlimited Access, Anytime, Anywhere**



COLLABORATION WITH CEDARS-SINAI MEDICAL CENTER

**Using Virtual Reality to Help Patients Deal with Pain**



INNOVATION FOR SAFETY

**Wearables Technology to Improve Safety for Construction Workers**



MAKING MENTAL HEALTH A PRIORITY

**A Focus on Life Balance and Mental Health**

## Financial Performance



At Travelers, our mission for creating shareholder value is to deliver superior core return on equity by leveraging our meaningful and sustainable competitive advantages; generating top tier earnings and capital substantially in excess of our growth needs; and thoughtfully rightsizing capital and growing book value per share over time. Executing this financial strategy has produced industry-leading returns over time, and 2019 was no exception.

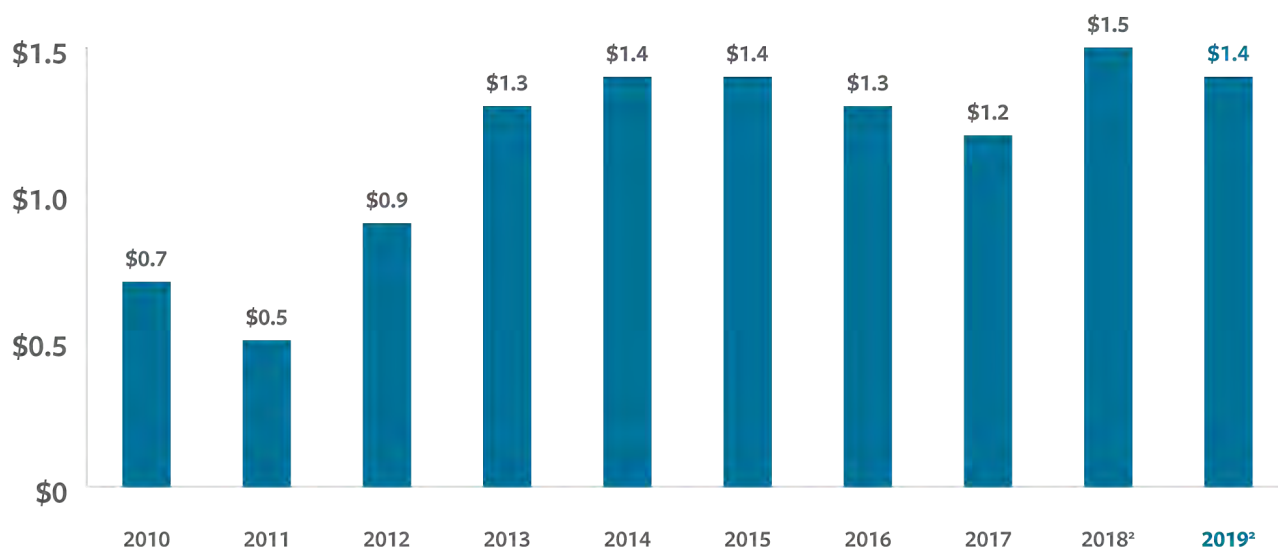
### 2019 RESULTS

#### 2019 Results

Travelers generated \$2.6 billion of net income, an increase of 4% over the prior year, and \$9.92 per diluted share, an increase of 7%. Core income<sup>2</sup> was \$2.5 billion, and core return on equity was 10.9%. Our earnings and strong balance sheet enabled us to grow book value per share by 17% and adjusted book value per share by 6%, after continuing to make important investments in our business and returning \$2.4 billion of excess capital to our shareholders through dividends and share repurchases. This year marked the 15th consecutive year in which we increased our dividend. Our ability to generate a significant profit in a demanding environment characterized by persistent low interest rates, continued uncertainty about weather volatility and a challenging tort environment, while also investing in our business and returning substantial capital to our shareholders, speaks to the value of our diversified business and our investment expertise.

In 2019, we once again produced strong underlying underwriting profit thanks to continued underwriting excellence and the successful execution of our strategy to create attractive top-line opportunities and to improve productivity and efficiency. The effective execution of our strategy over the past several years to grow the top line, or, as we say internally, “do more,” has been an important contributor to the significant levels of underwriting income we are generating.

UNDERLYING UNDERWRITING GAIN (\$ IN BILLIONS, AFTER-TAX)<sup>1</sup>



<sup>1</sup>Excludes the impact of catastrophes and prior year reserve development.

<sup>2</sup>The results for 2018 and 2019 reflect lower tax rates associated with the Tax Cuts and Jobs Act of 2017.

Much like our underwriting strategy, successfully balancing risk and reward is also at the heart of our well-defined and consistent investment philosophy. As we have said before, our investment portfolio is managed first and foremost to support our insurance operations and, accordingly, is positioned to meet our obligations to policyholders under a wide range of conditions. To that end, we emphasize risk-adjusted returns and credit quality rather than reaching for yield that is not consistent with the underlying risk. Even in the context of a record low interest rate environment and extremely volatile equity markets, our asset allocation is designed so that the predictable stream of investment income from our fixed income portfolio will provide a firm and reliable foundation for our business. That is the core of our investment philosophy, and we saw the benefits of this approach again this past year. In 2019, our high-quality investment portfolio generated strong net investment income of \$2.1 billion after-tax.

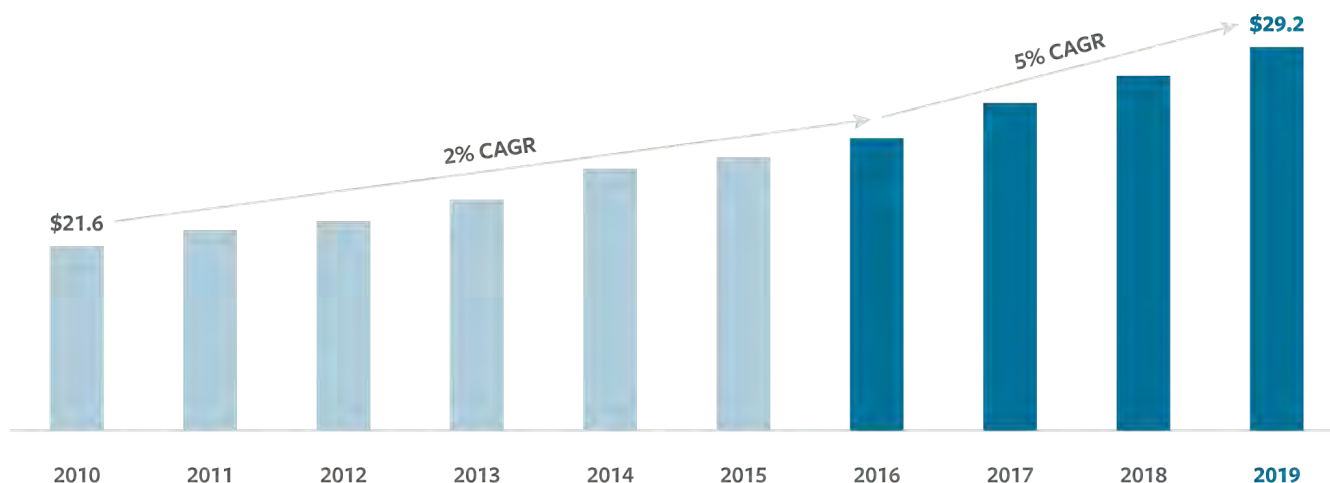
### Succeeding Through the Forces of Change

A few years ago, we laid out a strategy to position Travelers for continued success in the context of the forces of change we have previously identified as impacting our industry – namely, changing consumer expectations, emerging technology trends, more sophisticated data and analytics, and evolving distribution models. In light of these trends, we established key innovation priorities and are investing in capabilities consistent with those priorities. As was the plan, the successful execution of this strategy has contributed to strong top-line performance and improved operating leverage over the past several years and again in 2019.

### Strong Top-Line Performance

Today's production generates tomorrow's earned premiums. That is why we are particularly pleased that over the past four years we grew net written premiums at a compound annual rate of 5%, as compared to 2% in the prior years in the decade. Net written premiums were a record \$29.2 billion in 2019.

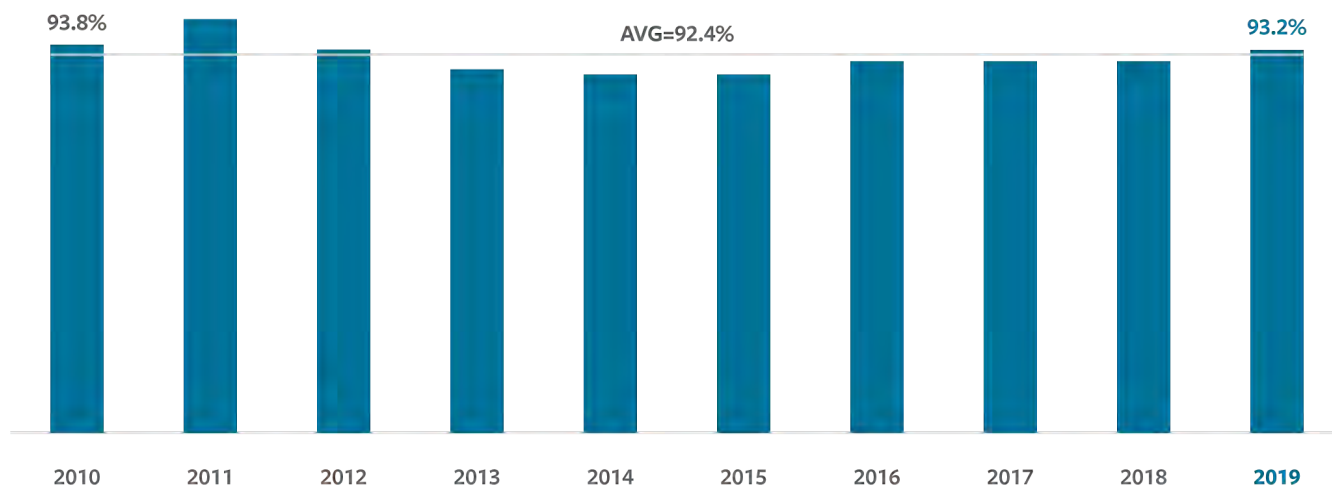
NET WRITTEN PREMIUM GROWTH (\$ IN BILLIONS)



Premium growth has been driven by strong production, with high levels of retention, higher pricing and new business all contributing. As to retention, we have a very high-quality book of business, and we are pleased that we have achieved historically high levels of retention across all our businesses in recent years. The higher pricing we have achieved is driven by both higher levels of pure rate and exposure growth. The new business we have added has been in products, industries and geographies that we know well, and has been written through distribution partners with whom we have long and excellent relationships.

In other words, we have pursued growth without compromising our return objectives or changing our risk profile. This is evidenced by our underlying combined ratio, which has remained remarkably consistent over the past decade. In short, we are growing with confidence.

UNDERLYING COMBINED RATIO<sup>1</sup>

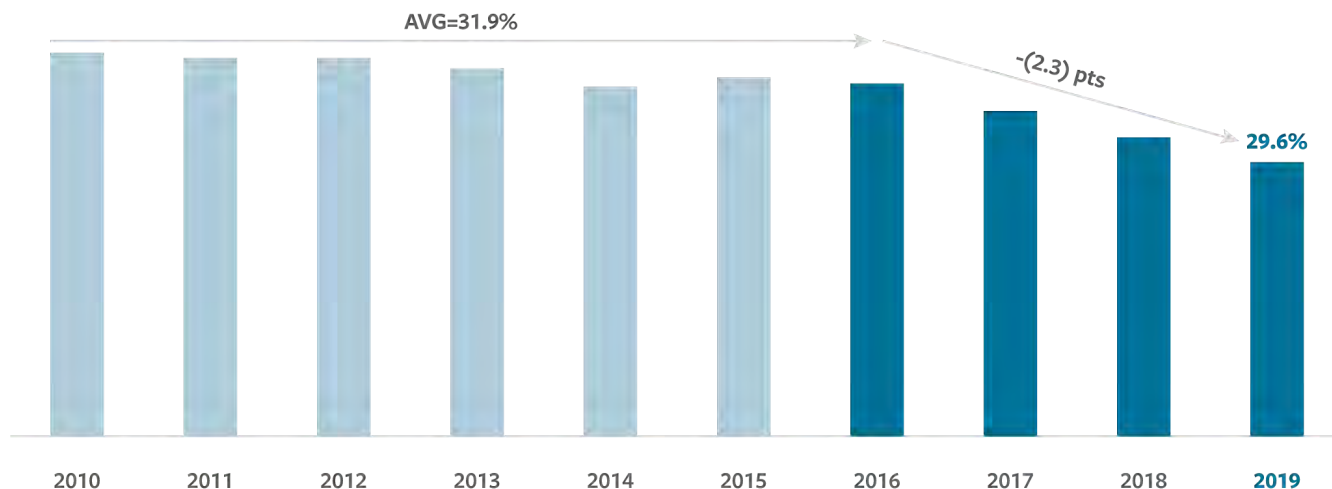


<sup>1</sup>Excludes the impact of catastrophes and prior year reserve development.

**Optimizing Operating Leverage**

As we have grown our business, we have also successfully executed on our strategic initiative to improve productivity and efficiency. During 2019, we improved our expense ratio to 29.6%, a 50-basis-point improvement over the prior year. Significantly, as reflected in the following chart, our consolidated expense ratio has improved by more than 7%, from an average of 31.9% during the period from 2010 to 2015 to 29.6% for 2019.

EXPENSE RATIO

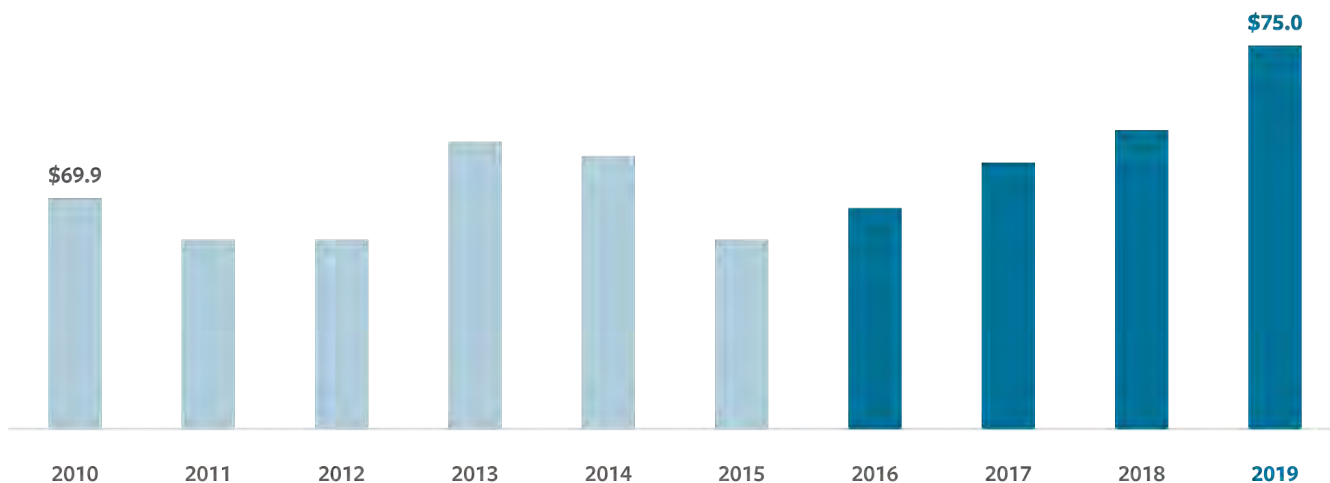


Importantly, we achieved this improvement by leveraging technology investments and workflow enhancements and not by depriving our business of important investments. Achieving further productivity and efficiency gains remains a strategic priority for us, as it provides us with important flexibility. By improving operating leverage, we can invest further in our strategic priorities, let the benefit fall to the bottom line and/or be more competitive on pricing without compromising our return objectives.

**Growing Our Investment Portfolio**

Another significant benefit of our efforts to grow the top line and improve productivity and efficiency is meaningfully higher levels of cash flow from operations. In 2019, we generated cash flow from operations of \$5.2 billion, the highest since 2007, and for the past four years, the average annual cash flow from operations has been approximately \$1.3 billion higher than the average over the prior six years.

This higher level of cash flow has enabled us to grow our investment portfolio by about \$6.4 billion over the past four years (after excluding the impact of changes in net unrealized investment gains (losses)). This increase in invested assets has meaningfully benefited our net investment income in a record low interest rate environment.



<sup>1</sup>Invested assets excluding net unrealized investment gains (losses) as of December 31.

### Our Claim Excellence

A review of last year's results would not be complete without acknowledging the continued excellence of **our claim response**. Our highly sophisticated claim model enables us to handle virtually 100% of our claims under nearly any foreseeable circumstance without resorting to third-party claim handlers, which produces a better experience for our customers and a more efficient outcome for us. Impressively, this year we resolved nearly 95% of our customers' property claims arising out of catastrophes within 30 days. Our claims handling ability is more than just a competitive advantage – it lies at the very heart of our promise to take care of the customers and communities we serve. Every day, our Claim professionals bring great expertise and dedication to their work, often going above and beyond on behalf of our customers. Their commitment and compassion go a long way toward reassuring customers who are facing challenging circumstances. Our customers and distribution partners often tell us that Travelers' claim service is a deciding factor in customers' insurance purchasing decisions.

### Consistent and Successful Long-Term Financial Strategy Delivers Shareholder Value

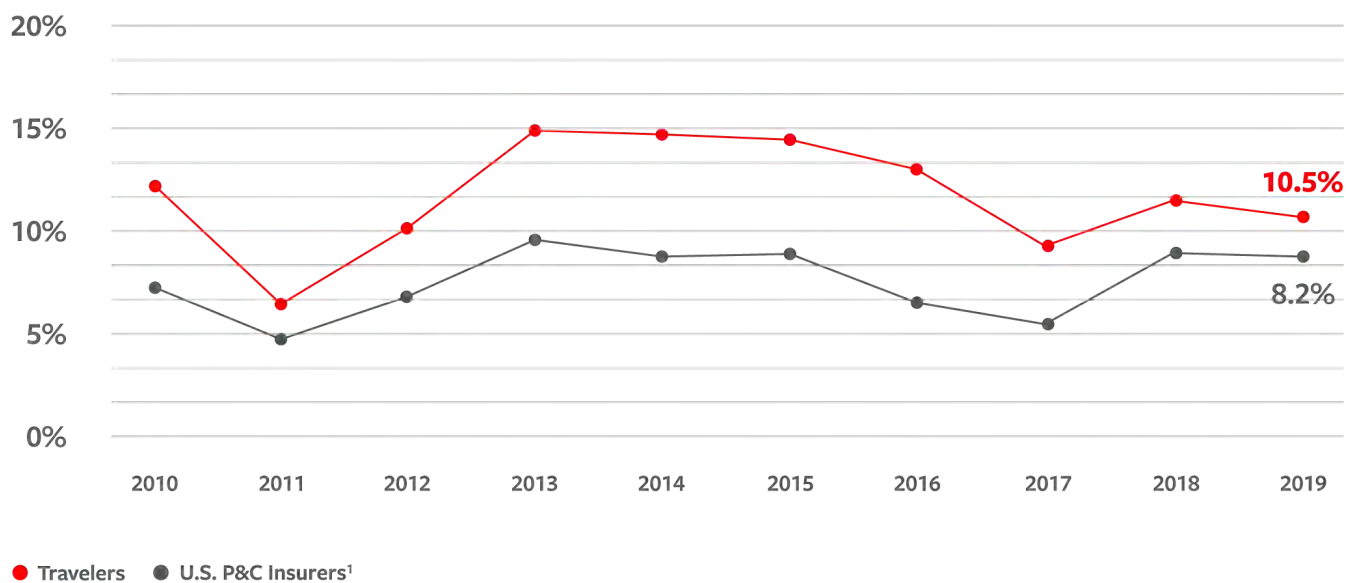
It is always important to share our results in the context of what we are trying to achieve. At Travelers, our simple and unwavering mission for creating shareholder value is to:

- Deliver superior return on equity by leveraging our competitive advantages;
- Generate earnings and capital substantially in excess of our growth needs; and
- Thoughtfully rightsize capital and grow book value per share over time.

The results we deliver are due to our deliberate and consistent approach to creating shareholder value. We have been clear for many years that one of our crucial responsibilities is to produce an appropriate return on equity for our shareholders. Our 2019 return on equity of 10.5% and core return on equity of 10.9% again meaningfully exceeded the average return on equity for the domestic property and casualty industry, which was approximately 8.2% in 2019, according to estimates from Conning, Inc., an insurance asset management firm. As shown in the following chart, our return on equity has significantly outperformed the average return on equity for the industry in each of the past 10 years.



RETURN ON EQUITY



<sup>1</sup>Source: ©2020 Conning, Inc. Used with permission. Historical data sources: ©2019 A.M. Best Company, Conning, Inc. 2019 is a forecast.

Importantly, over this 10-year period, our return on equity has also been less volatile than that of others in the property and casualty industry. The level and consistency of our return on equity over time reflect the value of our competitive advantages and demonstrate the discipline with which we run our business.

**Our Financial Strength**

We once again ended the year extremely well capitalized, with only \$500 million of debt maturing in the next six years and all our financial strength indicators at or better than our target levels, including a debt-to-capital ratio of 20.2% (21.7% excluding after-tax net unrealized investment gains included in shareholders' equity), well within our target range of 15% to 25%. Our strong balance sheet and our consistent returns over time have enabled us to grow book value per share and adjusted book value per share at an average annual rate of 7% over the last 10 years.

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## ADJUSTED BOOK VALUE PER SHARE

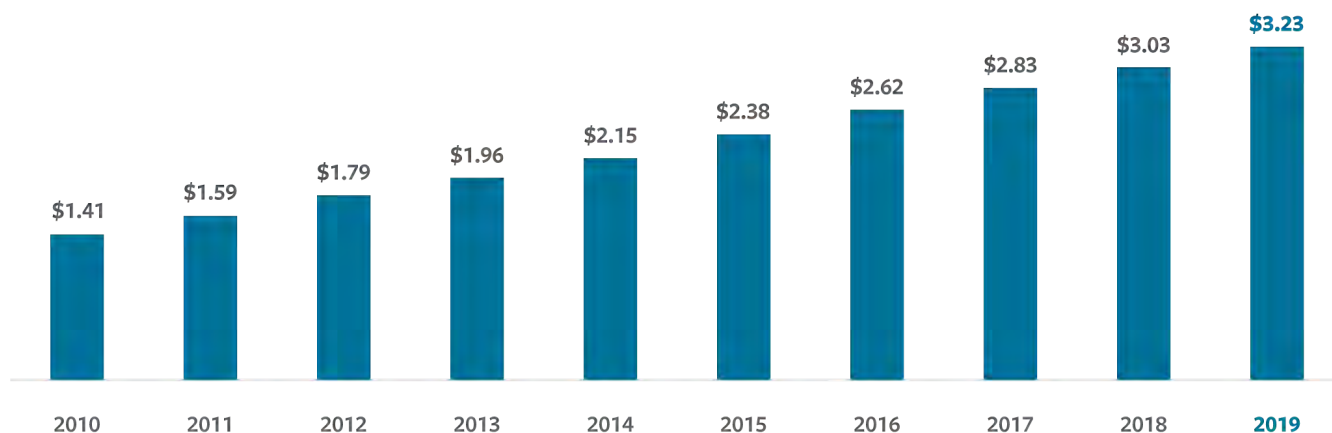


<sup>1</sup>Excludes net unrealized investment gains (losses), net of tax, included in shareholders' equity.

At the same time, we returned a significant amount of excess capital to our shareholders through dividends and share repurchases. Over this 10-year period, we increased our dividend each year and grew dividends per share at an average annual rate of 10%.

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## DIVIDENDS PER SHARE



Notably, since we began our share repurchase program in 2006, we have returned approximately \$45 billion of excess capital to our shareholders, including through \$35 billion of share repurchases, which is well in excess of the market capitalization of the company at that time.

We repurchased those shares at an average price per share of \$67.39.

Our **capital management** strategy has been an important driver of shareholder value creation over time. We remain firm that our first objective for the capital we generate is to reinvest it in our business — organically and inorganically — to create shareholder value. For example, as we continue to grow our premium volumes, as we have the past few years, we will retain more capital to support that growth. At the same time, we continue to invest in everything from talent to technology to further our innovation agenda and advance our other strategic objectives. Having said that, we are disciplined stewards of our shareholders' capital, and to the extent that we continue to generate capital that we cannot reinvest consistent with our objective of generating industry-leading returns over time, we will manage it the same way we have for more than a decade — by returning it to our shareholders through dividends and share repurchases. The capital we return to our shareholders in the form of dividends or share repurchases allows them to allocate their investment dollars as they see fit, including by investing in companies with different growth profiles or capital needs, thereby efficiently allocating capital across the economy.

\*See the "**Non-GAAP Reconciliations**" page for a discussion and calculation of non-GAAP financial measures.

## FINANCIAL HIGHLIGHTS

### Financial Highlights

At and for the year ended December 31. Dollar amounts in millions, except per share amounts.

	2019	2018	2017	2016	2015
<b>Earned Premiums</b>	\$28,272	\$27,059	\$25,683	\$24,534	\$23,874
<b>Total Revenues</b>	\$31,581	\$30,282	\$28,902	\$27,625	\$26,815
<b>Core Income*</b>	\$2,537	\$2,430	\$2,043	\$2,967	\$3,437
<b>Net Income</b>	\$2,622	\$2,523	\$2,056	\$3,014	\$3,439
<b>Net Income Per Diluted Share</b>	\$9.92	\$9.28	\$7.33	\$10.28	\$10.88
<b>Total Investments</b>	\$77,884	\$72,278	\$72,502	\$70,488	\$70,470
<b>Total Assets</b>	\$110,122	\$104,233	\$103,483	\$100,245	\$100,184
<b>Shareholders' Equity</b>	\$25,943	\$22,894	\$23,731	\$23,221	\$23,598
<b>Return On Equity</b>	10.5%	11.0%	8.7%	12.5%	14.2%
<b>Core Return On Equity</b>	10.9%	10.7%	9.0%	13.3%	15.2%
<b>Book Value Per Share</b>	\$101.55	\$86.84	\$87.46	\$83.05	\$79.75
<b>Dividends Per Share</b>	\$3.23	\$3.03	\$2.83	\$2.62	\$2.38

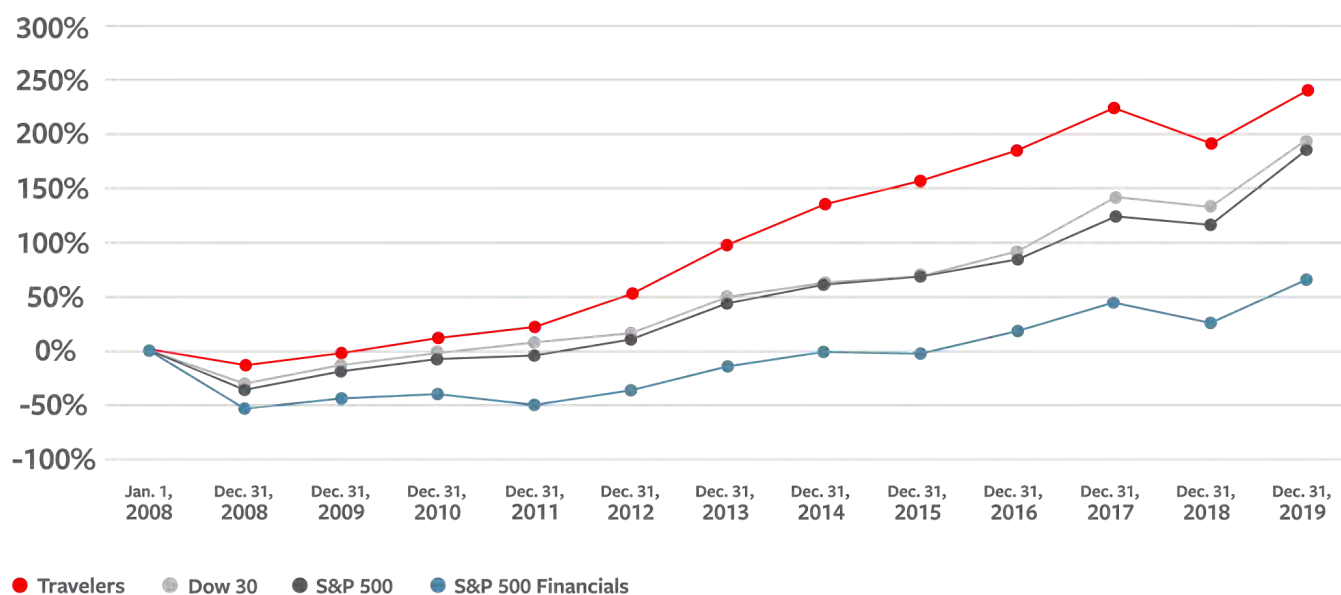
\*See the "**Non-GAAP Reconciliations**" page for a discussion and calculation of non-GAAP financial measures.

## DELIVERING VALUE OVER TIME

### Delivering Value Over Time

Ultimately, the success of our strategy — with all its component parts — drives our total return to shareholders over time. We have a long track record of managing the company to create value over the long term, through periods of weather volatility; through anticipated and unanticipated developments impacting loss trends; and through both foreseeable economic cycles and more extreme economic conditions. With that in mind, the graph below compares our returns since the financial crisis to the returns for the Dow 30, the S&P 500 and S&P 500 Financials.

## TOTAL RETURN TO SHAREHOLDERS<sup>1</sup>



<sup>1</sup>Represents the change in stock price plus the cumulative amount of dividends, assuming dividend reinvestment. For each year on the chart, total return is calculated with January 1, 2008, as the starting point and December 31 of the relevant year as the ending point. Source: Bloomberg and S&P Global Market Intelligence.

We could not be more confident that executing on our long-term financial strategy, managing Travelers with an over-time discipline and continuing to invest in our competitive advantages is the right approach for building on Travelers' outstanding record.

## NON-GAAP RECONCILIATIONS

### Non-GAAP Reconciliations

#### RECONCILIATION OF NET INCOME TO CORE INCOME

(Dollars in millions, after-tax)	For the year ended December 31,				
	2019	2018	2017	2016	2015
<b>Net income</b>	<b>\$2,622</b>	\$2,523	\$2,056	\$3,014	\$3,439
<b>Adjustments:</b>					
Net realized investment gains	(85)	(93)	(142)	(47)	(2)
Impact of TCJA <sup>1</sup> at enactment	--	—	129	—	—
<b>Core income</b>	<b>\$2,537</b>	\$2,430	\$2,043	\$2,967	\$3,437

#### RECONCILIATION OF SHAREHOLDERS' EQUITY TO ADJUSTED SHAREHOLDERS' EQUITY

(Dollars in millions)	As of December 31,					
	2019	2018	2017	2016	2015	2014
<b>Shareholders' equity</b>	<b>\$25,943</b>	\$22,894	\$23,731	\$23,221	\$23,598	\$24,836
<b>Adjustments:</b>						
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	(2,246)	113	(1,112)	(730)	(1,289)	(1,966)

As of December 31,						
(Dollars in millions)	2019	2018	2017	2016	2015	2014
Net realized investment gains, net of tax	(85)	(93)	(142)	(47)	(2)	(51)
Impact of TCJA <sup>1</sup> at enactment	—	—	287	—	—	—
Adjusted shareholders' equity	\$23,612	\$22,914	\$22,764	\$22,444	\$22,307	\$22,819

CALCULATION OF RETURN ON EQUITY AND CORE RETURN ON EQUITY

For the year ended December 31,					
(Dollars in millions, after-tax)	2019	2018	2017	2016	2015
Net income	\$2,622	\$2,523	\$2,056	\$3,014	\$3,439
Average shareholders' equity	\$24,922	\$22,843	\$23,671	\$24,182	\$24,304
Return on equity	10.5%	11.0%	8.7%	12.5%	14.2%
Core income	\$2,537	\$2,430	\$2,043	\$2,967	\$3,437
Adjusted average shareholders' equity	\$23,335	\$22,814	\$22,743	\$22,386	\$22,681
Core return on equity	10.9%	10.7%	9.0%	13.3%	15.2%

CALCULATION OF BOOK VALUE PER SHARE AND ADJUSTED BOOK VALUE PER SHARE

As of December 31,										
(Dollars in millions, except per share amounts)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Shareholders' equity	\$25,943	\$22,894	\$23,731	\$23,221	\$23,598	\$24,836	\$24,796	\$25,405	\$24,477	\$25,475
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	2,246	(113)	1,112	730	1,289	1,966	1,322	3,103	2,871	1,859
Less: Preferred stock	—	—	—	—	—	—	—	—	—	68
Shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	\$23,697	\$23,007	\$22,619	\$22,491	\$22,309	\$22,870	\$23,474	\$22,302	\$21,606	\$23,548
Common shares outstanding	255.5	263.6	271.4	279.6	295.9	322.2	353.5	377.4	392.8	434.6
Book value per share	\$101.55	\$86.84	\$87.46	\$83.05	\$79.75	\$77.08	\$70.15	\$67.31	\$62.32	\$58.47
Adjusted book value per share	92.76	87.27	83.36	80.44	75.39	70.98	66.41	59.09	55.01	54.19

RECONCILIATION OF AFTER TAX UNDERWRITING GAIN (EXCLUDING THE IMPACT OF CATASTROPHES AND NET FAVORABLE (UNFAVORABLE) PRIOR YEAR RESERVE DEVELOPMENT) TO NET INCOME

	For the year ended December 31,									
(Dollars in millions, after-tax)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Underwriting gain excluding the impact of catastrophes and net favorable (unfavorable) prior year reserve development (underlying underwriting gain)	\$1,400	\$1,522	\$1,239	\$1,265	\$1,446	\$1,430	\$1,277	\$888	\$451	\$715
Impact of catastrophes	(699)	(1,355)	(1,267)	(576)	(338)	(462)	(387)	(1,214)	(1,669)	(729)
Impact of net favorable (unfavorable) prior year reserve development	(47)	409	378	510	617	616	552	622	473	818
Underwriting gain (loss)	654	576	350	1,199	1,725	1,584	1,442	296	(745)	804
Net investment income	2,097	2,102	1,872	1,846	1,905	2,216	2,186	2,316	2,330	2,468
Other, including interest expense	(214)	(248)	(179)	(78)	(193)	(159)	(61)	(171)	(195)	(229)
Core income	2,537	2,430	2,043	2,967	3,437	3,641	3,567	2,441	1,390	3,043
Net realized investment gains	85	93	142	47	2	51	106	32	36	173
Impact of TCJA <sup>1</sup> at enactment	—	—	(129)	—	—	—	—	—	—	—
Net income	\$2,622	\$2,523	\$2,056	\$3,014	\$3,439	\$3,692	\$3,673	\$2,473	\$1,426	\$3,216

RECONCILIATION OF INVESTED ASSETS TO INVESTED ASSETS EXCLUDING NET UNREALIZED INVESTMENT GAINS (LOSSES)

	As of December 31,									
(Dollars in millions)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Invested assets	\$77,884	\$72,278	\$72,502	\$70,488	\$70,470	\$73,261	\$73,160	\$73,838	\$72,701	\$72,722
Less: Net unrealized investment gains (losses), pre-tax	2,853	(137)	1,414	1,112	1,974	3,008	2,030	4,761	4,399	2,827
Invested assets excluding net unrealized investment gains (losses)	\$75,031	\$72,415	\$71,088	\$69,376	\$68,496	\$70,253	\$71,130	\$69,077	\$68,302	\$69,895

<sup>1</sup>Tax Cuts and Jobs Act of 2017 (TCJA).

Average shareholders' equity is (a) the sum of total shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Adjusted shareholders' equity is shareholders' equity excluding net unrealized investment gains (losses), net of tax, included in shareholder's equity, net realized investment gains (losses), net of tax, for the period presented and the effect of a change in tax laws and tax rates at enactment (excluding the portion related to net unrealized investment gains (losses)). Adjusted average shareholders' equity is (a) the sum of adjusted shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Return on equity is the ratio of (a) net income for the period presented to (b) average shareholders' equity for the period presented. Core return on equity is the ratio of (a) core income for the period presented to (b) adjusted average shareholders' equity for the period presented.

Definitions of certain terms on this site are included in the *Glossary of Selected Insurance Terms* portion of the Form 10-K.

## About Our Sustainability Reporting



We believe it is important for our shareholders and other stakeholders to understand how we create value over time, in the broadest sense. This website conveys our multifaceted value creation strategy for our investors and other key stakeholders.

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### APPROACH

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#### Approach

At Travelers, we recognize that our long-term success — our ability to create long-term value for our shareholders — depends not only on our financial strategy, business objectives and competitive advantages, but also on keeping our promise to be there for our customers, communities and employees. For this reason, we take an integrated approach to sustained value creation. We articulate that approach throughout this website.

Except where noted, the information covered on this site highlights our performance and initiatives in fiscal year 2019. We used multiple frameworks to guide our disclosures. Based on extensive discussions with investors, we determined that it would be helpful to align our disclosures with the Sustainability Accounting Standards Board (SASB) standards for the insurance industry, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the International Integrated Reporting Council (IIRC) <IR> framework and the Global Reporting Initiative (GRI) standards. In particular, integrated reporting aligns closely with our approach to long-term value creation, in which business strategy and performance are inextricably linked with fulfilling our commitment to our customers, our communities and our employees. In addition to publishing standalone **SASB** and **TCFD** Reports, we are providing a **Content Index** that directs users to disclosures on our integrated website relevant to GRI and IIRC frameworks.

In addition to being vetted by each of our relevant internal subject matter experts, the content on this site was reviewed by our ESG Committee, Disclosure Committee and Legal and Finance Departments.

We appreciate all feedback related to this site. If you have any comments or questions, we encourage you to contact [Sustainability@Travelers.com](mailto:Sustainability@Travelers.com).

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### STAKEHOLDER ENGAGEMENT & TOPIC PRIORITIZATION

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#### Stakeholder Engagement & Topic Prioritization

We regularly engage with our investors, customers, employees, agents and brokers, regulators, rating agencies and other stakeholders on business issues and environmental, social and governance (ESG) topics of interest to them. In 2019, we took an integrated approach to our shareholder engagement efforts, including with respect to governance, compensation, financial and sustainability matters. Through these efforts, in 2019, we engaged with shareholders representing more than 40% of the company's outstanding shares.

In advance of preparing our first sustainability site, which we launched in May 2019, Travelers engaged with institutional investors representing approximately 50% of the company's outstanding shares at the time to understand their views with respect to ESG disclosure. These engagements served as the foundation for our approach to reporting, the frameworks and standards with which we have aligned our disclosures and the specific topics we cover on our site. Additionally, we conducted a prioritization exercise to help focus our ESG reporting to the topics most relevant to our industry, our business and our stakeholders.

To **identify** a universe of ESG topics potentially relevant to our industry, we reviewed internal documents, industry and peer reporting, analysis by prominent ESG data providers and sustainability frameworks (SASB, GRI). After identifying the potentially relevant topics, we **prioritized** them based on a series of internal group discussions, each dedicated to a distinct stakeholder group — Travelers, investors, customers, employees, agents and brokers. The dialogues were supplemented by evidence from industry sources and results of prior stakeholder feedback (e.g., customer, agent and broker, and employee engagement surveys), including feedback from our investor interviews.

Working with our **ESG Committee**, as well as the internal dialogue participants, we then **refined** the list of priority topics to the following 16 topics:

#### Our Drivers of Sustained Value

- [Business Strategy & Competitive Advantages](#)
- [Capital & Risk Management](#)
- [Climate Strategy](#)
- [Community](#)
- [Governance Practices](#)
- [Customer Experience](#)
- [Data Privacy & Cybersecurity](#)
- [Disaster Preparedness & Response](#)
- [Diversity & Inclusion](#)
- [Eco-Efficient Operations](#)
- [Ethics & Values](#)
- [Human Capital Management](#)
- [Innovation](#)
- [Investment Management](#)
- [Public Policy](#)
- [Safety & Health](#)

Click on the above links for a discussion of how each topic contributes to sustained value creation at Travelers.

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## FRAMEWORKS, STANDARDS & SURVEYS

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### Frameworks, Standards & Surveys

This website communicates our company's value creation story holistically. The reporting on this site is aligned with several leading frameworks and links to our responses to certain sustainability-related surveys.

#### International Integrated Reporting Council (IIRC)

The IIRC is a global coalition of regulators, investors, companies, standard setters, accounting professionals and NGOs promoting a principles-based integrated reporting framework as the next step in the evolution of corporate reporting. This approach links communications on business strategy, sustainability and financial management. See our related disclosures within our [Content Index](#).

#### Global Reporting Initiative (GRI)

The GRI provides a set of principles and guidelines by which organizations can report on sustainability, as well as a list of required and suggested disclosures. See our [Content Index](#) for our full set of GRI disclosures.

#### Sustainability Accounting Standards Board (SASB)

Through extensive research and meeting with industry participants, SASB developed a set of sector-specific sustainability accounting standards that encourage public companies to disclose relevant ESG information to investors. We have included on our site a standalone [report](#) corresponding to SASB's insurance industry standards.



#### **Task Force on Climate-related Financial Disclosures**

The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) has developed a voluntary, consistent climate-related financial risk disclosure for use by companies in providing information to investors, lenders, insurers and other stakeholders. This standalone [report](#) provides our disclosure consistent with the TCFD recommendations.

#### **CDP**

CDP has developed questionnaires to drive global disclosure for investors, companies, cities, states and regions to manage their environmental impacts. Our most recent [CDP Climate Change survey response is available here](#).

#### **National Association of Insurance Commissioners (NAIC) Insurer Climate Risk Disclosure Survey**

Travelers responds annually to the NAIC Insurer Climate Risk Disclosure Survey. The survey comprises eight questions that assess insurer strategy and preparedness in the areas of investment, mitigation, financial solvency (risk management), emissions/carbon footprint and engaging consumers. Review our most recent [NAIC Insurer Climate Risk Disclosure Survey submission here](#).

# Key Initiatives



#### IBHS SPONSORSHIP

### Supporting Research in Severe Weather Readiness and Response

Travelers has partnered with the Insurance Institute for Business & Home Safety (IBHS) for over 20 years. We have played a key role in guiding the IBHS research team as a co-founding member of their one of a kind research center located in Chester County, South Carolina. Additionally, through our strong commitment to IBHS, we have a permanent seat on its executive committee. Through our participation on this committee, we provide oversight and guidance for IBHS's research organization.

IBHS delivers top-tier science and translates it into action so we can prevent avoidable suffering, strengthen homes and businesses and help communities recover faster from a natural disaster.

A 2017 National Institute of Building Sciences study concluded that for every \$1 spent on hazard mitigation, \$6 is saved on future disaster costs. Over the last decade, IBHS has conducted full-scale laboratory testing at its state-of-the-art facility and influenced changes to existing building code standards and best practices to mitigate potential losses.

The events and programs listed below highlight some of the recent work we have done in collaboration with IBHS.

- In March 2019, IBHS conducted a **Wildfire Demonstration** by constructing and then setting a house on fire in its controlled research facility. The only building of its kind, this facility can generate hurricane-force winds, hail and wind-driven rain and embers. The studies conducted therein allow IBHS and supporting members, including Travelers, to study the impacts of wildfires and other disasters in real-world scenarios. The lessons learned from these studies also enable us to better respond to and protect our customers and their assets.
- Resiliency is more important in the face of changing climate conditions. Extreme wind events like hurricanes and tornadoes can cause severe damage and greatly disrupt families and communities. To help build stronger, more resilient communities, **we joined forces** with Habitat for Humanity® and IBHS to build affordable, wind-resistant homes to FORTIFIED Home™ standards throughout the country. At Travelers, mitigation credits are available for homes designated as a FORTIFIED Home™ by IBHS.
- This year, Travelers hosted the ninth annual *Kicking Off Hurricane Preparedness Season* symposium in Greenville, North Carolina, at East Carolina University. We hosted this event in collaboration with IBHS, the Small Business and Technology Development Center, Independent Insurance Agents of North Carolina, and the East Carolina University College of Business Risk Management and Insurance Program. The event provided community members with strategies to better prepare for, and recover from, severe storms during the 2019 Atlantic hurricane season.



## **WILDFIRE DEFENSE SERVICES**

### **Using Data to Protect Our Customers**

While our commitment to our customers is to make them whole after a covered loss such as a wildfire, we also help our customers avoid or mitigate the loss. In 2019, Travelers introduced a Wildfire Defense Services endorsement for California home and landlord policies — providing an added layer of wildfire protection for our customers at no additional cost. We began working with Wildfire Defense Systems (WDS) to help provide loss prevention services that supplement the efforts of local firefighters and other first responders who are deployed before, during and after active wildfires.

WDS is a private firm that specializes in wildfire education, loss prevention and response services. In the event of a wildfire, the firm utilizes proprietary technology to generate wildfire threat prediction maps that help identify the imminent threat zone and the Travelers customers within that area. WDS then services as many homes as possible based on a variety of factors, including resources, weather conditions, the fire's proximity and the firm's own safety guidelines. The service works to protect our California customers' homes from wildfires with services beyond what local fire departments may be able to provide – such as reducing potential fuel sources, taping vents, applying fire retardants and setting up sprinklers to reduce risk, helping us reach and protect more California homes in the event of an emergency.

In September 2019, as a raging wildfire pushed toward the residence of one of our Southern California customers, five sprinkler kits kept the flames at bay, preventing a potentially catastrophic loss. The sprinklers were part of a suite of services deployed to protect the home by WDS. This is just one example of the power of our partnership with WDS.



## TRAVELERS FORTIFIES COMMUNITIES

### Building Strong, Resilient Communities

Resiliency is more important in the face of changing climate conditions. Extreme wind events like hurricanes and tornadoes can cause severe damage and greatly disrupt families and communities. To help build stronger, more resilient communities, we joined forces with Habitat for Humanity® and the Insurance Institute for Business & Home Safety (IBHS) in 2011 to build affordable, wind-resistant homes to FORTIFIED Home™ standards throughout the country. Developed by IBHS, FORTIFIED Home™ construction practices are designed to help homeowners and communities better weather future storms, including hurricanes, high winds, hail and severe thunderstorms. Building FORTIFIED means exceeding the minimum standards set by building codes for construction techniques and materials. Our partnership shows that by making a few important changes in home construction standards, homes are better able to withstand storms without significantly adding to the cost.

In 2019, Travelers launched a FORTIFIED building pilot program with SBP (formerly the St. Bernard Project), a nonprofit organization that works to shrink the time between disaster and recovery. The Travelers partnership has resulted in 18 SBP staff receiving FORTIFIED construction training and 28 FORTIFIED homes built in Louisiana, New Jersey, New York, South Carolina and Texas. The pilot included the first Gold level certified FORTIFIED home in the state of Louisiana, which includes the highest quality resilient roof, windows and doors and a building structure that creates a continuous load path that helps the home stand strong against extreme weather events.

In recognition of the successful program, SBP was awarded a 2020 FORTIFIED Pioneer Award by IBHS. Annually the FORTIFIED Awards program honors builders who are among the first in their area to use the FORTIFIED standards to advance stronger, more resilient construction. With assistance from SBP and other organizations, more than 18,000 FORTIFIED homes have been built over the last five years to help communities rebuild after devastating natural disasters.

#### Community Benefits

- More than 100 FORTIFIED homes for low-income families have been built across the United States supported by Travelers funding.
- Numerous Habitat for Humanity affiliates throughout the country have learned about safer building standards, and many are adopting them as they build new homes for some of America's most vulnerable families.
- SBP has trained 18 staff members who are now familiar with FORTIFIED standards, and SBP plans to continue educating its staff and contracting partners to increase familiarity with FORTIFIED building practices.

### Travelers Benefits

- Data gathered from the FORTIFIED program is used at hearings to influence better building codes in hurricane-prone regions and to demonstrate the affordability of building to FORTIFIED standards.
- In 2019, Travelers has engaged more than 1,000 employees for more than 8,500 hours in Habitat builds — both FORTIFIED and traditional — driving engagement by doing purposeful work together in our communities.
- Since we entered our partnership with Habitat for Humanity, dozens of Travelers volunteers have helped build FORTIFIED Habitat homes, increasing our own employees' knowledge of FORTIFIED Home™ standards. Videos of prior builds can be viewed [here](#).
- In addition to its positive impact on communities, the partnership benefits both Travelers and the insurance industry by increasing the number of resilient homes in vulnerable communities.



## TEAM RUBICON

### Veterans Deploy with Disaster Responders

Team Rubicon, a nonprofit organization, unites the skills and experiences of military veterans with first responders to rapidly deploy emergency response teams after disasters, all while providing veterans with a new sense of purpose, community and identity.

In 2015, Travelers recognized Team Rubicon with the first **Travelers Excellence in Community Resilience Award**. The relationship continued when, in 2016, Travelers began a commitment as the exclusive insurance sponsor of Team Rubicon's Mobile Engagement Team, which travels across the United States to provide large-scale training events, recruit volunteers and establish relationships with state and local emergency management agencies. In 2018, Travelers provided funding for Team Rubicon to begin piloting a response model aimed at low-attention disasters; that is, devastating weather events that affect communities but are not large enough in scale to draw the government, media and philanthropic response triggered by major events. Given our commitment to supporting our military veterans, our collaboration with Team Rubicon is a natural fit.

#### Community Benefits

- We provided a **\$1 million grant** in 2016 to Team Rubicon to fund its Mobile Training Center (MTC). In 2019, we renewed our support for the MTC through 2021 with an additional \$1 million in support.
- In 2017, its first year of operation, the MTC visited 36 cities, including stops at Travelers offices in Braintree (Massachusetts), Denver, Hartford and St. Louis; held 73 events engaging nearly 1,300 people; and trained 485 members through 44 courses including core operations, damage assessment and instructor training.
- In 2018, the MTC visited 43 cities, including Cromwell, Connecticut (for the Travelers Championship®), engaging more than 1,900 individuals; trained 500 members in 34 response-related courses; and doubled instructor capacity through increased training in all courses.
- In 2019 the MTC:
  - Visited 18 cities, including Cromwell, Connecticut, for the Travelers Championship®, and engaged more than 4,350 people;
  - Recruited 63 new members; and
  - Trained nearly 1,100 members in 106 courses and trained more than 250 instructors in all courses.

#### Travelers Benefits

- As an insurer, Travelers benefits from Team Rubicon's work twice over. The trained volunteers it deploys mitigate our post-disaster losses, and the community outreach it leads means our customers are better prepared for next time.



#### COMMUNITY RESILIENCE AWARD

### Rewarding Leadership in Community Response

Travelers is committed to raising awareness about disaster preparedness and generating discussion around the importance of improving response and recovery actions after major events. Through our charitable giving arm, the Travelers Foundation, and our public policy division, the Travelers Institute®, Travelers created an annual Excellence in Community Resilience Award of \$100,000 to recognize an organization that demonstrates leadership in addressing community resiliency. Award winners include:

- Rebuilding Together (2019), a nonprofit with more than 30 years of experience in home and community rehabilitation, preservation and revitalization;
- Smart Home America (2018), which promotes the use of stronger construction methods, improved building codes and policies that create resilient communities;
- Lowlander Center (2017), which supports lowland communities and places, both inland and coastal, for the benefit of both people and environment;
- All Hands and Hearts (2016), which mobilizes volunteers to respond immediately after disaster strikes and stay until the job is done; and
- Team Rubicon (2015), which provides disaster relief by pairing the skills and experiences of military veterans with first responders, medical professionals and technology.





**TRAVELERS INSTITUTE®**

## Thought Leadership on Disaster Preparedness

To address the crisis of availability and affordability of coastal wind insurance for homeowners, in 2009 the Travelers Institute, the public policy division of Travelers, developed the [Travelers Coastal Wind Zone Plan](#), a comprehensive, private-market approach to insuring the Gulf and Atlantic coasts. Building on this flagship publication, the Travelers Institute launched a series of events to raise awareness about coastal challenges and disaster preparedness, including an annual *Kicking Off Hurricane Preparedness Season* symposium, to help families, businesses and communities prepare ahead of the Atlantic hurricane season. Our 2019 symposium, held at East Carolina University, featured a panel discussion on preparedness and a keynote address by FEMA's Director of Individual and Community Preparedness. With community members, small business owners and independent insurance agents in attendance, the Travelers Institute symposium highlighted the regional and federal resources available for individuals and businesses to help communities better prepare for the worst.

Additionally, following recent extreme weather events like Superstorm Sandy, the Travelers Institute launched [Insurance Essentials: Your Questions Answered](#), to proactively help individuals make informed decisions when selecting personal insurance policies.

Travelers is helping to proactively address wildfire risks in communities across the United States. The Travelers Institute gathered professionals across sectors to explore the science of wildfires and the latest research on prevention and mitigation. Speakers from the National Fire Protection Association, the Insurance Institute for Business & Home Safety, and Travelers translated science into action to provide practical takeaways and tips to mitigate wildfire risks.

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### RELATED RESOURCES

- [The Travelers Coastal Wind Zone Plan](#)
- [Resilient Coasts: A Blueprint for Action](#)
- Featured Event: [Kicking Off Hurricane Preparedness Season at the Federal Reserve Bank of Dallas, Houston Branch](#)
- Press Release: [Travelers Institute Hosts Wildfire Preparedness Event](#)
- [Travelers Wildfire Defense Services Endorsement](#)
- [Travelers Excellence in Community Resilience Award](#)



## TRAVELERS EDGE®

### Transforming Tomorrow's Workforce

Established in 2007, our signature college-to-career pipeline program, Travelers EDGE® (Empowering Dreams for Graduation and Employment), endeavors to increase the number of underrepresented students who complete a bachelor's degree and who are prepared for a career at Travelers or in our industry. The *Travelers EDGE* program provides education support and professional development through partnerships with colleges, universities and community-based organizations, increasing access to higher education and providing students with opportunities to excel. The program aims to:

- Increase the number of students from underrepresented communities attending college;
- Help those students graduate from college; and
- Build awareness of careers in insurance and financial services.

Once enrolled in college, *Travelers EDGE* students benefit from a broad range of support services, which include scholarships, academic guidance and emergency funds. In order to build awareness of careers at Travelers and within our industry, *Travelers EDGE* also offers mentoring, internships and job-shadowing opportunities. Through *Travelers EDGE* and **other targeted recruiting practices**, Travelers seeks to increase the presence of people from historically underrepresented communities in our industry.

In the summer of 2019, *Travelers EDGE* scholars attended the Usher's New Look Disruptivator Summit in Atlanta, Georgia. The event encouraged and celebrated global youth leadership and career exploration. Travelers sponsored the Career Fair and hosted students at the Travelers offices in Alpharetta, Georgia.

#### Community Benefits

- Since the inception of *Travelers EDGE*, 516 students have been *Travelers EDGE* scholars, and 67% of scholars have successfully attained a bachelor's degree or are currently on track to do so. During the 2018-19 academic year, *Travelers EDGE* helped 95 students through a direct scholarship or stipend and 20 students complete bachelor's degrees.
- Over the past five academic years, 69% of all graduates were employed at graduation or shortly after. Of those, 86% entered careers in the insurance and financial services industry.
- We reach 3,000–4,000 students each year through college and career awareness programs for middle and high school students.

### **Travelers Benefits**

- In the last five years, more than 50 *Travelers EDGE* graduates have been hired by the company.
- In 2018–2019, 11 out of the 20 graduates (55%) were hired full-time by Travelers. Of those who accepted full-time positions at Travelers, 64% were admitted into leadership and technical development programs.
- Employees of Travelers who serve as *Travelers EDGE* managers and mentors overwhelmingly reported that participation strengthened their leadership skills, their understanding of diversity and inclusion and, importantly, their connection to Travelers.



## TRAVELERS CHAMPIONSHIP®

### Our Signature Community Event

The Travelers Championship® golf tournament is an annual stop on the PGA TOUR that showcases how our company and employees maintain a strong commitment to the communities in which we live and work. The event features four days of competition by the world's best professional golfers and attracts tens of thousands of fans to Connecticut each year, on top of being broadcast to more than 200 countries.

All net proceeds from the Travelers Championship go to charities throughout the region. Since Travelers became title sponsor in 2007, the tournament has generated nearly \$20 million for more than **750 local charities**, including more than \$2.1 million in 2019. The event is also a popular volunteer opportunity for Travelers employees; more than 1,700 employees volunteered at the 2019 Travelers Championship, each required to cover at least two shifts to ensure consistency with PGA TOUR best practices.

The 2019 Travelers Championship began on Monday morning of tournament week with the Opening Ceremony at TPC River Highlands, which featured remarks from Travelers Chairman and CEO Alan Schnitzer, as well as Connecticut Governor Ned Lamont, who served as the tournament's honorary chair.



## **(SBRE) EMPOWERING SMALL BUSINESS OWNERS TO SUCCEED**

### **Educating Businesses About Risk**

The Travelers Small Business Risk Education (SBRE) program leverages our employees' expertise to help women, minority and veteran small business owners learn about risk management and business continuity, develop safety risk management plans and qualify for microloans. Travelers partners with nonprofit organizations throughout the United States to provide workshops.

#### **Community Benefits**

- Since the program's inception in 2012, more than 2,300 representatives of women-, minority- and veteran-owned small businesses attended risk management workshops and other events.
- Of those small business representatives who attended a risk management workshop, 13% have completed one-on-one consultations with Travelers Risk Control consultants.
- In 2017, we launched a veteran-owned business program in select markets across the United States, and since launching veteran-focused programs, we have reached nearly 400 representatives of veteran-owned businesses through workshops and events.
- In 2018, we introduced classroom- and web-based workshops with an emphasis on cybersecurity to ensure emerging small businesses are aware of the many risks associated with online services.
- In 2019, we announced a partnership with **Village Capital** to provide investment-readiness and risk management education through the SBRE curriculum to six diverse entrepreneurial support organizations (ESO) focused on social enterprise, innovation and access to capital. This partnership will help build capacity among ESOs, ultimately increasing the reach of the SBRE curriculum among women-, minority- and veteran-owned small businesses.

#### **Travelers Benefits**

- Travelers Risk Control professionals deliver the program workshops in their communities, increasing employee involvement, raising the profile of Travelers among local business owners and creating a stronger emotional attachment to the Travelers brand.
- The SBRE content serves as a prototype for developing webinars and other helpful materials for Travelers customers.
- Local agents are invited to serve as on-site insurance experts during workshops, providing them with visibility into their local communities. This benefits our agents and strengthens their relationship with us — a win/win.



#### **JUNIOR ACHIEVEMENT INSURANCE LEARNING LABS**

### **Fostering Financial Literacy and Insurance Know-How**

In coordination with Junior Achievement (JA), Travelers has launched insurance learning lab “storefronts” in Colorado, Minnesota and Georgia to teach students about insurance basics and how to make responsible economic decisions, helping develop financial literacy and preparing them for success in the future. Housed in JA’s experiential learning centers, the storefronts reinforce concepts for students by providing hands-on business simulations.

Travelers launched these three insurance learning labs in 2019, the latest of which opened at the JA Discovery Center of North Georgia in Forsyth County, Georgia, in December. John Hancock, President and CEO of JA of Georgia, and Steve Lezaj, Account Executive Director, National Accounts, Travelers, were on hand to help cut the ribbon on the new site. In addition, Travelers volunteers from our Alpharetta, Georgia, office spent the day simulating a budgeting scenario for students from Dawson County Junior High School.

The JA Discovery Center of North Georgia serves over 15,000 local students every year. Across the country, Travelers has partnered with JA for more than 15 years, providing financial support and employee volunteers for local programs. In 2019 alone, Travelers employees volunteered more than 1,700 hours in JA classrooms.



#### **PARTNERSHIP WITH INVEST**

### **Travelers Insuring Futures**

Inspired by conversations at the 2019 Travelers Leadership Conference Women's Forum about the importance of raising awareness of the insurance industry as a future career opportunity for students, we partnered with InVEST, a nonprofit organization that educates high school and community college students on insurance, financial services and risk management topics, to create a program we've called Travelers Insuring Futures. This "summer program in a box" provides a curriculum and related materials for agents and brokers who are hosting summer programs for high school students. The curriculum, which can also be easily modified to host college students, introduces students to the possibility of a career in insurance. After launching the curriculum successfully in a pilot program in New York City, we've made the program available across the nation. Through this program, we hope to attract, grow and develop industry talent.



## SUPPORTING OUR ENTREPRENEURS

### Our Partnership with Village Capital

In 2019, Travelers launched a partnership with Village Capital to provide resources to entrepreneurial support organizations (ESOs) in locations throughout the United States. Village Capital is the largest organization in the world supporting impact-driven, seed-stage startups. Since 2009, the Village Capital team has directly worked with more than 1,100 entrepreneurs in 28 countries, and its affiliated fund, VilCap Investments, has invested in 110 startups that have gone on to raise more than \$500 million in follow-on capital.

Travelers' new partnership, an extension of the Small Business Risk Education program, provides investment-readiness education to six diverse ESOs focused on social enterprise, innovation and access to capital. A panel of Travelers employees from our Innovation, Small Commercial and Community Relations groups participated in the selection process to identify the 2019 cohort. We selected the following organizations:

- **Black Girl Ventures** (Washington, D.C.) is dedicated to offering comprehensive education and advisory services that outline a road map for the growth and success of minority entrepreneurs.
- **Goodie Nation** (Atlanta, Georgia) is a community of good people that leverages innovation to reduce some of the world's largest basic needs disparities.
- **Lunar Startups** (St. Paul, Minnesota) is a new model for startup incubation specializing in growth, connection, and innovation for women, people of color and other high potential entrepreneurs.
- **MetaBronx** (Bronx, New York) is an entrepreneurship education program that accelerates technology startups owned and operated by women and/or members of cultural minority groups.
- **reSET** (Hartford, Connecticut) aims to inspire innovation and community collaboration, and to support entrepreneurs in creating market-based solutions to community challenges.
- **WEPOWER** (St. Louis, Missouri) invests in startups founded by Black and Latinx entrepreneurs who are ready for scale, and provides curriculum, coaching and connections as they spark wealth-creating job growth.





## 2019 FEATURED SERVICE PROJECT

### Stronger than the Storm

Catastrophic weather events often capture national attention. But when the news vans pack up and the floodwaters recede, that's when the real story begins for so many impacted families and businesses.

In 2019, Travelers partnered with SBP (formerly St. Bernard Project), a nonprofit dedicated to “shrinking the time between disaster and recovery,” to take two homes from uninhabitable to move-in condition. Within hours of receiving a note from our Chief Executive Officer, Alan Schnitzer, asking for help, all 400 volunteer spots were filled by Travelers employees who jumped at the chance to help people in need. These volunteers went on to rebuild the homes of two families: the Williams family in Houston, Texas, and the Superior Family in Keansburg, New Jersey.



## AMERICAN FORESTS PARTNERSHIPS

### Committing to Plant up to One Million Trees to Aid Reforestation Efforts

In April 2019, Travelers began a new initiative with American Forests — the country's oldest nonprofit conservation group — to fund the planting of one tree for each Personal Insurance billing account converted to paperless billing.

How did this all start? Since 1990 alone, American Forests has planted over 60 million trees in forest restoration projects across all 50 states and expanded tree canopy in dozens of cities across America. Four years ago, our Chief Executive Officer, Alan Schnitzer, organized an effort to offset carbon emissions associated with our annual Travelers Leadership Conference. To help in that effort, we partnered with American Forests, and as a result, we have funded the planting of 40,000 trees over the past four years.

As we embarked on our expanded partnership with American Forests, and with the hopes that this paperless campaign would encourage more policyholders to go digital, we committed to fund the planting of up to one million trees across America and lowering our paper consumption by 22 million pages from April 2019 through April 2020 — restoring natural landscapes, providing habitat for wildlife and naturally capturing carbon emissions. Importantly, this initiative also helps us minimize our environmental impact and carbon footprint.

As of April 2020, we have reached our goal, funding the planting of one million trees. Donations associated with our partnership with American Forests will help fund the following:

- California Wildfire and Watershed Restoration
- Texas Lower Rio Grande Ocelot Habitat Restoration
- Whitebark Pine and Grizzly Habitat Restoration
- Michigan Kirtland's Warbler Habitat Restoration
- Georgia Longleaf Pine Restoration

Beyond the environmental impacts from planting trees for this campaign, paperless billing provides an added level of convenience for customers by allowing for easy access and retrieval of policy documents, while helping us save millions of dollars in paper and postage costs.

Some of the events and initiatives that have helped us reach our goal include the following:

- We launched #OneMillionReasonsWhy, a paperless campaign to engage customers in the conversation and create an emotional connection to the initiative.
- In October 2019, nearly 100 Travelers employees came together with Knox Hartford and American Forests to plant 36 trees — red oaks, apple trees and junipers — in Colt Park in Hartford, Connecticut. Both Luke Bronin, Mayor of Hartford, and Jad Daley, President and CEO of American Forests, were in attendance and spoke to the team, thanking them for their efforts and inspiring our team and partners.
- In the Lower Rio Grande, one of our areas of focus, Travelers employees and local independent agents joined members of the community to plant hundreds of trees in Rio Grande City, Texas. This was a particularly important project, because 95% of the habitat in this area – the home of 18 endangered or threatened species – has been cleared.

Our work is not done. We have committed to funding the planting of up to an additional 500,000 trees by Earth Day 2021.



## **KABOOM! PLAYGROUNDS**

### **Creating Neighborhood Playspaces**

Travelers partners with the nonprofit KABOOM!, which works with communities throughout the United States to build playspaces for children. Through this partnership, Travelers has supported the development and construction of 10 playgrounds in underserved communities across nine states. You can learn more about the partnership [in this video](#).

#### **Community Benefits**

Through the Travelers-KABOOM! partnership, which began in 2017, 10 communities leveraged 1,124 cubic yards of mulch; 198,450 pounds of concrete; and 172 “side projects” (games, picnic tables, walkways, etc.) to benefit approximately 12,875 children through the construction of 10 new playgrounds.

#### **Travelers Benefits**

Nearly 1,200 Travelers employees and independent agents volunteered for the projects, building relationships, boosting their sense of pride in the company and learning about the local organizations and their needs.

In at least three of the cities, Travelers employees developed ongoing relationships with the schools/organizations, providing a variety of skills-based and traditional volunteer opportunities.



## AMAZON COLLABORATION

### Travelers Teams Up with Amazon to Provide Smart Home Solutions

In 2019, Travelers continued to work with Amazon to offer discounted smart home products and valuable insurance and risk management information through the insurance industry's first digital storefront: Amazon.com/Travelers. The smart home offers are designed to help homeowners increase awareness of the events occurring within their home and help mitigate risks from some of the most common causes of loss: water damage, fire and theft. We continued to expand our Free Amazon Echo Dot offer from 2018, which helps customers integrate their smart home devices for ease of use and enables Travelers voice-controlled skills on the Alexa platform.

Travelers and Amazon collaborated to offer new variations of the smart home kits in 2019, utilizing feedback from customers to better align the kit contents with their needs. The smart home kits, which are offered at discounted prices for Travelers customers in participating states, vary. Each kit includes some of the following:

- Smart indoor and outdoor cameras;
- Smart plugs;
- Water sensors;
- Smart home hub that wirelessly connects a wide range of smart devices and enables them to work together; and
- An Amazon Echo Show.

Eligible Travelers home insurance customers receive a discount on their policy with the purchase of a smart home kit and usage of its devices.

Travelers continued to add new features to two Alexa skills originally introduced in 2018:

- the "Travelers" skill, which assists our policyholders with questions regarding billing and payments; and
- the "Travelers Home Central™" skill, which enables all consumers to access property maintenance and home safety tips.

Lastly, Travelers is providing a free Amazon Echo Dot to eligible home insurance customers subject to program terms. As of December 31, 2019, the free Amazon Echo Dot and the discounts on the smart home kits are available to Travelers home insurance customers in California, as well as Travelers Quantum Home 2.0® customers in 33 states and the District of Columbia. We continue to roll out the Amazon solutions to our customers and agents along with our rollout of *Quantum Home 2.0*. In light of the positive customer feedback we received, we will look to expand our opportunities and engagement in the Smart Home space in 2020.



## QUANTUM HOME 2.0®

### Simplifying the Customer Experience

In 2019, we continued the successful rollout of our Quantum Home 2.0® product, an enhanced homeowners insurance product with tailored pricing and more flexible coverage options, all on simpler policy documents that help customers better understand their insurance. Travelers offers *Quantum Home 2.0* through an updated platform that allows agents to provide greater customization, requires fewer steps to complete a quote and enables simplified customer communications. This product increases efficiency for agents while helping them to deliver better service and drive new business. It also provides customers with the flexibility to scale up or down the typical base coverages in a policy and the ability to easily add bundled options to meet their individual needs.

Travelers' new *Quantum Home 2.0* insurance packages now also include a page designed to educate and inform customers about some of the basic terms and coverages included in their policy. The summary page features an illustration of a home and urges the customer to explore their coverage in an engaging way. The page describes major coverages in simple, easy to understand language. It also shows which discounts are currently applied to a policy and which discounts are not currently applied. In addition, the page provides a high-level view of what is typically covered and what is not typically covered by homeowners insurance.

*Quantum Home 2.0* also includes features such as:

- Decreasing Deductible® and loss-forgiveness options that recognize customers for their loyalty;
- New discounts for customers who pay on time and for those with smart-home protective technology, including fire, burglar and water alarms;
- An enhanced water package that can cover sewer backups and hidden water damage; and
- Equipment breakdown coverage for appliances, water heaters, etc.

As of December 31, 2019, our *Quantum Home 2.0* product is available in 34 states and the District of Columbia.

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#### RELATED RESOURCES

- [Quantum Home 2.0® Video](#)



**TRAVELERS INSTITUTE®**

## **Insurance Essentials: Your Questions Answered**

As part of our commitment to customers, both existing and potential, the **Travelers Institute** (the public policy division of Travelers) launched an initiative called *Insurance Essentials: Your Questions Answered* to help consumers make informed decisions about their personal insurance options. This initiative was introduced following Superstorm Sandy and other extreme weather events, which have demonstrated to us that many consumers need, or want, more help understanding their insurance policies and options. This initiative includes an educational **Insurance Essentials Guide** that covers topics such as how insurance works; types of homeowners and auto insurance coverages; condominium and renters insurance; wedding insurance; flood insurance; limits and deductibles; and basic disaster preparedness. Further, the Travelers Institute partners with independent insurance agents to bring an educational symposium series to their communities, also addressing local issues such as wildfires and hurricanes.



## 2019 TRAVELERS RISK INDEX

### Understanding Cyber Risks

In 2019, the Travelers Risk Index, an annual survey of approximately 1,200 business leaders, found that cyber risks are the number one concern among all businesses for the first time since the survey began in 2014.

As concerns about cyber threats have grown, a higher percentage of businesses across nearly every industry reported taking proactive measures to safeguard against cyber risks — although a sizable percentage have yet to implement preventive best practices. Those best practices include:

- Creating a business continuity plan in the event of a cyber attack;
- Taking a cyber risk assessment for themselves (and their vendors);
- Updating computer passwords; and
- Purchasing a cyber insurance policy, an action taken by only 51% of survey participants.

The percentage of small business respondents who said they have suffered a cyber attack has increased 200% since 2015. Increases from 2015 to 2019 were also reported among medium-sized companies (up 100%) and large businesses (up 73%). To assist businesses of all sizes, Travelers provides a range of coverage options, pre-breach tools, assessment resources, and post-breach services to help businesses prepare and recover quickly if and when a cyber event occurs.

[Click here](#) to see an infographic that summarizes the key findings from the 2019 Travelers Risk Index.





## TRAVELERS INSTITUTE®

### Cyber: Prepare, Prevent, Mitigate, Restore®

Recognizing that education is critical to enhancing cybersecurity, the Travelers Institute has been promoting cyber awareness through an international campaign titled Cyber: Prepare, Prevent, Mitigate, Restore®. The campaign, which has featured more than 25 educational programs across the United States and Canada, convenes leaders from the public and private sectors to share insights on preparing for, and responding to, evolving cyber threats. Travelers provides our internal risk management expertise and a platform for government officials to share regulatory requirements for data protection and highlight free resources. Past speakers include representatives from the U.S. Department of Homeland Security, U.S. Department of Justice, Federal Bureau of Investigation and the Federal Trade Commission. These events also provide an important value-add to key constituencies, such as agents and brokers, who partner with us to bring programs to their communities; Travelers customers; public sector organizations and municipalities; and the general public.

The Travelers Institute also released a comprehensive, educational **Cyber Guide** for small to mid-sized businesses to help them understand and assess cyber threats and vulnerabilities. The guide is available for U.S. audiences in English and Spanish. A Canadian Cyber Guide is also available in both French and English, with specific information tailored to Canadian businesses regarding their regulatory requirements.

Joan Woodward, President of the Travelers Institute, elaborates on why the Institute launched *Cyber: Prepare, Prevent, Mitigate, Restore* in [this video](#). Additional resources are also available [here](#).

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#### RELATED RESOURCES

- **Cyber Guide**
  - **Canadian Version**
- **Cyber: Prepare, Prevent, Mitigate, Restore Fact Sheet**
- **Travelers Institute Cyber Video Library**
- Featured Symposium: **Federal Reserve Bank of Boston**
- Featured Event: **Travelers Institute Celebrates 10th Anniversary by Ringing The Opening Bell® and Hosting Cybersecurity Symposium at New York Stock Exchange**



## DATA PRIVACY

### National Cybersecurity Awareness Month

October is National Cybersecurity Awareness Month (NCSAM) — a collaborative industry- and government-led effort to continue raising awareness around the importance of cybersecurity. In 2019, our CISO kicked off NCSAM internally with an interactive online Cybersecurity Challenge, as well as a podcast, a companywide invitation for employees to ask the CISO their questions about cybersecurity, feature articles, online tips and more throughout the month. In addition, the Travelers Institute, the public policy division of Travelers, marked NCSAM with an educational program for independent insurance agents and small to midsized businesses in Portland, Oregon. The program featured speakers from the Federal Bureau of Investigation, the Federal Trade Commission, Travelers' vendors and Travelers' own subject matter experts. Our 2019 Travelers Risk Index Report found that, since 2015, the percentage of small businesses that have suffered a cyber attack has tripled, from 4% to 12%. Medium-sized (10% in 2015 to 20% this year) and large businesses (19% to 33%) have also seen increases of their own.



## NATIONAL CATASTROPHE CENTER

### Catastrophe Planning and Response

Our National Catastrophe Center is the hub of our catastrophe response planning and event response efforts. Staffed by full-time catastrophe management professionals, this “command center” is equipped with state-of-the-art tools to actively monitor weather and claim trends, enabling us to quickly transform information into action.

Our catastrophe management professionals continually monitor and evaluate data from numerous sources. This allows us to plan and coordinate responses in a secure environment away from the disaster area. We track storm formations to identify weather patterns developing days in advance, enabling evaluation of the potential impact for customers and, where appropriate, to stage event response resources before an event. After an event, we aggregate millions of data points from weather services to create event overlays for our proprietary geospatial tools to visualize an event against our customers’ locations. This data visualization and sophisticated use of layered geospatial insights enhances our overall operational intelligence and helps us deploy catastrophe Claim professionals to the right place at the right time.

For example, we know the precise size of hail that impacts an area and type of damage certain sizes of hail cause and, combined with our customer location data, we can then assess the estimated severity of losses associated with hail damage. Our digital capabilities give us additional insight to help us determine the scope of an event and the best response strategy. We then layer in ultra-high-resolution aerial imagery to further assess property damage.

During an event with severe losses, such as a wildfire or tornado, we are often able to inform agents and customers of estimated losses before our Claim professionals are allowed into the impacted area. This also enables an earlier claim process, including advance payments, before our teams physically deploy to an area. For those customers with a significant or total loss, we can ingest the pre-event imagery into our estimating software and generate a fully dimensioned 3D diagram of the building to immediately estimate the cost to rebuild.

The digital capabilities of our National Catastrophe Center, paired with the dedicated technical expertise of our Catastrophe Leadership team, generates an immediate understanding of the event magnitude and its estimated financial impact, helping our agents and customers prepare for, respond to and recover from disasters.

### Command Center Technical Highlights

- 180-square-foot video wall projects real-time data and analytics from across Travelers and third-party sources.
- 1,100 square feet with seating for 50.
- Dual camera arrays for video conferencing.
- Dedicated data server and KVM (keyboard, video and mouse) switch control platform.
- Data capabilities, including:
  - Supercomputer weather model analytics.
  - Real-time notice of loss and escalation data.
  - Simultaneous real-time key performance metrics across multiple events.
  - Claim handling resource availability and deployment information.
  - Proprietary geospatial system.
  - High resolution post-event imagery.
  - Artificial intelligence (AI) imagery analysis.
  - Wildfire monitoring and response information.
  - Social media monitoring and analytics.
  - Live staff drone flight monitoring.
  - Multiple television news feeds.

Click [here](#) to take a virtual tour of the National Catastrophe Center Catastrophe Operations Management room.



#### THE POWER OF TRAVELERS IS US

### The Power of Travelers Is Us

We owe our success to Travelers' extraordinary talent. What underlies all our competitive advantages is our greatest asset — our people. The expertise of our 30,000 employees is particularly important in a rapidly evolving business landscape. Together, our employees drive our performance and fuel our innovation agenda.

We benefit from both the expertise of our long-tenured employees and the fresh perspectives of our new colleagues. To that end, we launched a campaign called "The Power of Travelers Is Us" so we could listen to our colleagues and learn from their diverse perspectives.

#### The Power of Travelers is Us VIDEO







## **SHE TRAVELS<sup>SM</sup>**

### **Advancing Women's Careers in Insurance**

In 2018, as part of our commitment to *lead the industry in advocating for women in insurance*, we developed a program called SHE Travels<sup>SM</sup> — named to highlight Travelers' support of the positive momentum of women in our industry. *SHE Travels* has three priorities:

- Raise awareness of insurance as an attractive career opportunity for women;
- Promote professional development for women already in the industry; and
- Facilitate effective networking and mentoring for those women.

At the heart of *SHE Travels* is a series of Women's Leadership Forums focused on topics for advancing women in the workplace. More than 1,500 Travelers agents and field employees participated in 13 events across the country since the program's inception in 2018. In 2019, we introduced *SHE Travels* forums exclusively for our employees. So far, more than 400 employees participated in these events across the enterprise, discussing topics such as modern mentoring and career advancement. Through *SHE Travels*, we hope to empower our people, shape our culture and pave the way for all women who do and will work at Travelers.

[Click here](#) for a video about our *SHE Travels* events.



## ENHANCING OUR COMMITMENT TO PEOPLE WITH DISABILITIES

### Fostering a More Inclusive Workforce and Changing Lives

As part of our commitment to fostering an inclusive workplace where all employees can develop and thrive, Travelers has partnered with a number of groups to focus on individuals' abilities, rather than their disabilities.

In 2018, we joined the Autism @ Work Employer Roundtable — a collection of cross-industry employers committed to promoting the inclusion of people of all abilities in the workforce. These companies share best hiring and workplace practices and help other companies see the return on their investment in hiring people with autism.

We also partner with local nonprofit organizations, such as LifeWorks, Viability and VIA, to provide job training placement programs for individuals with disabilities. These partnerships have allowed Travelers to help people with disabilities find financial security, gain independence, build confidence and most importantly — feel empowered and valued for the skills and perspectives they bring to work every day. As program participants have noted, the program can be life changing. In 2019, LifeWorks, a Minnesota nonprofit that provides support to individuals with disabilities, recognized our commitment to this work by naming Travelers its **Employer of the Year**. We have partnered with LifeWorks for more than 20 years.

Broadening our diversity efforts to include people with disabilities has a positive effect on our workplace as well. These programs have given us access to previously untapped sources of employee talent and is helping us meet our business needs in an efficient and effective manner, while at the same time meeting a crucial need for our communities.





## COMMITTED TO MILITARY VETERANS

### Supporting Those Who Serve

When Travelers signed a national Employer Support of the Guard and Reserve Statement of Support in 2016, we reaffirmed our passion to foster a military-friendly culture, and we committed to hiring and supporting our nation's service members. In the years since, we've followed through on our promise to support veterans — so much so that Travelers has been named a Military Friendly Employer and Company and a "Best for Vets" company by different organizations multiple times. More importantly, our commitment is meaningful to our employees, who feel proud to be part of a company that advocates for those who serve. "Travelers really took care of me before, during and after my deployment," said Mark Lear, Regional Vice President of Bond & Specialty Insurance – Midwest Region, who needed help determining how his deployment affected his employment and benefits. "Our company truly goes out of our way to support service members." As part of a 2019 Veterans Day event in our Hartford office, our Chairman and CEO, Alan Schnitzer, unveiled a new "Wall of Heroes" permanent display, honoring Travelers employees who are military veterans or are currently serving.

We count the following organizations as valued partners in supporting veterans:



Casey Neff, who serves as the Head of the Training and Development Group in Personal Insurance and concluded his 25-year career in the U.S. Army in 2007, helps other military veterans transition to civilian careers at private sector companies through American Corporate Partners (ACP). This year, we are celebrating our 10th anniversary partnering with ACP, which helps returning U.S. veterans and spouses of active duty military personnel connect with mentors in the private sector. Since 2011, more than 200 Travelers volunteers have mentored nearly 550 military mentees. "About five of every six jobs in the military have direct private sector or civilian correlations," says Casey, "whether that is in logistics, planning, technology, HR or other functions. It's a privilege to talk to these individuals and help them translate those skills and accomplishments into something that the right civilian employer is going to find meaningful."



## **FOSTERING INCLUSION**

### **Supporting Transitioning Employees and Gender Inclusivity**

Travelers provides health insurance benefits for transitioning employees and family members to cover professional counseling, hormone therapy and, if clinically appropriate, gender reassignment surgery. We are committed to providing a positive, respectful environment for employees who are going through, are considering going through or have gone through the gender transition process. To assist in such transitions, Travelers has developed guidelines that provide support for transitioning employees, co-workers and managers. We are also developing standards related to the use of gender-inclusive language and have gender neutral restrooms in many office locations.



#### HOWARD UNIVERSITY F.I.R.M. SYMPOSIUM

### Inspiring the Next Generation of Job Seekers

Among our efforts to help inspire the next generation of job seekers, in 2019, we hosted more than 50 students from the Howard University School of Business during the school's week-long event, the Financial Services, Insurance and Risk Management (F.I.R.M.) Symposium in New York City. In partnership with our Black/African American Diversity Network (BAADN), local leaders and our leadership development program associates, we offered an interactive presentation to help students hone their networking skills, better understand the future workplace and ignite enthusiasm for a career at Travelers. Hansford Johnson, Director, Diverse Talent Sourcing and Engagement Strategies, says, "The learning process is a lifelong journey, and this is the next generation of leaders in our industry. The goal in partnering with Howard University is to create a meaningful experience that encourages each student to return to campus even more energized to enter this industry and make their mark."



#### **METROPOLITAN ECONOMIC DEVELOPMENT ASSOCIATION PARTNERSHIP**

### **Helping Minority Entrepreneurs Succeed**

For nearly 50 years, Travelers has partnered with the Metropolitan Economic Development Association (MEDA) to provide one-on-one business consulting, access to capital and connections to market opportunities for minority entrepreneurs in Minnesota. Through these services, minority-owned businesses can become sustainable employers that create quality jobs with livable wages and health care benefits. In addition to providing an annual operating grant, Travelers participates on MEDA's board of directors and has hosted MEDA's annual \$1 Million Challenge for Minority Entrepreneurs since 2018. The competition includes a speed-pitching event, educational opportunities, a business accelerator and four finalist awards, including a collective \$1 million investment in the finalists' businesses.



#### **MINORITY BUSINESS DEVELOPMENT INSTITUTE PARTNERSHIP**

### **Helping Minority- and Women-Owned Contractors**

Starting in 2012, Travelers and the Minority Business Development Institute (MBDI) partnered to help small minority- and women-owned contracting firms — an underserved segment of this market — become bonded, which can increase their sustainability and success. Rather than waiving surety bond requirements, MBDI believes that education and one-on-one advisory consulting services will create sustainable minority- and women-owned contractors. Travelers participates on MBDI's advisory board and has presented educational content to more than 250 minority- and women-owned contractors.



## OFFICE RENOVATIONS

### Boost Engagement and Save Energy

Starting in 2016, Travelers piloted a new open office configuration at our main campus in Hartford, Connecticut, to promote employee engagement and collaboration. Based on positive employee feedback from the pilot program, we decided to implement the new workspace environment at additional Travelers office locations across the United States.

The new layout promotes employee well-being and productivity by incorporating:

- Increased natural lighting;
- Universal sit/stand workstations; and
- More collaborative workspaces.

In addition to making the office space more conducive to collaboration, the redesign includes LED lighting upgrades and more efficient HVAC systems, which reduce the total energy required to run our buildings. The open design provides a sense of spaciousness though it actually reduces the square footage required per employee, further minimizing our physical and environmental footprint. Upon the project's completion, we anticipate reducing the square footage of our Hartford real estate portfolio by approximately 30% and the balance of our U.S. portfolio by approximately 10%. As of year-end 2019, more than 11,000 employees are working in new, more collaborative spaces.

The new workspace redesign in our U.S. offices is in full swing. As of year-end 2019, approximately 60% of the renovations at our Hartford campus have been completed. We expect to complete the Hartford campus redesign in 2022. Renovations to field offices are approximately 30% complete as of year-end 2019. We will continue to update our field locations as office space or business needs change.

#### Environmental Benefit

- Reducing our real estate footprint and improving our operating efficiencies help us lower our energy and GHG emissions intensity. At year-end 2018, our largest owned campus (based in Hartford, Connecticut) achieved more than a 49% reduction in energy consumption compared to a 2006 baseline. We anticipate that the renovations in the rest of our real estate portfolio will further reduce our total energy use.

#### Travelers Benefits

- The workspace redesign aims to increase employee collaboration and engagement, which play a role in employee well-being, retention and productivity.
- Reducing our real estate footprint and improving operating efficiencies reduces overhead expenses and will help offset future real estate cost increases.



## REDUCING NON-ESSENTIAL TRAVEL

### Encouraging Eco-Friendly Commuting and Video Collaboration

To minimize the environmental impacts of commuting, Travelers offers programs that allow employees to pay for transit expenses with pre-tax dollars. At our Hartford office, we estimate that up to 20% of Travelers employees primarily commute using public transportation. We also offer parking incentives for carpoolers and operate a vanpool with free parking at the pickup location. In early 2020, we began a pilot program to provide electric vehicle charging stations for employees at our Hartford, Connecticut, campus. Pending the results of this pilot and utilization rates, we hope to expand the offering to additional office locations.

We are also an advocate of bicycling. As part of our Bike to Work program, we provide bike racks and free parking for bicycles as well as showers and lockers in some locations. The League of American Bicyclists' Bicycle Friendly Business program has awarded Travelers designations for the bicycling programs in our two largest employee locations: Hartford, Connecticut, and St. Paul, Minnesota. Travelers first received this distinction in 2015 and has received it every year since.

We continue investing in remote collaboration tools like video-enabled conference rooms to reduce non-essential business travel. Some of our recently renovated offices include sharable desk space, which offers flexibility to work remotely, as appropriate.

#### Environmental Benefits

- By promoting and supporting the use of public transportation and ride-sharing, Travelers directly reduces GHG emissions from employee commuting.
- Reducing non-essential business travel through video collaboration also helps lower business travel — one of our primary sources of Scope 3 GHG emissions.

#### Travelers Benefits

- Commuting programs are an integral employee benefit in some of our locations; they play a role in our benefits aimed at employee attraction and retention.
- Eliminating non-essential business travel helps to lower our operating costs.



## GREENING CLAIMS

### Monitoring the Environmental Impact of Our Vehicle Usage

Travelers maintains a fleet of vehicles operated by Claim and Underwriting professionals that spend substantial time on the road. We work to minimize the number of vehicles and continually strive to collaborate with car manufacturing companies to continue transitioning our fleet to more efficient vehicles/engines. The mobile combustion emissions related to claim services and CAT response vehicles fluctuates with the number and severity of claims and natural catastrophes that we respond to in a given year. Prompt, safe and effective claims service remains our top priority.

Many of our recent efforts to improve our claims service also create opportunities to reduce our emissions intensity. For instance:

- Implementing virtual claim tools allows customers to share photos and videos to file a claim. This can speed claims payments and also reduce miles driven by our claims fleet.
- Deploying **drones** to inspect roof damage improves the customer experience while eliminating safety hazards and emissions associated with roof inspections.





## **MAKING MENTAL HEALTH A PRIORITY**

### **A Focus on Life Balance and Mental Health**

At a time when one in five adults in the United States experiences a mental health condition in a given year, Travelers launched a campaign designed to remove the stigma around mental health. In the spirit of supporting employees' total well-being and creating a culture of openness in the workplace, Travelers leaders were featured in videos made available to all employees, where they shared their personal experiences to help people better understand mental illness, addiction and related issues. In speaking openly about their experiences, their aim was to remove the stigma around mental illness and encourage employees to seek help and support through our employee assistance program (EAP).

At the same time, Travelers enhanced our EAP, Life Balance. Through this program, U.S. employees and their family members have access to services and resources, including five free sessions of professional counseling; counseling through digital and text-based applications; and personalized mentoring over the phone from a life coach. Similar services are available to our employees in Canada and Europe.



## TRAVELERS INSTITUTE®

### Travelers Institute University Tours

One way Travelers distinguishes itself as a prospective employer is by proactively engaging on public policy issues that impact the insurance industry through the Travelers Institute. As one example, the Travelers Institute partners with university risk management and insurance programs to bring the **Every Second Matters<sup>SM</sup>** distracted driving symposium series to campuses across the United States and Canada. The program raises awareness about the dangers of distracted driving and promotes safe driving. It also highlights the relevance of this issue to the insurance industry and challenges insurance leaders to leverage data and technology to address distracted driving and help save lives.

Gamma Iota Sigma, an international business fraternity for students of insurance, risk management and actuarial science, is a key recruiting relationship for Travelers, and the Travelers Institute regularly partners with its chapters to host events on their campuses and has presented at Gamma Iota Sigma's international and regional conferences.

Similarly, in the past, the Travelers Institute has traveled to universities to raise awareness about the U.S. national debt and its implications for the American economy. As the presenting sponsor of **"Overdraft"** — a nonpartisan documentary on the growing national debt and its impact on individuals and U.S. economic competitiveness — the Travelers Institute hosted an educational symposium series featuring 80 screenings of the film for groups across the country. Screening locations included Stanford University, the University of Alabama, the University of Southern California and Fordham University.



#### COLLABORATION WITH CEDARS-SINAI MEDICAL CENTER

### Using Virtual Reality to Help Patients Deal with Pain

Workplace injuries that lead to chronic pain can cause ongoing issues, as an injured employee may mask pain with opioids or other drugs. Identifying new, non-pharmacologic alternatives for pain management can help an injured employee avoid chronic pain, lower the chances that they will develop a dangerous opioid addiction and reduce medical costs.

In 2018, Travelers partnered with Cedars-Sinai Medical Center, Samsung Electronics America, Bayer and appliedVR to explore the effectiveness of a digital pain-reduction kit that uses therapeutic virtual reality (VR) and wearable technology as a non-pharmacological supplement to managing pain associated with acute orthopedic injuries of the lower back and extremities. Cedars-Sinai's Center for Outcomes Research and Education and its Department of Orthopaedic Surgery will conduct the clinical research project over 16 months and include between 90 and 140 participants, ages 18 to 65. Through this program, we aim to improve outcomes for injured workers by leveraging cutting-edge technology.

Other studies, including those conducted at the University of Michigan in Ann Arbor, and St. Jude Children's Research Hospital in Memphis, Tennessee, have found that VR therapy can, and has, helped patients in multiple ways, including:

- Decreased pain-related anxiety;
- Distraction from pain; and
- An altered perception of time, which can make an uncomfortable medical procedure feel shorter.

Patients in the Cedars-Sinai study will use a digital pain-reduction kit consisting of Samsung, Bayer and appliedVR products. The kit will track day-to-day functional status, work productivity and the use of participants' pain medication.

This partnership is another example of our focus on finding innovative ways to engage and support injured employees and to help customers maintain a safe workplace and manage workers compensation-related risks; other examples include our [ConciergeClaim® Nurse program](#), [Early Severity Predictor®](#) model, [MyTravelers® for Injured Employees](#) and our [risk management services](#).



## **INNOVATION FOR SAFETY**

### **Wearables Technology to Improve Safety for Construction Workers**

In late 2018, Travelers began a collaboration with Gilbane, one of the country's largest contractors, and Triax Technologies, a leader in Internet of Things (IoT) construction technology, to explore the potential safety benefits of wearable devices. While safety is important in any industry, it is paramount in the construction industry, where contractors are exposed to risks and dangerous elements daily.

The IoT device we are studying, which is an unobtrusive device worn on the worker's waist belt, enables faster response times to possible injuries by detecting worker falls and providing supervisors with real-time notification of worker location. The IoT device also includes a feature that allows workers to report hazards or incidents. Reports generated from the IoT device can be used to promote a safer working environment and safer worker behaviors.



## INVESTMENT IN KITTYHAWK

### Enhancing Our Drone Program

In 2018, Travelers made a strategic investment in Kittyhawk, the market leader in enterprise drone operations software and an organization with which we had been partnering closely for some time. The investment further enhances our position as an industry leader in the use of drone technology.

We began using drones in 2016 to inspect roofs of residential and commercial properties in everyday claim situations, as well as in response to catastrophes — enhancing the customer experience by expediting inspection, payment and repair while improving the safety of our Claim and Risk Control professionals by reducing the need to climb roofs and enter potentially hazardous areas.

Today, we are one of the largest commercial users of drones in the United States with over 750 FAA-certified drone pilots and over 70,000 completed flights since the program's inception. As our drone program has grown, so too has the task of managing compliance and safety requirements, as well as the opportunity to leverage the data we gain. Kittyhawk has supported the growth of our drone operation by streamlining the data, hardware and software into one single system of record.



## CLAIM UNIVERSITY

### Training World-Class Claim Professionals

Travelers **Claim University**, our state-of-the-art training and professional development facility, provides technical training as well as leadership development to approximately 12,000 Claim employees. Opened in 2007, it is a symbol of our commitment to our employees and our customers.

Claim University provides rigorous onboarding and hands-on and virtual training to our Claim professionals to make sure they are equipped to provide knowledgeable, empathetic and efficient claim service to our customers. It offers a variety of teaching methods — traditional and online classrooms, hands-on experience in auto and property labs and through digital media.

The 175,000-square-foot facility contains automobiles and heavy equipment such as cranes, backhoes and bulldozers. It also contains two fully furnished homes, building mechanical systems and a medical lab. All these resources teach our Claim professionals how to efficiently identify damage and accurately estimate the cost of repairs. Claim University uses a centralized approach to developing training that allows our Claim employees from all over the world to develop new skills and expand on existing skills.

Click [here](#) to take a virtual tour of Claim University.



**TRAVELERS INSTITUTE®**

## Insuring Autonomy — Autonomous Vehicles

Autonomous vehicles (which can include vehicles with increasing driver assist technologies) are a growing presence on American roadways, and with them come several significant public policy questions and challenges. It will be important to address a world of increasing autonomous vehicles (AVs) in a comprehensive manner that spurs innovation, increases public safety, provides peace of mind and protects drivers and consumers. We have an enterprise working group dedicated to monitoring and assessing the potential impacts and risks of autonomous vehicles across our business units.

As a leading auto insurer, Travelers plays a central role in the conversation about the future of transportation and mobility. Travelers engages on these issues as a member of both the Advanced Vehicle Technology Consortium at the Massachusetts Institute of Technology and the Partners for Automated Vehicle Education Coalition. Both organizations work to strategically advance research and public information about automated vehicle and driver assistance technologies.

In July 2018, the Travelers Institute released a white paper titled [Insuring Autonomy: How auto insurance can adapt to changing risks](#), which offers our company's perspective and recommendations on important public policy issues relating to autonomous vehicles. Travelers believes that auto insurance can, and will, meet society's needs in an AV world by continuing to compensate affected consumers with speed, fairness and efficiency.

In 2019, the Travelers Institute partnered with the Traffic21 Institute at Carnegie Mellon University and the RAND Institute for Civil Justice to explore automated vehicle technologies, bringing together experts to address the safety, regulatory and insurance implications of advanced technologies on the road today. Travelers experts also regularly speak in public forums about autonomous vehicles and the related insurance implications. Discussion of autonomous vehicles is also incorporated into the Every Second Matters<sup>SM</sup> symposia, exploring how the advent of autonomous technologies impacts driver distraction.

We look forward to continue working with policymakers and other stakeholders to develop AV insurance policy and regulations that make sense for and benefit this growing industry and our consumers.

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### RELATED RESOURCES

- [Autonomous Vehicle White Paper](#)
- [Travelers Outlines Framework for Autonomous Vehicle Insurance](#)
- [Travelers Joins Automated Vehicle Coalitions in Shaping the Future of Transportation](#)
- [Press Release: Travelers Institute Teams Up With Carnegie Mellon University and RAND Corporation to Host Automated Vehicle Symposium](#)



TRAVELERS INSTITUTE®

## Distracted Driving — Every Second Matters<sup>SM</sup>

The Travelers Institute, the public policy division of Travelers, launched the **Every Second Matters<sup>SM</sup> education campaign** in 2017 to help combat distracted driving. That year, more than 37,000 people died on U.S. roads, marking the end of a two-year period (2014–2016) that saw the highest rate increase in traffic fatalities in more than 50 years.<sup>1</sup> In 2018, another 36,560 people were killed in motor vehicle collisions.<sup>2</sup> As an industry leader with extensive claim insights into auto collision trends, Travelers is taking a leadership role in addressing distracted driving.

The **Every Second Matters** campaign recognizes that every driver, passenger, cyclist and pedestrian has a role to play in combatting distraction — such as texting while driving — and enhancing roadway safety. In 2019, the campaign hosted educational programs at nearly 20 universities and communities across the United States. In addition, Travelers Institute staff highlighted the topic as speakers at transportation safety conferences, including the LifeSavers Conference and DRIVE SMART Virginia's Distracted Driving Summit, as well as insurance industry conferences, such as the National African Americans in Insurance Association, Cottingham & Butler's Transportation Summit and various Gamma Iota Sigma conferences.

The initiative stands on three key principles:

- Creating a **social stigma** so drivers feel embarrassed to drive distracted;
- Increasing understanding about **situational awareness** by all roadway users, including elevating the conversation about **pedestrian** and **cyclist safety**; and
- Examining scalable **technology** and **insurtech solutions**.

The campaign explores the latest approaches to help combat distracted driving, including how technology, which often contributes to distraction, can offer solutions to reduce distracted driving. In engaging thousands of people in this campaign, we are hoping it will convince people to put down their phones while driving. If it saves even one life, it'll have been worth the effort.



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## KEY ACTIVITIES

- **Symposium Series.** The Travelers Institute has engaged policymakers, researchers, students, independent insurance agents and others through an educational symposium series throughout the United States and Canada. In total, the Travelers Institute has held more than 60 events since the series launched in 2017. Speakers have included representatives from the RAND Institute for Civil Justice, the National Highway Traffic Safety Administration and the National Safety Council and Travelers. [View events here](#)
- **Cross-Sector Collaboration.** Technology firms, universities, research centers, nonprofits, industry groups, student organizations and others have joined forces to explore cross-sector synergies to mitigate distracted driving risk. The Travelers Institute also works closely with the National Safety Council and is a member of the Road to Zero Coalition, a cross-sector initiative working to eliminate roadway deaths. [View collaborations here](#)
- **Digital Resources.** Travelers is elevating the topic of distracted driving by offering online resources and content for use by advocates, business leaders and the general public. Notably, Travelers worked with the families of victims of distracted driving to bring their loved ones' unfinished stories to life through our **"Unfinished Stories"** campaign. Travelers also sponsored an Emmy-nominated documentary for public television titled "3 Seconds Behind the Wheel" released ***A Conversation Starter on Reducing Distracted Driving Risk*** and published distracted driving research through the Travelers Risk Index. As of 2020, "3 Seconds Behind the Wheel" has been broadcast in 68 U.S. markets. It was also accepted by PBS International and broadcast in eight Asian and European countries, plus 22 countries in the Middle East and North Africa. In April 2019, the film was added to Amazon Prime and rated 4.7 out of 5 stars. The program receives between 1,200 and 5,000 unique views each month. Finally, as part of the *Every Second Matters* distracted driving initiative, the Travelers Institute has provided screenings of and showed the trailer of the documentary for attendees at colleges, transportation safety conferences and agent events.
- **Incentivizing Safe Behavior.** **IntelliDrive®** is a 90-day driving program for Travelers customers that uses a smartphone app to capture data and score how safely they drive. Customers who enroll could save up to 20% on their policy, while riskier drivers could see a premium increase.
- **Employer Engagement.** *Every Second Matters* challenges employers and employees to elevate distracted driving prevention within their organizations, discussing strategies for creating a culture of safety in the workplace. Travelers Risk Control also advises Travelers customers with regard to strategies to prevent distracted driving. [Learn more](#)
- **Employee Engagement.** Consistent with the *Every Second Matters* platform, Travelers has an internal Driver Safety policy to help maintain the safety of Travelers employees who drive for Travelers, as well as a policy regarding Driving and the Use of Mobile Technology. These policies are supported and regularly communicated by Travelers senior leadership to remind employees that their safety while driving is of paramount importance.
- **Agent and Broker Engagement.** Our company's network of 13,500 independent agents and brokers see the consequences of distracted driving with customers every day. Travelers offers resources to help them facilitate conversations with personal and business insurance customers to create safer roadways for all. Agents and broker associations are also taking a leadership role in hosting university education programs partnered with the Travelers Institute.
- **Student Engagement.** The Travelers Institute is engaging with future risk management and insurance leaders on campuses across the United States and Canada to look at distracted driving as an important industry issue and an opportunity for innovation. Programming at universities of all sizes also helps increase visibility for Travelers and attract talent; Travelers Talent Acquisition team leverages these programs to connect with students and showcase the opportunity to impact important issues through a career at Travelers. Programs have been held at Harvard University, St. John's University, the University of Connecticut and the University of Pennsylvania, among others. In addition, for the past 10 years, Travelers has sponsored the Connecticut Department of Motor Vehicles' Teen Safe Driving Video Contest. In this contest, students from across Connecticut script, direct and edit short videos educating their peers on Connecticut's graduated driving laws and the dangers of distracted driving.

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## RELATED RESOURCES

- ["3 Seconds Behind the Wheel,"](#) public television documentary
- [A Conversation Starter on Reducing Distracted Driving Risk](#)
- [Public library of video content](#) on prevention
- Travelers [Risk Index](#)
- [Prepare & Prevent website](#)
- [Unfinished Stories](#) of victims of distracted driving

<sup>1</sup>[NHTSA, 2017 Fatal Motor Vehicle Crashes: Overview, October 2018; NHTSA, 2016 Fatal Motor Vehicle Crashes: Overview, October 2017.](#)

<sup>2</sup>[NHTSA, 2018 Fatal Motor Vehicle Crashes: Overview, October 2019, NHTSA.](#)



**TRAVELERS INSTITUTE®**

## **Small Business Advocacy**

Given the importance of small businesses to the national economy, especially as a driver for creating and sustaining jobs, the Travelers Institute believes public policies should encourage entrepreneurship. **Small Business – Big Opportunity®**, the Travelers Institute’s small business advocacy project, helps promote small business success by convening business owners across the country with industry experts to explore solutions to their everyday challenges, such as business continuity planning, access to capital and cybersecurity. The Travelers Institute has collaborated with recognized small business advocates such as the U.S. Small Business Administration, the Federal Reserve Bank and the National Association of Women Business Owners (NAWBO), as well as community banks and angel investors.

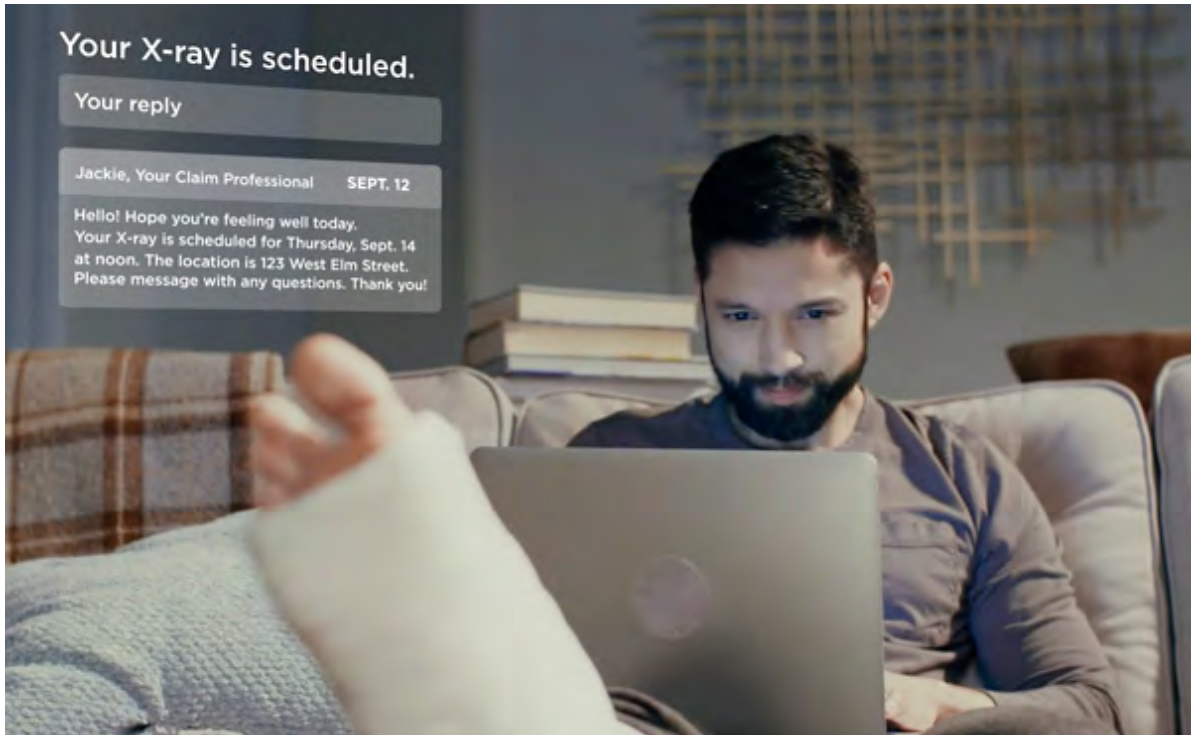


## TRAVELERS MEDICAL ADVANTAGE®

### ConciergeCLAIM® Nurse: Helping Injured Employees Return to Work

When an employee gets injured at work, navigating the claim process can be challenging. The employee can get discouraged and disengage from the workforce, which can have a negative impact on both the morale of the individual employee and the employer. A one-on-one connection between a nurse and the injured employee, pioneered by the Travelers **ConciergeCLAIM® Nurse program**, helps injured employees find access to quality health care, stay engaged in the workforce and return to work as soon as medically appropriate. By placing nurse case managers in local health care clinics across the country, the Travelers *ConciergeCLAIM* Nurse program has reduced overall claim costs by 22%.

This program can also pair a Spanish-speaking injured employee with a Spanish-speaking nurse who shares a cultural background, helping to build trust and improve outcomes for everyone. On average, when we provide Spanish-language workers compensation Claim and medical professionals, we see a reduction in lost time and claim, legal and medical expenses, with improved medical and return-to-work outcomes. In our Southern California Claim Center, workers compensation claims handled by culturally and linguistically aligned Claim professionals through our **Cultural Advantage** program saw an 8% reduction in total claim payout, a 21% lower rate of attorney involvement and a 20% improvement in return to work within 30 days (2014–2019 accident years, Southern California Claim Center). Given the results, we have since expanded our Cultural Advantage program to include other offices, languages and claim processes.



## TRAVELERS MEDICAL ADVANTAGE<sup>®</sup>

### MyTravelers<sup>®</sup>: 24-Hour Unlimited Access, Anytime, Anywhere

Responding to the evolving needs of our customers and their injured employees, we have made numerous investments in our workers compensation claim handling model, **TravComp<sup>®</sup>**. To that end, in 2018, we introduced our self-service workers compensation claim portal, MyTravelers<sup>®</sup> for Injured Employees, and since then, there have been more than one million *MyTravelers* sessions. Through this innovative platform, injured employees are empowered to engage in their return-to-work journey and interact with us digitally throughout the claim process to help accelerate their recovery. In-portal claim notifications, messaging with Claim and medical professionals, two-way document sharing and tailored digital content help ensure we get the right claim information in the hands of injured employees quickly. *TravComp* provides a better experience for the injured employees, a better outcome for our customers and a more efficient result for Travelers.

In addition, the opioid epidemic continues to have a profound impact on our society, and our customers and their injured employees are not immune to its devastating effects. By combining the power of our people, analytics and technology, we can proactively address this issue and identify injured employees who are at risk for opioid misuse. Since 2016, **Travelers Early Severity Predictor<sup>®</sup>** has helped forecast which injured employees are at higher risk of developing chronic pain, a condition that can lead to opioid dependency. Our *Early Severity Predictor* model is truly predictive, with interventions occurring before opioid dependency can take hold.

[sustainability.travelers.com](https://sustainability.travelers.com)

## Important Legal Information

This report contains information about Travelers. Travelers disclaims any duty or obligation to update such information. Any “forward-looking statement” is made only as of the date such information was originally prepared by Travelers and is intended to fall within the safe harbor for forward-looking information provided in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. These statements include, among other things, statements about our future results of operations and financial condition; our share repurchases and dividends; our strategy and competitive advantages; our strategic and operational initiatives to improve profitability and competitiveness; our new product offerings; our innovation agenda; our investment portfolio; our risk management, including climate-related risks and opportunities, catastrophe modeling, and our underwriting strategy. Results may differ materially from those expressed or implied by forward-looking statements. Factors that can cause results to differ materially include those described under “Forward Looking Statements” in the Corporation’s most recent Form 10-K and Form 10-Qs filed with the SEC and linked in this report.

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Except where noted, the information covered in this report highlights our performance and initiatives in fiscal year 2019.

The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to Travelers, please see our filings with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

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