



# Sustainability Report 2020



# CEO Message



At Travelers, we manage risk for our customers. We have been doing that successfully for more than 160 years. And in 2020, despite the challenges of the pandemic, we continued to deliver the risk management products and services our customers need to live their lives and run their businesses. 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** is the flywheel that sets everything we do in motion. Perform for us 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, appearing to read "Alan". The signature is fluid and cursive, with a large initial "A" and a long horizontal stroke at the end.

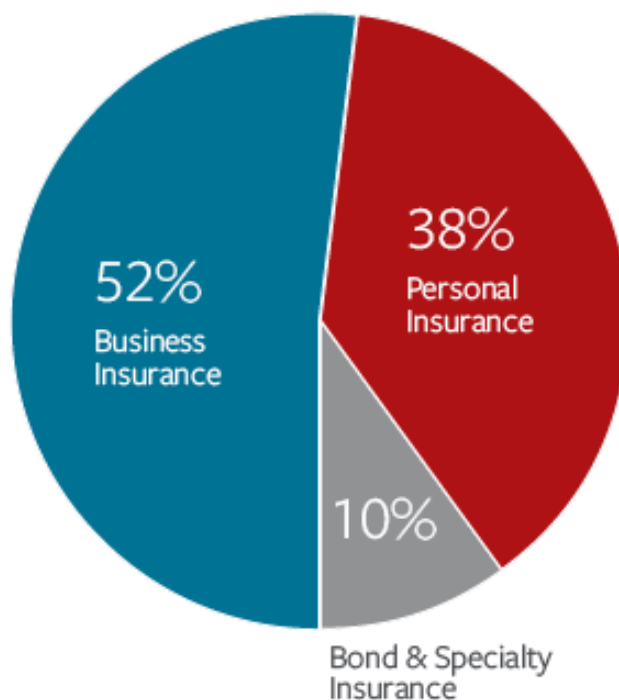
Alan Schnitzer, Chairman and Chief Executive Officer

# 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 2020.

## 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 and the Republic of Ireland and throughout other parts of the world as a corporate member of Lloyd's.

**Second largest U.S. commercial insurance writer in 2020 with a top-five position in five major product lines, including a No. 1 position in workers compensation and commercial multi-peril<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, and 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. 2020 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); Workers Compensation; and Surety.

<sup>[2]</sup>U.S. AM Best Data Statutory DWP, 2019.

## 2020 Net Written Premiums

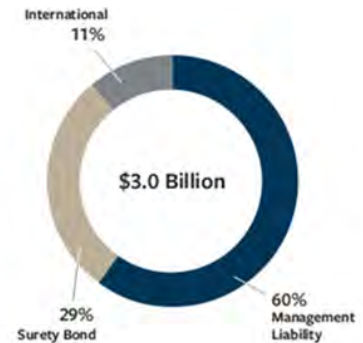
### Business Insurance



### Personal Insurance



### Bond & Specialty Insurance





# Business Strategy & Competitive Advantages

At Travelers, our simple and unwavering mission for creating shareholder value is to deliver superior returns 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*. 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.

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## BUSINESS STRATEGY

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### 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 nearly \$29 billion of excess capital to our shareholders.
- We grew dividends per share at an average annual rate of 9%.
- We have grown book value per share and adjusted book value per share at a compound annual rate of 7% and 6%, respectively.

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.

## **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. 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 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 core income and 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. In our commercial businesses, that means execution, including the allocation of capital, on an account-by-account or class-by-class basis. In personal lines, that means a very high degree of account segmentation and the allocation of capital generally by product and geography. 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 art and science of decision-making based on data and analytics. This culture alone is a competitive advantage, and one that we believe is hard to replicate. Our underwriting expertise is a hallmark of our success, and evaluating risk and reward is at the heart of what we do.

We actively manage all levers of profitability available to us, including risk selection, mix of business, claim and expense initiatives, volume, reinsurance, terms and conditions, and price. 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

Much like our underwriting strategy, successfully balancing risk and reward is at the heart of our well-defined [investment philosophy](#). 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. With this in mind, 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 the predictable stream of investment income from our fixed income portfolio will 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 environmental, social and governance \(ESG\) 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. For example, as we continue to grow our premium volumes, as we have for the past few years, we will retain more capital to support that growth. Also, we continue to invest in everything from talent to technology to further our ambitious innovation agenda and advance our strategic objectives. Having said that, we are disciplined stewards of our shareholders' capital. 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.

## 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 under appreciated 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.
- 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.

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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

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### **Our Competitive Advantages Are Meaningful & Sustainable**

Our competitive advantages serve as the foundation of our financial success and help us 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.



## 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 data and analytics with a deep industry expertise. We regularly introduce new tools and enhance our training and recruitment practices to ensure that our expertise in data and analytics stays at the cutting edge. In addition, we are increasingly transforming our data into actionable insights to improve our decision-making.

- 1,500+ employees working in analytics, including nearly 400 actuaries, 200 data scientists and statisticians, and 350 data engineers.
- An Underwriting function of 4,200+ people, with an average tenure at Travelers of more than 12 years, supported by 4,000+ operations specialists across 70+ locations.
- A broad appetite with a deep underwriting specialization in more than 40 industries.



## 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 and customer type and size.

- Second largest U.S. commercial insurance writer in 2020 with a top- five position in five major product lines, including a No. 1 position in workers compensation and commercial multi-peril.<sup>[1]</sup>
- Top-three writer in personal insurance through independent agents, including No. 1 in homeowners.<sup>[2]</sup>
- 60% of domestic premiums from liability lines (e.g., workers compensation, management liability, general liability, auto insurance) in 2020.
- 40% of domestic premiums from property lines (e.g., homeowners, commercial property) in 2020.

<sup>[1]</sup>S&P Global Market Intelligence. 2020 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); Workers Compensation; and Surety.

<sup>[2]</sup>U.S. AM Best Data Statutory DWP, 2019.





## 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 us with insights that are a valuable part of our underwriting and risk selection process.

- Leading 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 approximately 13,500 independent agencies and brokers.

<sup>[1]</sup>UBS Semi-Annual Insurance Agent Survey, May 2021.



## 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 92% of our claims arising out of catastrophe events within 30 days.

- Approximately 12,000 Claim employees, including:
  - 500+ nurses.
  - Approximately 800 trial-ready attorneys.
  - 230+ field-based Claim fraud investigators.
- Drone use allows our Claim professionals to work more safely and effectively; one of the largest commercial users of drones, with about 650 FAA-certified drone pilots and more than 65,000 flights conducted since the program's inception.
- Approximately 35 predictive claim models leveraging data and analytics to improve claim outcomes for our customers and increase 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.

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

- 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.

The value of our Claim organization was on full display in 2020, as we navigated the pandemic and dealt with a record number of catastrophe events and a more than 50% increase in catastrophe claim volume as compared to 2019. In 2020, we:

- Closed more than 92% of all claims arising out of catastrophe events within 30 days.
- Adjusted our claim inspection process to rely more heavily on state- of-the-art digital and virtual capabilities. In 2020, we handled 40% more auto appraisals and wind/hail claims and 70% more water claims virtually without the need for a live inspection, as compared to pre-pandemic levels. In addition, we expanded our workers compensation telehealth capabilities throughout all stages of the recovery journey, with usage up dramatically year over year. All of this resulted in a better experience for our customers, a safer experience for our customers and Claim Professionals, and a more efficient outcome for us.
- Effectively managed approximately 15,000 business interruption claims arising out of the pandemic. With our significant litigation expertise, we played a key role in developing favorable case law for the industry and influenced litigation outcomes, including the withdrawal of numerous lawsuits.



## 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 and pressure vessel inspection visits, 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.

- [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 with [industry specialization](#) (e.g., [construction](#) and [manufacturing](#)).
- Enhanced ergonomics assessments for our customers, leveraging artificial intelligence (AI) technology.
- Proprietary risk assessment database with 200M+ data points that were compiled over more than a decade.
- Sophisticated [Industrial Hygiene](#) and [Forensics](#) Laboratories.
- Fully functional sprinkler lab for training customers on effective inspection, maintenance and testing of sprinkler systems.
- In 2020, continued to leverage virtual capabilities to enable the delivery of our Risk Control services and a seamless customer engagement experience during the pandemic.



# Capital & Risk Management



As a large property and casualty insurance enterprise, Travelers is exposed to many risks. These risks are a function of the products we write and 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 an entitywide view of risk and an understanding of 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 the development and execution of synchronized strategies across the organization 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 evaluate our risk capital needs, taking into account regulatory requirements, financial strength and credit rating considerations, among other factors.

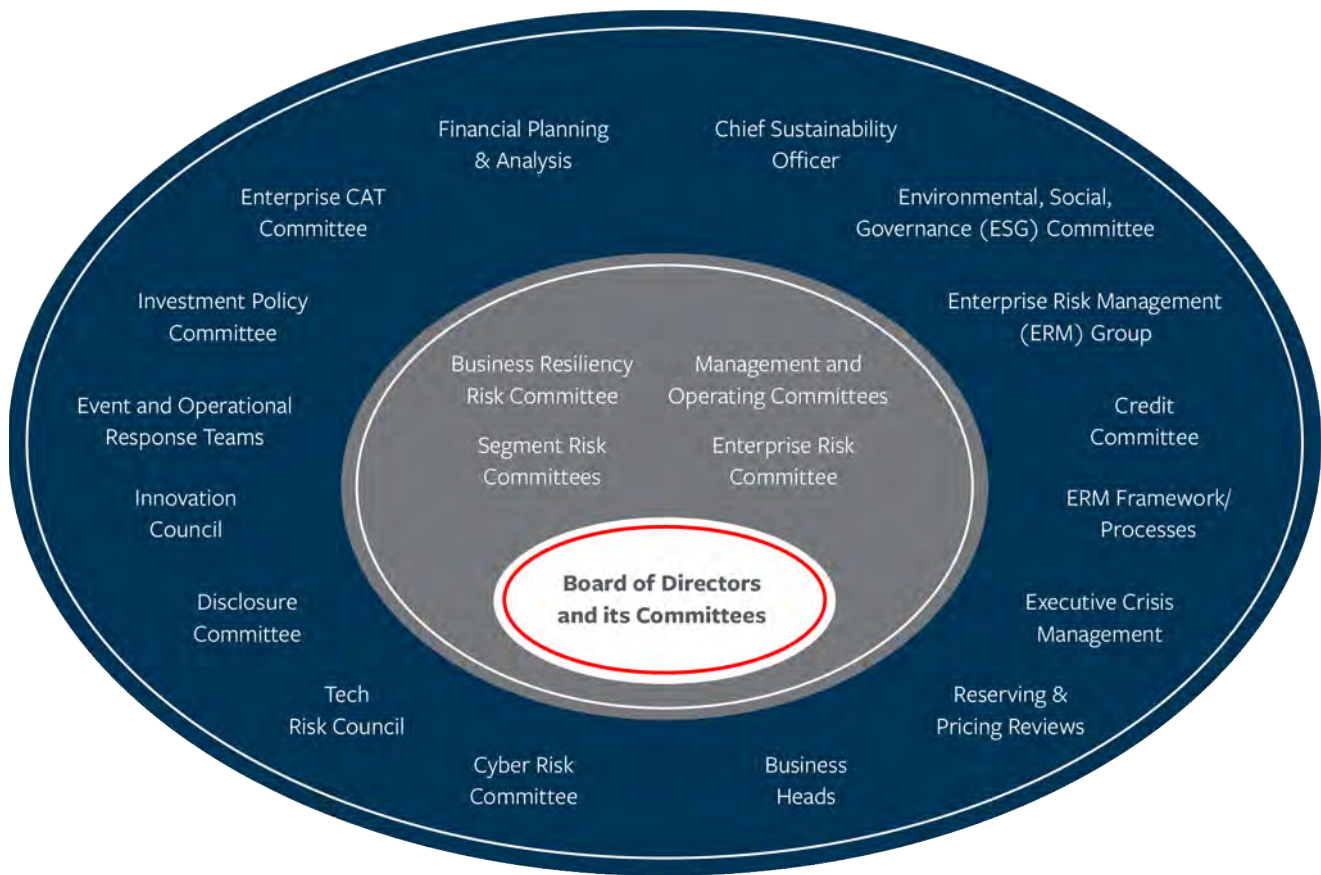
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## APPROACH

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Enterprise Risk Management (ERM) at Travelers is integrated with, and an integral part of, our business operations. The standards and practices we employ to evaluate and monitor risks are designed to enable a consistent approach to risk management across the organization. A senior executive team, which includes the company's Chief Risk Officer and Chief Underwriting Officer, oversees the ERM process. This team facilitates risk assessments and collaborates with others throughout the enterprise, including risk owners across the organization and senior leaders, to implement effective risk management strategies for Travelers. In addition, our ERM department collaborates with the company's Chief Sustainability Officer to ensure that identification and assessment of environmental, social and governance (ESG) risks are appropriately integrated into our ERM program. The ERM group 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.

The diagram below illustrates some of the different groups, committees, functions and processes involved in our comprehensive approach to overseeing and managing risk.



## Board Oversight of Risk

Our Board of Directors oversees our ERM process. As illustrated in the graphic above, the Risk Committee and other committees of the Board are an integral part of our ERM structure and help to establish and reinforce our strong culture of risk management.

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. This approach enables a high degree of coordination between management and the Board.

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.

The Board has allocated and delegated risk oversight responsibility to various committees of the Board as follows:

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<b>Audit Committee</b>	Responsible for oversight of risks related to the 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 with respect to formulation and administration of those programs, 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> .

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## ENTERPRISE RISK MANAGEMENT

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Building upon the foundation of an effective internal control environment, our ERM department seeks to foster, lead and support an integrated, risk-based culture throughout the company. To that end, our ERM group:

- Facilitates risk assessments and enhances the coordination of risk management across all categories of risk throughout the company.
- Develops enterprisewide risk appetite/tolerance levels.
- Enhances effective and credible risk modeling capabilities as part of the company's overall effort to understand and manage its portfolio of risks to be within its risk appetite/tolerance levels.
- Collaborates with others across the organization to ensure that the business is operated in a manner consistent with these risk appetite/tolerance levels.

- Maintains dynamic capital models to quantify and evaluate the company's risk exposures and their related impact on the company's capital structure and future earnings potential.
- Works in partnership with key risk management leaders in different areas throughout the organization (such as underwriting, reserving, investments, credit, regulatory compliance and operations) to ensure coordinated cross-departmental risk management and governance.
- Identifies, evaluates and quantifies risks and their correlations and interdependencies across the organization.
- Applies capital modeling to our products and businesses.
- Ensures capital adequacy in accordance with regulatory requirements and rating agency expectations.

In addition, our ERM group leads the company's annual Management Identification of Significant Risks (MISR) – a governance process in which senior risk and business leaders and various committees collaborate to identify the significant inherent and residual risks faced by Travelers. The MISR process assigns management responsibility for individual risks to senior corporate leaders and/or internal groups, committees and processes and assigns oversight responsibility to various Board Committees. The MISR is reviewed with our Board Risk and Audit Committees at least annually and is also reviewed by the Board as part of its annual review of the allocation of risk oversight among its committees.

As part of our ERM process, we use metrics and analytics to actively evaluate and adjust our strategic risk/reward actions, as well as to further support our long-term financial strategy and business objectives. For example, we use 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.

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 and on a companywide basis. Our compensation program also 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 could create 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 because of 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

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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).



The Travelers Business Resiliency Risk Committee, composed of members of our executive team, oversees the 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. Among other things, the Risk Committee reviews the enterprise event response protocols, discusses how those protocols would be (and were) triggered for events ranging from catastrophes to local shootings to bomb threats, and evaluates lessons learned from actual events, such as the COVID-19 pandemic. 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 hundreds of 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.

Through annual risk reviews, which are facilitated centrally, each business function updates its resiliency plans with respect to key operational aspects. The plans include specific recovery scenarios and detailed workaround plans to be leveraged in the event of a disruption related to technology, facility, workforce or supplier issues. In addition, we conduct validation exercises to test the effectiveness of those plans.

In addition, as a fundamental part of our enterprise supplier 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.

## **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, we conduct disaster recovery testing 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 site. Critical technology components are designed with sufficient levels of redundancy to support the ability to recover from local or geographic service disruption events. In addition, we perform disaster recovery testing on all of our mission critical and supporting applications.

## Crisis Management

Our Crisis Management Operating Model includes two teams: the Operational Response Team (ORT) and the Enterprise Event Response Team.

Our integrated ORT comes together to manage events, both planned and unplanned, providing a coordinated and facilitated response to situations of all types. The ORT is a group of employees from across the organization, prepared to come together before, during or shortly after an event to ensure that we respond appropriately. The ORT manages corporate security, real estate, technology, cyber, business continuity and environmental health and safety events. This team is activated and engaged regardless of the severity of the incident, event or crisis. This response team maintains well-documented emergency response procedures and conducts regular training, scenario planning and exercises in anticipation of potential emergency scenarios. Travelers maintains event-specific playbooks covering protocols for various scenarios, including a pandemic, natural disaster, data center outage and cybersecurity incident. For example, our corporate pandemic plan, which outlines our strategy for maintaining a safe and healthy workplace while continuing to deliver uninterrupted service to our customers and agent and broker partners, was activated when the COVID-19 outbreak began. 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.

The Enterprise Event Response Team manages catastrophes, underwriting and exposure, claim response and regulatory events. When escalation is required, these teams engage with the appropriate group of senior executives tasked with overseeing the execution of our crisis management and emergency response plans with regard to the event at issue.

## Travelers Business Resiliency Management in Action This Year

Despite the extraordinarily challenging circumstances related to COVID-19, we were able to continue to serve our customers, our 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. Upon initial reports of the emerging coronavirus in January 2020, we activated our Business Continuity, Crisis Management and Disaster Recovery teams to track the outbreak and begin executing our robust [business resiliency plans](#). In February, the group expanded to include the Executive Crisis Management team, which effectively oversaw and managed the company's response to the rapidly evolving events in real time.

Anticipating a scenario where nearly all employees would need to work remotely and necessary Claim professionals would need to safely engage with customers, our Operational Response Team acted quickly to limit business disruption and maintain the security of information. As part of those efforts, we assessed risk and mitigation levers on hundreds of business processes while activating and developing plans to assess and further strengthen our technology infrastructure and cybersecurity.

During the first few months of the COVID-19 pandemic, our Board of Directors met biweekly 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 transition to a remote working environment, 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.

Due to our Business Resiliency Management program and our corporate pandemic plan, we were able to seamlessly transition almost our entire workforce practically overnight to safely and effectively work from home, all while maintaining employee productivity and engagement. Our comprehensive planning and ongoing testing, as well as the exceptional response of Travelers employees to the crisis, enabled us 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.

## BALANCED APPROACH TO CAPITAL MANAGEMENT

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Travelers has consistently provided excellent service to 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. We maintain operating company capital at levels needed to support our current business profile and growth opportunities consistent with an AA rating objective. Our capital models first address our need to comply with risk-based capital requirements and our desire to maintain our 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 on a regular basis.

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.

Over the last 10 years, our [financial success](#) and balance sheet strength have enabled Travelers to grow dividends per share at an average annual rate of 9% while increasing our book value per share by 98%. These accomplishments are on top of returning nearly \$29 billion of excess capital to the company's shareholders over the same 10-year period. Our financial strength is also reflected in our strong credit ratings with four of the major rating agencies.

# Investment Management



The primary purpose of our investment portfolio is to position us to fulfill our promise to our customers to fund future claim 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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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 claim 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.

## RESPONSIBLE INVESTING

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As of December 31, 2020, Travelers invested assets totaled \$84.4 billion, of which 94% was invested in fixed maturity and short-term investments. This high-quality investment portfolio generated net investment income of \$2.2 billion pre-tax (\$1.9 billion after-tax) in 2020.

In addition to achieving appropriate risk-adjusted returns, our investments enable many environmental and social improvements. As one of the largest investors in municipal bonds, we provide funding to over 900 different municipal issuers, with the proceeds of our investments used to improve the quality of life in communities across all 50 states and Puerto Rico. For example, we invest in municipal bonds that support water and sewer projects (\$5.8 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 (\$10.4 billion) and higher education (\$4.8 billion) support enterprises directly involved in improving communities and students' lives. We currently own over \$1.4 billion in fixed income securities classified as "green bonds" by Bloomberg.

We also maintain smaller investments in low-income housing tax credits, which help build affordable housing. See the [Investment Portfolio](#) section in our Form 10-K for a detailed breakdown of our investment portfolio. For additional detailed information related to our investment holdings, please see our most recent [annual audited statutory basis financial statements](#) for the Travelers Combined Pool and other non-pooled entities. A summary of the investments held by investment type, country and credit rating (where applicable) can be found in the Summary Investment Schedule (Exhibit 2 for the Travelers Combined Pool Audit and Exhibit 1 for the other non-pooled companies audits). Additional investment information can be found in the Supplemental Investment Risks Interrogatories (Exhibit 3 for the Travelers Combined Pool Audit and Exhibit 2 for the other non-pooled companies audits).

## ESG FACTORS IN INVESTMENT DECISIONS

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We recognize the importance of responsible investment and, accordingly, incorporate environmental, social and governance (ESG) factors in assessing the sustainability of the entities in which we invest. We have traditionally limited our exposure to public equity securities and other riskier asset classes. Since we invest 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 and prepayment risks. Our fundamental investment process weighs, on an appropriate basis, financial statement data, management information, relevant ESG factors, third-party research and other information. In addition, 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](#).



# Lead Director Message



As independent Lead Director of Travelers, I am privileged to serve a company that helps its 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*. I emphasize *over time* because in the property and casualty insurance business decisions are made and strategies are developed based on tens and even hundreds of years of data. At Travelers, we've observed that the companies that create the most shareholder value are the ones that think not quarter-by-quarter but decade-by-decade, as our company does. In that sense, Travelers has been managing with a mindset focused on sustainability long before it became fashionable.

As Alan notes in his message, management has also long recognized that to succeed in its mission of creating shareholder value over time, the company must not only *perform* and *transform* but also take care of its customers, communities and employees – or, as we refer to it, fulfill the *Travelers Promise*. The Board agrees – the company's mission of creating shareholder value is inextricably linked with upholding the *Travelers Promise*. In fact, Travelers' success for over 160 years is owed, in large part, to keeping 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. Working closely with Travelers' leadership, the Board provides oversight of the company's business, financial strategy and operations.

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

In 2020, during the first few months of the COVID-19 pandemic, the Board held biweekly calls to discuss topics such as the company's transition to remote work, business continuity, employee health, capital and liquidity, customer billing relief, COVID-19-related loss activity and philanthropic actions. Additionally, this last year, 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, the potential impact of climate-related perils to Travelers and its customers and strategies for mitigating climate-related risks.

Technology and cybersecurity risks continue to be 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, the Chief Information Security Officer and other senior leaders 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.

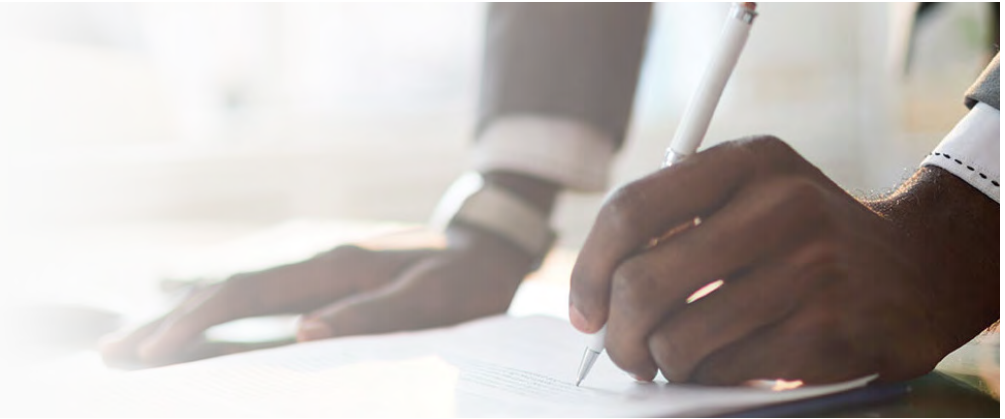
We recognize that given the pace of change in today's world, our business will continue to face new and evolving challenges. As a Board, we will continue to examine each issue with the attention and thoughtfulness it deserves, with the overarching goal of ensuring Travelers' ability to create shareholder 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 report.

A handwritten signature in black ink, appearing to read "T.C. Schermerhorn". The signature is fluid and cursive, with the initials "T.C." clearly visible at the beginning.

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.

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## APPROACH

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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, which could impact the long-term sustainability of our business.
- 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. Each committee regularly reports to the Board regarding its areas of responsibility. 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 the 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; and 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 with respect to formulation and administration of those programs, 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>
<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>

**Each committee is also responsible for monitoring reputational risk to the extent arising out of its area of responsibility.**

Each Board committee has a written charter, which contains specific responsibilities, including the abovementioned 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. For example, topics of those sessions focused on the role that corporate culture and board oversight played in the 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 multidisciplinary 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, our customers, our employees, our 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 report, 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 report.

## BOARD INDEPENDENCE & DIVERSITY

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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.

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 to 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, viewpoints and backgrounds and include four women and one person of color. 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 it is composed of members whose particular expertise, qualifications, attributes and skills, when taken together, allow the Board to satisfy its oversight responsibilities effectively.

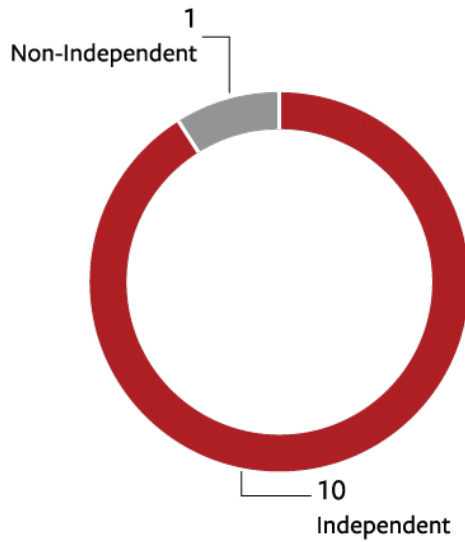
Another factor considered in board composition is maintaining a balanced approach to board tenure and age, with the intent of ensuring an appropriate mix of long-serving and new directors. Our Governance Guidelines contain a director age limit, providing that no person who will have reached the age of 74 before the annual shareholders meeting will be nominated for election at that meeting without an express waiver by the Board. The Board believes that waivers of this policy should not be automatic and should be based upon the needs of the company and the individual attributes of the director.



## Director Snapshot

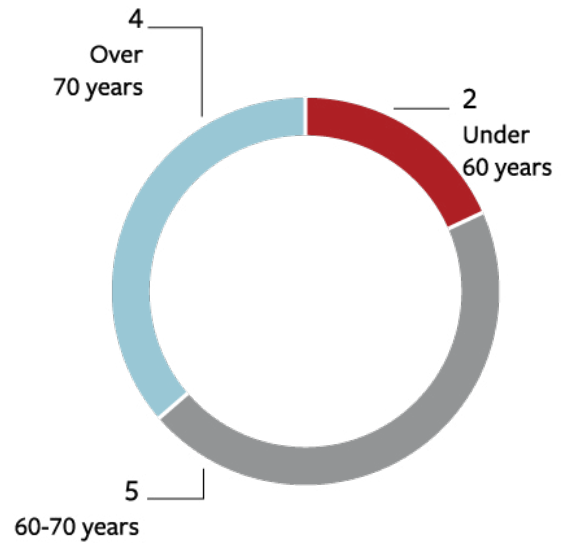
### Independence<sup>[1]</sup>

**10 of 11**



### Age

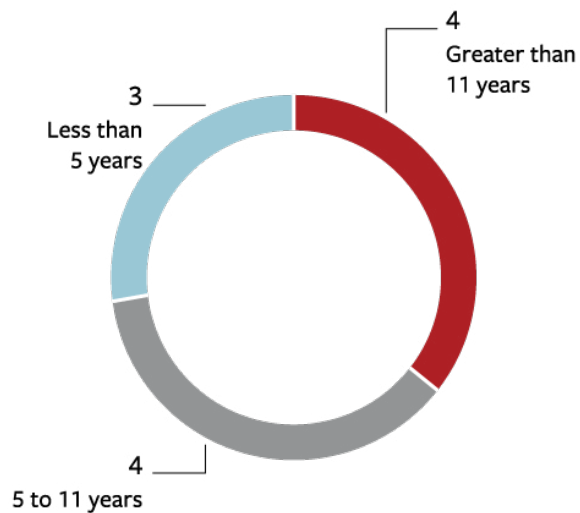
**~65 years average**



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

### Tenure<sup>[1]</sup>

**~9 years average**



<sup>[1]</sup>The Board's balanced approach to refreshment results in an appropriate mix of long-serving and new directors.

# 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 Rights

- 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.
- The Nominating and Governance Committee reviews the appropriateness of the director compensation program at least once every two years.

## Executive Compensation Rights

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	Oversight Responsibilities
<b>Fixed</b>	Base Salary	<ul style="list-style-type: none"> <li>• Base salaries are appropriately aligned with Compensation Comparison Group.</li> </ul>	<p>6.9%</p>	<p>14.2%</p>
<b>Performance-Based Cash</b>	Annual Cash Balance	<ul style="list-style-type: none"> <li>• The Compensation Committee evaluates a broad range of financial and non-financial metrics in awarding performance-based incentives.</li> <li>• Core return on equity is a principal factor in the Compensation Committee’s evaluation of the company’s performance.</li> <li>• The Committee also considers other metrics, including core income and core income per diluted share, and the metrics that contribute to those results.</li> </ul>	<p>32.6%</p>	<p>43.3%</p>

	Element	Metrics	CEO Compensation Mix	Oversight Responsibilities
<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>		

- 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 long-standing 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 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 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.
  - The prohibition of pledging shares without the consent of Travelers (no pledges have been made).
- The Compensation Committee did not modify the terms of outstanding compensation awards or otherwise modify our compensation program or practices due to factors related to the COVID-19 pandemic.

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


## SHAREHOLDER RIGHTS

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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.

# Climate Strategy



Our property and casualty insurance operations expose us to claims arising out of catastrophes. Severe weather events over the last two decades have underscored the unpredictability of future climate trends, and changing climate conditions could add to the frequency and severity of natural disasters and create additional uncertainty as to future trends and exposures. Our approach to climate-related risks and opportunities is multifaceted and centered on sound governance and risk selection, supported by products and services that both mitigate those risks and meet our long-term financial objectives. As part of our comprehensive climate strategy, we also advocate for and support community resiliency efforts.

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## APPROACH

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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.

### Board Oversight and Governance

Our Board of Directors and its 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, is responsible for oversight of the strategies, processes and controls relating to risks in our business operations, including insurance underwriting and claims, reinsurance, catastrophe exposure and the impact of changing climate conditions on those operations. The Committee assists the Board in overseeing the operational activities of our company and the identification and review of risks that could have a material impact on Travelers, including risks related to changing climate conditions. These discussions include, for example, information regarding historical loss experience, loss trend projections, lessons learned from recent events, underwriting practices and market share analyses. These discussions inform, among other things, the company's financial plan, risk appetite and underwriting approach. The Risk Committee, in turn, reports to the full Board with regard to its discussions.



In addition to the Risk Committee, our management-level enterprise risk and underwriting risk committees are key elements of our ERM structure and help establish and reinforce our strong culture of risk management, including with respect to changing climate conditions. A senior executive team, which includes the Chief Risk Officer and the Chief Underwriting Officer, oversees the ERM process. We also have other business-level risk committees that meet multiple times a year with senior management to discuss potential risks to Travelers related to the environment and changing climate conditions. These committees include the Enterprise Risk Committee, the Enterprise Catastrophe 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 representatives from our Enterprise Risk Management function (which includes the Enterprise Risk Management group, Enterprise Catastrophe Strategy and Analysis, and Enterprise Underwriting). Representatives from Investments, Government Relations, Legal, Risk Control, Claim, the Global Renewable Energy Practice and business underwriting groups across the company also participate in this subgroup.
- **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 and “green” trends. Participants include Business Insurance Underwriting and Product, Enterprise Underwriting, Risk Control, Claim, the Global Renewable Energy Practice and employees from across our 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 Strategy 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 emission reduction goals and monitoring progress in achieving those goals. Participants include members of the Travelers Corporate Real Estate team, along with key members of the facility management teams of our outsourced service provider.

Travelers provides climate-related disclosure through voluntary reporting, such as our [TCFD Report](#), as well as mandatory submissions, such as those required by the National Association of Insurance Commissioners (NAIC). In 2020, the NAIC allowed insurers, including Travelers, to submit a TCFD Report in lieu of completing the NAIC Insurer Climate Risk Disclosure Survey.

## RISK IDENTIFICATION & MANAGEMENT

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The Risk Identification and Management Subcommittee of our 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 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 nongovernmental organizations to adopt policies or implement programs designed to reduce emissions impacting global temperatures.
- Emerging regulatory requirements and “best practice guides” for international businesses with respect to risk management, disclosure and scenario analysis practices relating to changing climate conditions.
- 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 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).
- Articles published in scientific journals.

When a potential risk is identified, the subcommittee engages in a comprehensive review to evaluate the risk. 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 and Mitigation

Climate trends, which manifest themselves over long periods of time, provide a long-term opportunity for our Risk Control department to offer and develop services to help current and potential customers mitigate the risks associated with changing climate conditions. For example, to help mitigate and minimize property losses caused by weather-related events, Travelers Risk Control has 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 assess innovative building products and new technologies to minimize wind, hail, flood and wildfire exposures. This deep domain expertise allows 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 Underwriters Laboratories (UL) Standards Technical Panels, the Fire Protection Research Foundation's Property Insurance Research Group, the Organization of Scientific Area Committees for Forensic Science Standards (OSAC) and other associations to help us 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. This knowledge is used to continually update our views and empowers 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, 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.

## UNDERWRITING STRATEGY

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For both property and casualty lines, we consider environmental factors, including weather trends and patterns, alongside other relevant risk variables in our underwriting evaluation process and in our underwriting strategies. In addition to catastrophe modeling discussed in further detail under [Catastrophe & Weather Models](#), we consider the findings contained in governmental reports as well as other external scientific studies related to climate to assess potential impacts on our underwriting and pricing decisions. For example, we have evaluated the extent to which phases of the Atlantic Multidecadal Oscillation, the El Niño – Southern Oscillation, the North Atlantic Oscillation and Saharan dust conditions may influence changes in basin frequency, severity of hurricanes or U.S. landfall risk of hurricanes. We actively manage and maintain a disciplined approach to coastal underwriting, including thoughtful risk selection, flood sub-limits and coastal deductibles. Our catastrophe underwriting also incorporates lessons learned from recent events, including the 2017 Tubbs Fire (California), the 2018 Camp Fire (California) and the 2019 Kincade Fire (California), as well as past events, such as Hurricanes Harvey and Katrina and Superstorm Sandy. Those lessons are reflected in our:

- Disciplined approach to terms and conditions that 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.
- Proprietary wildfire underwriting, which factors in terrain slope, vegetation density and propensity to burn, road access (including proximity to fire stations) and historical footprints.

We estimate that because of the underwriting actions we took to manage our exposure to wildfires over the past several years in the highest risk areas of California, our losses for the five largest wildfire loss events in California in 2020 were reduced by more than one-third and were significantly lower than our market share in the affected areas.

We are 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 a medium- and long-term horizon to arrive at a holistic view of climate-related impacts on our business, 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 and customer type and size. Travelers is the second largest U.S. commercial insurer with a top-five position in five major product lines, including a No. 1 position in workers compensation and commercial multi-peril.<sup>[1]</sup> See our [Business Strategy & Competitive Advantages](#) section to learn more about our product breadth and specialization.

Finally, informed by our risk selection, claim 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 these opportunities evolve over time.

<sup>[1]</sup>S&P Global Market Intelligence. 2020 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); Workers Compensation; and Surety.

## CATASTROPHE & WEATHER MODELS

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Travelers uses various analyses and methods, including proprietary and third-party computer modeling processes, to evaluate our climate-related risks and make underwriting, pricing 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 our strategic CAT efforts, including the use of proprietary and third-party models and geospatial analysis to analyze CAT events and related risks.

This group actively monitors and evaluates changes in third-party models and, when necessary, calibrates the CAT risk model estimates delivered via our proprietary modeling processes. We consider historical loss experience, recent events, underwriting practices, market share analyses, external scientific analysis and various other factors, including non-modeled losses, to refine our proprietary view of CAT risk. Our proprietary models, which are an integral part of our ERM process and support our long-term financial strategies and objectives, are updated on a regular basis 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 these are an integral component of our [Capital & Risk Management](#) processes and further support our long-term financial strategies and objectives.

## PRODUCTS & SERVICES

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Travelers is positioned to benefit from the increased economic activity in the renewable energy and clean technology industries by insuring more renewable energy projects globally. Our dedicated [Global Renewable Energy Practice](#) provides solutions for the life span of a renewable energy business, from research and development and manufacturing to permanent operations, as well as 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®](#) products respond to unique coverage issues for the wind and solar industries based in the United States. We have also expanded our international footprint for onshore and offshore wind and solar operations throughout Asia, Europe, the United Kingdom, Mexico and Canada with our unique coverages written through Travelers Lloyd's Syndicate 5000.

We continue to aggressively pursue the renewable energy sector, such as by providing coverages globally for commercial and residential solar installations and onshore and offshore wind farms, including the first U.S. offshore wind farm project, Block Island Wind Farm. In 2020, our Global Renewable Energy Practice grew its gross written premiums by nearly 40% year over year. We also offer specialized coverage, as well as discounts where permissible, to incentivize environmentally responsible behavior – specifically, to encourage adoption of FORTIFIED Home™ construction, green buildings and hybrid/electric vehicles. 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” 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.
- **Wind 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. Additional discounts for wind mitigation may be available by state.
- **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 with 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 website on MyTravelers® for Business provide customers, agents and brokers with 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.



## RESILIENT COMMUNITIES

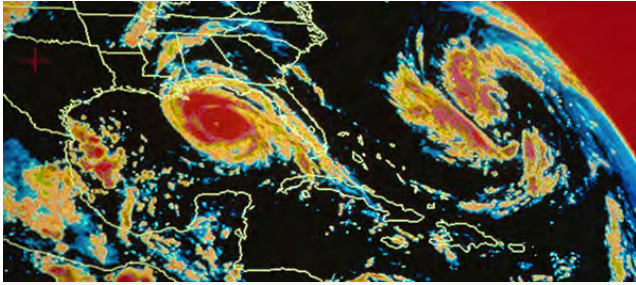
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As part of an ongoing effort to enhance public awareness about the need for effective adaptation strategies to reduce losses related to natural disasters, Travelers supports and participates in research, advocacy and education. Travelers sponsors the [Insurance Institute for Business & Home Safety \(IBHS\)](#), the BuildStrong Coalition, [Habitat for Humanity](#)<sup>®</sup>, SBP 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 supported by the insurance industry. IBHS translates top-tier research into action to strengthen homes and businesses, inform the insurance industry and increase community resiliency. Over the last decade, IBHS has identified gaps through full-scale laboratory testing at its state-of-the-art facility and has influenced changes to existing building code standards and best practices to mitigate potential losses. Through our research partnership with IBHS, we have gained a better understanding of severe wind, hail and fire impacts on building engineering standards. Travelers has incorporated these insights into our approaches for rating and underwriting.

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, this legislation provides states and localities with dedicated pre- 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. State and federal funding for resiliency efforts is essential. According to a National Institute of Building Sciences study, for every \$1 spent on hazard mitigation, the United States can save \$6 in future disaster costs. In these ways, we are advocating for our communities, which we believe is good for our customers, for the communities in which we live and work and for creating shareholder value over time.

# Illustrative Initiatives



IBHS SPONSORSHIP

Supporting Research in Severe Weather Readiness and Response



WILDFIRE DEFENSE SERVICES

Protecting Our Customers from Increased Wildfire Risk



TRAVELERS FORTIFIES COMMUNITIES

Building Strong, Resilient Communities



TEAM RUBICON

Veterans Deploy with Disaster Responders



TRAVELERS FORTIFIES COMMUNITIES

Thought Leadership on Disaster Preparedness

# Community



Travelers directly and through the Travelers Foundation has provided more than 225 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, assists our ability to deliver sustained value for all stakeholders.

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## APPROACH

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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, including our volunteer and matching gift programs, are also designed to enhance employee engagement and retention.

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. Community Relations 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

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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 combat inequity by creating pathways and enhancing opportunities for career readiness, access and success. While supporting our communities, these initiatives help address corporate needs for a skilled workforce and benefit the economy at the same time. Travelers, directly and through the Travelers Foundation, has provided nearly \$100 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.

- **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 efforts such as the [Small Business Risk Education](#) program, our work with [Habitat for Humanity® and SBP](#) 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 foster cultural vitality in communities where our employees live and work. In 2019, we launched [Travelers Art Speaks](#), an internal initiative that leverages the company's investment in arts and cultural organizations to spark meaningful and thought-provoking dialogue on topics related to diversity and inclusion.

While our giving priorities haven't changed in the past year, the extraordinary events of 2020 motivated us to take a broader view of the needs of the community in the wake of the COVID-19 pandemic and the heightened urgency to support efforts focused on racial equity and social justice. In response to the pandemic, we provided more than \$5.5 million to assist families, communities and small businesses impacted by the pandemic in North America, the United Kingdom and the Republic of Ireland. A significant portion of this pledge was used to address urgent needs, including emergency assistance for hourly workers, food and shelter for vulnerable populations, stability to small businesses and resources to mitigate disruptions in education. In addition, we've repurposed our kitchen facilities on our main campus in Hartford, Connecticut, to assist nonprofits in the preparation and delivery of tens of thousands of meals to those in need. In our other hometown of St. Paul, Minnesota, we worked with food banks to replenish their pantries with necessary items.

Our response also included more than \$1 million to pay the wages and health benefits for eligible third-party contract employees who provide services at Travelers' offices, including dining and building maintenance, which protected their jobs during the economic shutdown.

In light of recent events that put a spotlight on the racial inequities faced by Americans every day, we committed \$1 million to assist the efforts of organizations and programs dedicated to advancing racial equity across the United States and rebuilding damaged businesses in Minnesota, where our company has had a significant presence for more than 165 years.

## Travelers Charitable Giving

	2020	2019	2018
<b>Direct Cash</b>	\$19,537,777	\$17,423,703	\$18,873,872
<b>Foundation Cash</b>	\$3,407,352	\$6,586,694	\$6,284,365
<b>Total Cash</b>	\$22,945,129	\$24,010,397	\$25,158,237
<b>Non-Cash</b>	\$1,767,285	\$206,064	\$393,864

## EMPLOYEE VOLUNTEERISM & GIVING

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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 are truly remarkable. 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, talents and financial resources – 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. While our employees had to change the way they supported their communities in 2020 due to the pandemic, their commitment and passion did not waver. We suspended company-sponsored, in-person volunteer activities and instead developed a roster of virtual volunteer opportunities – a number of which were initiated by our employees. Individually and as remote teams, employees took action:

- Legal department employees led an effort to collect donations to cover the costs of meals for hospital health care workers in Connecticut, Maryland, Minnesota and New York. The effort also supported small businesses, as the meals were provided by local restaurants.
- Employees across the company helped alleviate mask shortages by buying supplies, sewing masks and distributing thousands of them to local hospitals and medical providers and within their own communities.
- Members of our Leadership Development Programs read books on video as individuals and teams, creating over 50 recorded stories for viewing by children in hospitals and schools across the United States.

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

### **Travelers Community Connections Matching Gifts Program**

We amplify our employees' generosity with the Travelers Community Connections program. From 2011–2020, Travelers matched our employees' gifts of time and money with \$20 million in matching funds. The program offers an annual Cash Match of up to \$500 per employee for donations made through our online portal. Through 2020, we rewarded volunteerism for employees who logged hours through our Travelers Community Connections intranet site. The Volunteer Rewards program provided a \$500 grant to eligible nonprofit organizations once an employee accumulated 24 hours; employees were eligible to earn up to two \$500 grants per year. We also provided rewards at lesser amounts for those who logged fewer than 24 hours. In 2021, employees will earn volunteer rewards at a rate of \$20 per hour, enabling them to earn rewards and designate funds to the community in a more flexible manner.

Our annual Community Connections Campaign also 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 2020 campaign, which was themed "Bridging the Digital Divide," employees raised more than \$400,000 for our local communities through over 100 creative virtual events. Knowing that so many of our employees wanted to contribute to pandemic relief efforts, we designed a special matching program in 2020 for employees who donated to causes related to COVID-19. Employees donated more than \$150,000 to our coronavirus relief campaign for organizations in the United States, the United Kingdom, the Republic of Ireland and Canada, which Travelers matched at a 2-for-1 rate.

## Travelers Community Connections Team Volunteer Grants

The Travelers Community Connections 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 associated with 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. Although in-person volunteer programming came to an abrupt halt in early 2020 due to COVID-19, Travelers provided over \$230,000 in Travelers Community Connections volunteer and operating support grants to 18 organizations and more than \$600,000 in operating and emergency funds to Habitat for Humanity® affiliates in the United States and Canada. These funds were used to assist with ongoing efforts to provide safe and affordable housing and emergency funds for Habitat families.

As demonstrated below, these programs add up to millions of dollars in assistance for the communities we call home.

## Supporting Employee Community Involvement

	2020 <sup>[1]</sup>	2019	2018
<b>Employee Volunteer Hours</b>	50,000	130,000	120,000
<b>Travelers Community Connections Field Office Activities</b>	5	34	36
<b>Habitat Build Days</b>	0	54	51
<b>Matching Gifts</b>	\$1.3 million	\$1.3 million <sup>[2]</sup>	\$2.3 million

<sup>[1]</sup>The COVID-19 pandemic severely reduced giving and volunteer activity among our employees, resulting in reduced volunteer hours and matching gift requests.

<sup>[2]</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 deduction, credit card or PayPal. Donations to most public charities are eligible for the company match.



# Illustrative Initiatives



TRAVELERS EDGE®

Transforming Tomorrow's  
Workforce



TRAVELERS CHAMPIONSHIP®

Our Signature  
Community Event



SMALL BUSINESS RISK EDUCATION

Empowering Small Business  
Owners to Succeed



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

# Illustrative Initiatives



TEAM RUBICON

Veterans Deploy with  
Disaster Responders



TRAVELERS FORTIFIES COMMUNITIES

Building Strong,  
Resilient Communities



AMERICAN FORESTS PARTNERSHIP

Partnering for a Purpose  
Helping to Reforest America



KABOOM! PLAYGROUNDS

Creating Neighborhood  
Playspaces



COMMUNITY SERVICE VEHICLE DONATIONS

Driving Opportunity



GIRLS' LEADERSHIP SUMMITS

Inspiring Girls to be  
Strong, Smart and Bold



# Illustrative Initiatives



GIRLS WHO CODE

## Growing Tech Talent



Norman Rockwell (1894-1976)  
Freedom of Worship, 1942  
Illustration for The Saturday Evening Post, February 27, 1943  
Oil on canvas  
Norman Rockwell Museum Collection, Norman Rockwell Art Collection Trust  
©SEPS, Curtis Licensing, Indianapolis, IN.

TRAVELERS ART SPEAKS

## Advancing Inclusion Through the Arts



RESPONDING REMOTELY TO COMMUNITY NEEDS

## Virtual Volunteering



2020 FEATURED SERVICE PROJECT

## Literacy for Learning

# 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.*

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## APPROACH

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At the heart of who we are is our promise to take care of our customers. In the best of times, our products and services provide our customers with the security to grow and thrive: another truck for a growing business or an addition to the house for a growing family. When disaster strikes, that promise can mean replacing a totaled vehicle or making sure a roof is repaired in time for the holidays or a special occasion. In every case, a Travelers policy means a trusted relationship that can last years, even generations, and brings value to our customers, our enterprise and our shareholders.

We recognize that to deliver on our promise 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 require 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 regularly conduct customer research to gain a real-time understanding of our customers' needs. We also rely on our data and analytics expertise to develop intelligent models that help us predict and provide for their needs throughout the customer life cycle. We use these learnings to strategically invest in technologies, capabilities and talent that enable us to become faster, easier, nimbler, more digital, more mobile and more personalized. Through these efforts, we continue to drive 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. For the overwhelming majority of claims, we do not contract third-party claims adjustors, but rely on our own staff; in 2020, 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 at the heart of our promise to our customers and proved again in 2020 to be a significant competitive advantage that results in a better outcome for our customers and a more efficient outcome for us.

In 2020, we were able to resolve more than 92% of our customers' property claims arising out of catastrophe events within 30 days. This was a particularly remarkable result, when, during the pandemic, we responded to a record number of catastrophe events and a more than 50% increase in catastrophe claim volume as compared to 2019. The capacity to service virtually all 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.

The COVID-19 pandemic and its accompanying challenges also gave us an opportunity to deliver on our promise to our customers in new and meaningful ways. To ease the financial burden on individuals and businesses, we provided billing relief for all our U.S. customers by temporarily suspending cancellations for nonpayment. Though that initial relief period ended, we continue to work with customers who are facing financial hardship on an individual basis to offer bespoke solutions. In addition, we returned nearly \$250 million in premiums to our customers by voluntarily providing Personal Insurance auto customers with a credit to account for fewer miles driven.

This year, to ensure everyone's safety without missing a beat in taking care of our customers, we adjusted our claim inspection process to rely more heavily on state-of-the-art digital and virtual capabilities. When customers filed claims, we worked with them to select the virtual claim options that were best suited for their individual situations. Among other things:

- Our virtual inspection tools enable us to effectively “see” damage without physically being on-site.
- Our real-time video chat and apps guide our customers through the process of assessing property damage or discussing a workers compensation claim via a “virtual visit” with a Travelers medical or Claim professional.
- Customers can share receipts, photos and invoices with us through Travelers.com or via the MyTravelers® customer portal.

Additionally, we have been able to leverage our technology to conduct premium audits virtually and, in our workers compensation business, provide telemedicine options for injured employees, including a temporary telerehabilitation program for those who are concerned about attending or unable to attend physical therapy visits in person.

In 2020, we handled 40% more auto appraisals and wind/hail claims and 70% more water claims virtually without the need for a live inspection, as compared to pre-pandemic levels. In addition, we expanded our workers compensation telehealth capabilities throughout all stages of the recovery journey, with usage up dramatically year over year. All of this resulted in a better experience for our customers, a safer experience for our customers and Claim professionals, and a more efficient outcome for us. For more information on our digital and virtual capabilities, see the [Innovation](#) section of this report.

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

- J.D. Power identified Travelers as a top-10 carrier for digital service and among the top three carriers with the most improvement in this area year over year (2020).
- CMO Club Customer Experience award finalist for leadership in creating high-impact experiences (2020).
- Clarabridge Customer Experience Luminary Award as a leader in customer experience innovation and achievement (2019).
- Newsweek named Travelers as one of America's best companies for customer service (2019).
- U.S. News rated Travelers as the second-best car insurance company (2019).
- 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 very strong customer retention rates.

## Customer Retention Rates

Business Group	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
<b>Domestic Business Insurance (excluding National Accounts)</b>	86%	85%	84%	84%	84%	83%	83%	83%
<b>Domestic Business Insurance: Select Accounts</b>	83%	82%	82%	82%	82%	83%	79%	77%
<b>Domestic Business Insurance: Middle Market</b>	87%	87%	86%	86%	86%	86%	85%	86%
<b>Domestic Bond &amp; Specialty Insurance: Management Liability<sup>[1]</sup></b>	89%	90%	90%	89%	89%	89%	90%	89%
<b>Domestic Personal Insurance: Domestic Automobile<sup>[2]</sup></b>	83%	84%	84%	84%	84%	84%	84%	84%
<b>Domestic Personal Insurance: Domestic Homeowners and Other<sup>[2]</sup></b>	85%	85%	85%	86%	85%	85%	85%	85%
<b>Total International Insurance<sup>[1]</sup></b>	80%	80%	79%	77%	71%	80%	79%	80%

<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.

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



## HUMAN-CENTERED EXPERIENCE

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At Travelers, we strive to exceed our customers' evolving expectations and work hard to provide them with compelling experiences. We understand the importance of a human connection when a customer experiences a "life event" – such as buying a new home or investing in their business. At the same time, we understand the growing importance of technology as our customers increasingly desire the ability to interact with us digitally. By continually enhancing our digital and virtual capabilities – throughout our business segments and within our Claim and Risk Control organizations – we are better able to help our customers protect what is important to them, keep themselves and their employees safe and well, and get them through a covered loss. Our [Innovative Products & Services section](#) provides detail on the many innovative ways in which we take care of our customers every day.

We remain committed to maintaining the human touch while delivering this exceptional digital experience. Here are some of the ways we work hard to do that:

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### **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.

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### **Culture Creation**

We are the beneficiaries of a long-standing 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, our communities and each other – is deeply ingrained in our employees and is the purpose that brings our employees to work each day with energy and enthusiasm.

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### **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 community of practice and enterprise leadership role. This leader and the community provide tools, best practices and standards to teams across the enterprise so we can better understand the human implications in more of our work. 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.

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### **Loss Consultation**

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

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## Leveraging Data and Analytics to Enhance the Human-Centered Experience

We leverage company data and analytics expertise to drive informed and thoughtful design and human-centered innovation. For example, Personal Insurance visitors to MyTravelers.com are now able to interact with a virtual assistant for simple requests, freeing up customer service representatives to apply their expertise to more complicated matters. This capability enabled us to respond quickly to thousands of customer inquiries with automated messages about billing relief and our Stay-at-Home Auto Premium Credit Program, allowing us to provide our customers with important and timely information while also significantly reducing our call center volumes. Our Virtual Assistant technology also enabled us to manage the high volume of incoming inquiries and requests that specifically related to COVID-19; when the pandemic started, we trained the chatbot in a matter of days with COVID-19-related questions from customers to make sure that we were addressing these new and unique concerns.

## ETHICAL & EMPATHETIC CLAIM CULTURE

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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. We offer our Claim professionals comprehensive training designed to drive alignment with Claim's values and vision and drive the ethical, empathetic and effective claim handling that is critical to our 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, our 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 our 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 also 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.

## LISTENING TO OUR CUSTOMERS & PARTNERS

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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 Customer Experience teams, which span across all Travelers business lines, regularly monitor and analyze that data to respond to customer and agent concerns while using root cause analysis to continuously improve our processes. Our goals are to ensure that we understand our stakeholders from the start, and that we use the valuable feedback we receive to develop the products and services that our customers want and need.

We are always taking steps to expand our ability to receive and act upon customer feedback, including through the use of “after call,” “chat,” and “after transaction” surveys; feedback buttons or active surveys on our digital properties; and deep quantitative research and in-depth interviews with our customers, agent and broker partners and employees.

In response to our customer and agent feedback in 2020, we regularly delivered information to our customers and agent and broker partners on how we were responding to the pandemic and how they could connect with us and utilize our digital offerings. And we ensured we had the resources in place to respond effectively and with empathy around the clock.

We also utilize data from third parties such as J.D. Power, Forrester, NICE Satmetrix and Gartner and agent and broker feedback mechanisms, along with our customer feedback, to monitor customers’ needs with the goal of providing an exceptional experience. Due in part to our deep analytics from hundreds of listening programs, we improved customer satisfaction in all business areas. 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 continuously improve customer experiences 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 direct that comment to the right business partner to determine if a response is needed.

## SUPPORTING OUR AGENTS & BROKERS

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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.

This is why, in 2020, to support our independent agent and broker partners – many of whom are small business owners – and help soften the liquidity impacts on those businesses from COVID-19, we accelerated over \$100 million of commission payments to eligible agents and brokers. In addition to these accelerated payments, we adjusted exposures downward for workers compensation and general liability as our commercial customers temporarily furloughed workers or experienced lower sales and receipts. Beyond financial relief, we moved quickly to help our agent and broker partners operate in new environments, including by offering state-of-the-art digital and virtual claim inspection tools, virtual premium audits, discounted technology including laptops and monitors, and instructional webinars. For us, this was an easy call. When you manage the company for the next quarter century, not just for the next quarter, supporting your most valued partners in a crisis is simply good business.

We are also continually 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 and 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 12 years, the Travelers Institute has hosted more than 500 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. During the pandemic, the Travelers Institute has continued to foster these relationships and provide educational programming through its new [Wednesdays with Woodward](#)<sup>®</sup> webinar series. The series launched in June 2020 to explore personal and professional issues impacting our agents, our brokers, our customers, our employees and the communities we serve. Topics included the race to distribute the COVID-19 vaccine, leading and managing teams during the pandemic, maintaining resilience and emotional well-being during times of stress, and employee safety and COVID-19, among many others. Notably, the Travelers Institute hosted a webinar, [The Changing Landscape of Insurance Distribution](#), highlighting the pace of today's business world, as well as the evolving distribution strategies and ongoing consolidation in the insurance industry. The Travelers Institute's programs are a great example of how our efforts to strengthen our communities also enhance our relationships with our agent and broker partners and drive our bottom line.

# Illustrative Initiatives



QUANTUM HOME 2.0®

Simplifying the Customer Experience



TRAVELERS INSTITUTE

Insurance Essentials: Your Questions Answered



AMERICAN FORESTS PARTNERSHIP

Partnering for a Purpose Helping to Reforest America



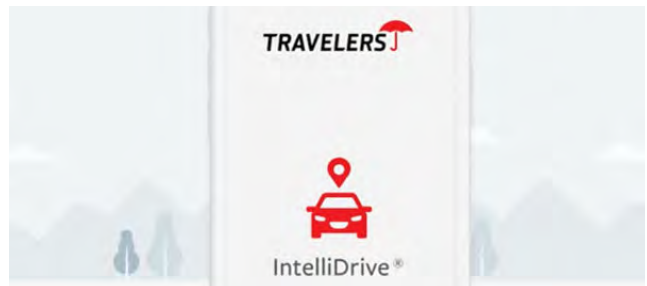
WILDFIRE DEFENSE SERVICES

Protecting Our Customers from Increased Wildfire Risk



HOME PROTECTION SERVICES

Tips for Customers on Preventing Water-Related Damage



INTELLIDRIVE®

Leveraging Telematics to Encourage Safe Driving

# Illustrative Initiatives



WEDNESDAYS WITH WOODWARD®:  
A WEBINAR SERIES

Exploring Issues Related to  
the COVID-19 Pandemic



PROTECTING PROPERTY THROUGH SMART  
& CONNECTED TECHNOLOGIES

Test and Learn  
of IOT Devices



# 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 the 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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Our Chief Information Security Officer (CISO) leads the Travelers Cybersecurity department. The CISO reports to the Chief Technology and Operations Officer and is a member of the Enterprise Risk team. Under the direction of the CISO, the Travelers Cybersecurity department 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 to our customers in light 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.

### **Board Oversight**

Our CISO provides quarterly updates relating to 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.

## CYBERSECURITY

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At Travelers, we take a comprehensive and 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 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 Information and System Use policies for employee and non-employee system users. These policies 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 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 technology, cybersecurity, legal, compliance and business, among others. On an annual basis, Travelers undergoes an SSAE 18 SOC 2 (Statements on Standards for Attestation Engagements No. 18 Service Organization Control 2 report) examination conducted by an independent external firm. In addition, we regularly self-assess against our internal policies, which are in alignment with ISO 27001, using our internal risk assessment process and a 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 uses sophisticated technologies and tools to protect information, including but not limited to 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 and 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.

In 2020, as part of our transition to a remote work environment and in recognition of the cyber risks associated with such an environment, we assessed and further strengthened our technology infrastructure and cybersecurity.

## Training and 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 phishing, secure application development, use of social media and fraud, among others. We educate our employees through a number of methods, including online training, event trigger awareness campaigns, security presentations, company intranet articles, videos, system-generated communications, 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 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 a Security Incident Response Framework in place. 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 a year, 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 at Travelers, including our Privacy Statements, is available [on our website](#).

## DATA PRIVACY

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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 only for purposes consistent with the context of the transaction 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 the 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 relating to 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 intended 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 required or appropriate.
- **Training and Awareness.** Travelers provides appropriate training to all individuals with access to personal information.

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

## CYBER PRODUCT OFFERINGS

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Our [2020 Travelers Risk Index](#) report found that cyber threats remain a top business concern, and the percentage of businesses reporting this concern has increased from the previous year. This trend is driven, in part, by the heightened concerns about remote work environments, which have become more prevalent during the COVID-19 pandemic, and the new set of cyber threats they bring.

Now more than ever, 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 continues to proactively address cyber concerns. We provide policyholders with the full spectrum of cyber protection – before, during and after an incident.

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. Our cyber risk professionals can help identify the best cyber liability insurance solution to provide business customers with access to endpoint detection and response monitoring services from SentinelOne®, pre-breach services from Symantec® and a robust collection of specialized risk management resources. These tools help our agents and policyholders become more knowledgeable and informed about cyber threats and how to prepare for and respond to them.

Travelers continues to introduce new and innovative solutions. As a result of the unprecedented numbers of employees working remotely, the risk of a cyber attack has increased significantly. Therefore, Travelers now offers cyber policyholders access to the SentinelOne® Endpoint Detection and Response (EDR) for 60 days at no additional cost. This platform helps protect and monitor every asset in an enterprise network by identifying suspicious activity before the rest of the corporate network is exposed to unnecessary risk.

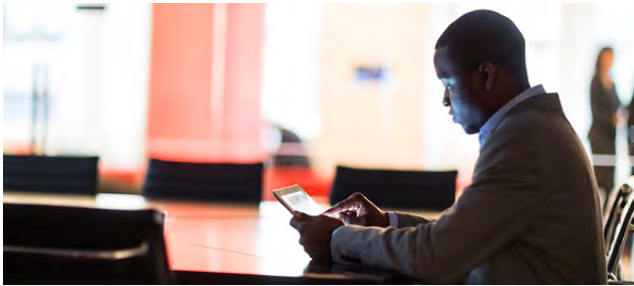
Differentiators of our cyber insurance program include the following:

- 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 meets regularly with the Cyber Insurance team to promote sharing and collaboration within our business.
- From 2012–2020, our gross written premium from cyber coverage has seen an over 30% compound annual growth rate.
- Travelers was listed in the 2020 NAIC Report on the Cybersecurity Insurance and Identity Theft Coverage Supplement as a top cybersecurity insurance carrier based on direct premiums written.<sup>[1]</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.](#)

# Illustrative Initiatives



2020 TRAVELERS RISK INDEX

[Understanding  
Cyber Risks](#)



TRAVELERS INSTITUTE


[Cyber: Prepare, Prevent,  
Mitigate, Restore<sup>®</sup>](#)



CYBERSECURITY

[National Cybersecurity  
Awareness Month](#)





# 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. In addition, we play an active role in trying to influence the public policy agenda with regard to resiliency, sustainability and adaptation.

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## APPROACH

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While our Risk Control department focuses on helping our customers understand and mitigate their risks, our Claim Catastrophe Response team takes the lead on customer interactions should a disaster or severe 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 is a core part of the Travelers Promise to take care of the people we are privileged to serve.

Our promise to help customers in the face of disasters begins well before a catastrophe hits. We partner with our customers and communities to help ensure they are prepared for a disaster, and we employ leading-edge data and analytics capabilities to help predict extreme events. In the event of a 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

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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 website for Business Insurance customers provide a comprehensive set of [business continuity planning resources](#) to help customers understand their unique risks. We work to help businesses of all types prepare for disasters and other disruptions to their operations and [supply chains](#).
- **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](#)<sup>®</sup>.
- **Wildfire Defense.** In 2019, we launched a [Wildfire Defense Services Endorsement](#) for California home and landlord policies with fire coverage, and in 2020, we extended this offering to all Small Commercial Customers in California. This 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 are likely to 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 2020, we sent preparation materials to our insureds for nine different tropical storms or hurricanes before they made landfall. Travelers also communicates with customers and agents after disasters to inform them of steps they can take to help mitigate damage, file a claim and begin the process of recovery.

## LEADING ANALYTICAL CAPABILITIES IN DISASTER RESPONSE

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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 may be affected and the probable severity of the losses. In addition to [catastrophe \(CAT\) modeling](#), our approach uses 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.** Through our Travelers Catastrophe Map Viewer, we provide 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. In 2020, we collected post-event imagery covering more than 15,000 square kilometers across 20 events.

- **Combining Aerial Imaging and Artificial Intelligence (AI) Learning to Detect Wildfire and Wind Losses.** The Travelers Wildfire Loss Detector tool helps us assess which properties are total losses after a wildfire event, while the Travelers Wind Damage Detector tool allows us to evaluate the severity of damage sustained in wind events. Our teams leverage the machine learning capabilities built into these tools to analyze thousands of images of damaged and undamaged homes, immediately assessing the damage sustained. With these powerful tools, we are able to more quickly identify customers with the most significant damage and begin the claim process immediately – even before we have access to the area – thereby allowing our customers to begin recovering and rebuilding their properties sooner. These capabilities also allow us to quickly identify key insights about CAT events, which in turn help inform our operational response and risk selection strategies going forward. Our Wildfire Loss Detector tool won the 2019 Gartner 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 another covered loss, we are creating a faster and easier claim process for our customers and a safer environment for our employees. In 2020, we accelerated the widespread use of this and other virtual claim inspection tools to ensure the safety of our customers and employees. For example, we handled 40% more auto appraisals and wind/hail claims and 70% more water claims virtually without the need for a live inspection, as compared to pre-pandemic levels.

Where possible, we also gather data from controlled tests to improve prevention and preparations. For example, Travelers supports the Insurance Institute for Business & Home Safety (IBHS), which has a one-of-a-kind controlled research facility that can generate hurricane-force winds, hail and wind-driven rain and embers. The studies conducted in this facility allow IBHS and supporting members such as Travelers to study the impacts of weather events in real-world scenarios, as well as analyze the results to better respond to events and protect our customers and their assets. For more information on IBHS and the ongoing work Travelers supports, see our illustrative initiative regarding [IBHS](#).

## DEDICATED CATASTROPHE RESPONSE RESOURCES

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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; we do not generally contract CAT claims to third-party adjusters. We employ more than 300 dedicated catastrophe response specialists 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 2020, we were faced with the unique challenge of responding to an unprecedented number of CAT events in the midst of the COVID-19 pandemic. We were nonetheless able to adjust virtually 100% of our claims with our own employees. Our in-house claim capability allowed us to quickly implement procedures to process claims virtually when possible, and safely in person when needed, to resolve claims quickly and accurately with a consistently high standard of customer service. This capability 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 claim experts to focus on high-severity claims without sacrificing quality.

Our team follows a catastrophe playbook that includes resource deployment and communication to our customers throughout our process. 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. The purpose of these exercises is to evaluate and improve our response to events, identify any 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. In 2020, we designed and implemented COVID-19 safety and social distancing protocols to safely deploy our Mobile Claim Offices to support our customers following a catastrophe.

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 per week, and overlays patterns with claim trends and our customers’ locations. This approach enables us to identify potential events early and to transform information quickly into action.

For more information about how we help our customers and agents manage catastrophic weather events, see our [video about Travelers Emergency Response](#).

## CUSTOMER OUTCOMES

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Overall, our catastrophe (CAT) response approach enables Travelers to respond quickly, effectively and compassionately – and, of course, with integrity – when our customers 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 2020, approximately:

- 92% 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.
- 52% of CAT claims were paid the same day as inspection.<sup>[1]</sup>

This was a particularly remarkable result in 2020, when we responded to a record number of catastrophe events and over 100,000 catastrophe notices of loss – a more than 50% increase in catastrophe claim volume as compared to the prior year.

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, 2020.



# Illustrative Initiatives



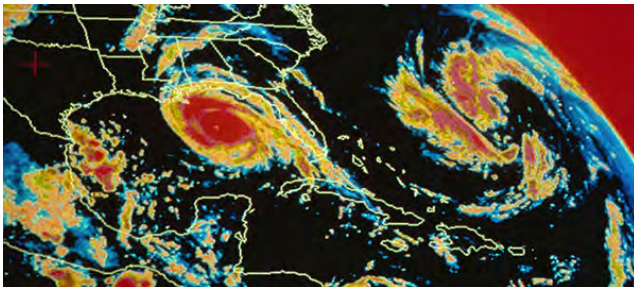
NATIONAL CATASTROPHE

Catastrophe Planning and Response



WILDFIRE DEFENSE SERVICES

Protecting Our Customers from Increased Wildfire Risk



IBHS SPONSORSHIP

Supporting Research in Severe Weather Readiness and Response



TRAVELERS FORTIFIES COMMUNITIES

Thought Leadership on Disaster Preparedness



TRAVELERS FORTIFIES COMMUNITIES

Building Strong, Resilient Communities



TEAM RUBICON

Veterans Deploy with Disaster Responders

# 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 and inclusion is a business imperative.

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## APPROACH

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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 and inclusion](#), 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.
- 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 Chairman and CEO and composed of the 40 members of the company's Operating Committee. 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.

We have three additional working councils that 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** is focused on identifying 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

This year's tragic reminders of racial inequity in America have moved us to reaffirm and strengthen our conviction to ensure an equitable and inclusive work environment. We find ourselves in the midst of an opportunity: to listen and learn from each other as we move forward to further strengthen a culture where all our employees feel valued, respected and supported. To that end, in 2020, we partnered with a leading diversity and inclusion consulting firm to facilitate conversations across the company to support us all in our commitment to become better allies. These conversations – conducted through our Diversity Networks – started with our Operating Committee members and Human Resources organization. Additionally, as a means of safeguarding fairness and equity and to ensure that our colleagues have the opportunity to be heard and to feel heard when it comes to decisions impacting their employment, we've created a new position – Vice President of Workforce Solutions – to serve as an “equity ambassador” for Travelers employees. The Vice President of Workforce Solutions and his team offer another safe avenue for employees to share candid and real-time feedback about their experiences at Travelers. This team partners with Human Resources and business areas to develop action plans and respond to workplace and culture-related concerns.

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. 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 (as defined by the U.S. Equal Employment Opportunity Commission's EEO-1 race and ethnicity categories for the United States) in our workforce. As of December 31, 2020, 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 in U.S. management-level positions.

## Diversity and Inclusion



## Board Oversight

Our Board of Directors encourages diversity and inclusion within Travelers – including within the Board itself – and oversees our diversity and inclusion efforts. Pursuant to its charter, 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 report.

## INCLUSIVE LEADERSHIP & TRAINING

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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 provide training, development and cultural events to encourage an inclusive culture among all of our employees, including the company's leadership. For example, 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, in 2020, we updated the content of our "Appreciating Differences" diversity education program and renamed it "Conscious Inclusion and Unconscious Bias," consistent with its new material and focus. This new two-part program, which all employees are expected to complete, explores biases and their impact in the workplace and how we can influence behaviors. The course also demonstrates how to be more intentionally inclusive in our day-to-day interactions.

We have never tolerated workplace harassment or discrimination in our inclusive environment. To make clear that these behaviors have no place at Travelers, we require harassment awareness training. This training 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 report.

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. Since 2008, Travelers has hosted 71 Diversity Speaks events. In 2020, our events delved deeper into the many aspects of building inclusion, equity and allyship. Due to COVID-19 limitations, our live events quickly pivoted to virtual engagements. Over the course of the year, there were approximately 24,000 employee views of our nine virtual Diversity Speaks events:

Speaker	Event Name	Event Description
<b>Mary-Frances Winters</b>	Inclusion Starts with “I” and Happens with Us	Mary-Frances Winters explored steps individuals and leaders can take daily to continue to foster inclusion in the workplace and within their communities. She examined the role of self-understanding and barriers, such as unconscious bias, that can impede our strides toward inclusion.
<b>Dr. Clayborne Carson</b>	Where Do We Go From Here?	Clayborne Carson, Ph.D., the esteemed historian and founder of the Martin Luther King, Jr. Research and Education Institute at Stanford University, discussed the importance of Dr. Martin Luther King, Jr.’s global vision and the challenges we continue to face today in a multiracial and multicultural population needing to learn to live together in peace in our great “World House.”
<b>Interactive TED Talk: Vernā Myers</b>	How to Overcome Our Biases? Walk Boldly Toward Them	Vernā Myers defined biases as “the stories we make up about people before we know who they actually are.” She advised walking toward your discomfort because “you’re not going to get comfortable before you get uncomfortable.”
<b>Interactive TED Talk: Adam Grant</b>	The Surprising Habits of Original Thinkers	Adam Grant, organizational psychologist, bestselling author and professor at the Wharton School of the University of Pennsylvania, shared three things he has learned about “original thinkers” and how to become more like them.

Speaker	Event Name	Event Description
<b>Torin Perez</b>	Racial Equity, Allyship, Inclusive Leadership and You	Torin Perez, a diversity, equity and inclusion consultant and author, discussed the need for true allyship and inclusive leadership and the active role we can play in achieving racial equity.
<b>Terry Bacon</b>	Tools and Advice for Building Trust and Creating a Respectful Environment	Terry R. Bacon, Ph.D., coach, author and consultant in leadership, management and interpersonal skills, shared insights on how trust, sensitivity and respect are foundational in building a humane, productive workplace in today's diverse, changing environment.
<b>Rick Guidotti</b>	Seeing Beauty for a Change	Rick Guidotti, award-winning fashion photographer and founder of Positive Exposure, discussed his challenges working within the narrow parameters of the beauty standard and his transitional journey to Positive Exposure, which celebrates the beauty of human diversity. He described the need for all of us to be seen, be heard and belong.
<b>Interactive TED Talk: Rebeca Hwang</b>	The Power of Diversity Within Yourself	Rebeca Hwang, Co-Founder and Managing Director of Rivet Ventures, spent a lifetime juggling identities – her Korean heritage, Argentinian upbringing and education in the United States. She revealed the benefits of embracing our complex identities and her hopes for creating a world in which they are used to bring people together.
<b>Interactive TED talk: Dr. Nita Mosby</b>	Want a More Just World? Be an Unlikely Ally	Nita Mosby Tyler, Ph.D., Chief Catalyst and Founder of The Equity Project, cited a formative moment from her life, highlighting why showing up and fighting for others who face injustices beyond your own lived experience leads to a fairer, more just future for all.

In 2019, our Community Relations and Enterprise Diversity and Inclusion groups partnered to create Art Speaks – an ongoing series of cultural and art experiences followed by discussions in the workplace that help strengthen an inclusive work environment. When art speaks, it can have a powerful impact; this program uses arts experiences – theater, visual arts, dance, film and music – to drive dialogue among employees about diversity and inclusion. For example, Travelers is the National Presenting Sponsor of the Norman Rockwell Museum's traveling exhibit, titled "Four Freedoms." The exhibit visited several communities before returning to its home in Stockbridge, Massachusetts, in 2020. Through the sponsorship, more than 600 Travelers employees learned about some of Norman Rockwell's most iconic artwork and other illustrators' works while discussing social justice, racial equity and women's rights. For more information on [Art Speaks](#), see our illustrative initiative.

## DIVERSE TALENT DEVELOPMENT & PIPELINE

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As part of our efforts to foster a fair and equitable workplace, we continue to enhance our diverse talent 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. Additionally, we have established deliberate recruiting, retention and development practices that are tailored to deepen diverse talent pools and broaden advancement opportunities. These practices include matching upcoming leaders with mentors within the organization and offering workshops to advance their careers within Travelers. We also 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. In 2020, we made changes to our succession planning and talent management processes to be even more intentional about identifying people of color who may be qualified internal candidates for promotion, as well as to attract others from outside the company.

In 2018, Travelers launched an initiative to help women advance and grow in all phases of their insurance careers. Called [SHE Travels®](#) – 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; the Management Leadership for Tomorrow Career Advancement Program; the Mid-Level Managers' Symposium; the Out & Equal Workplace Summit; Linkage, Inc.'s Women in Leadership Institute™; the Black Enterprise Women of Power Summit; and the Springboard Disability Matters Conference.

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®, 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 Syracuse University Institute for Veterans and Military Families, American Corporate Partners, Hiring our Heroes Military Fellowship Program, the Military Spouse Employment Partnership and AcademyWomen.
- We have a [unique partnership](#) with several organizations that provide opportunities for people with disabilities, including Rochester Institute of Technology's Spectrum Support Program, 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, Girls Who Code, the Ron Brown Scholar Program, Hartford Youth Scholars, Prospanica, the Grace Hopper Celebration and Dive In.

To learn more about our overall approach to talent development, see the [Human Capital Management](#) section of this report.

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 scored 100% on the Human Rights Campaign Corporate Equality Index, Human Rights Campaign Foundation, 2016–2020.
- Military Friendly® Company, VIQTORY, 2018–2020.
- Military Friendly® Employer, VIQTORY, 2007–2020.
- Best for Vets, Military Times, 2014–2020.
- Best Place to Work for Disability Inclusion, Disability:IN and American Association of People with Disabilities, 2018–2020, and scored 100% on the Disability Equality Index, 2018–2020.
- Disability:IN Connecticut Employer of the Year, 2020.
- America's Best Employers for Women, Forbes, 2018–2020.
- America's Best Employers for Diversity, Forbes, 2019–2020.
- Clear Assured Gold Status for Diversity and Inclusion (UK), 2020.
- Employer of the Year, Lifeworks, 2019.
- Top 100 Intern Programs, WayUp, 2017–2020.
- Gamma Iota Sigma Diversity & Inclusion Champion of the Year, 2019.

See our [Awards & Recognition](#) page for a full listing.

## DIVERISTY & PROFESSIONAL NETWORKS

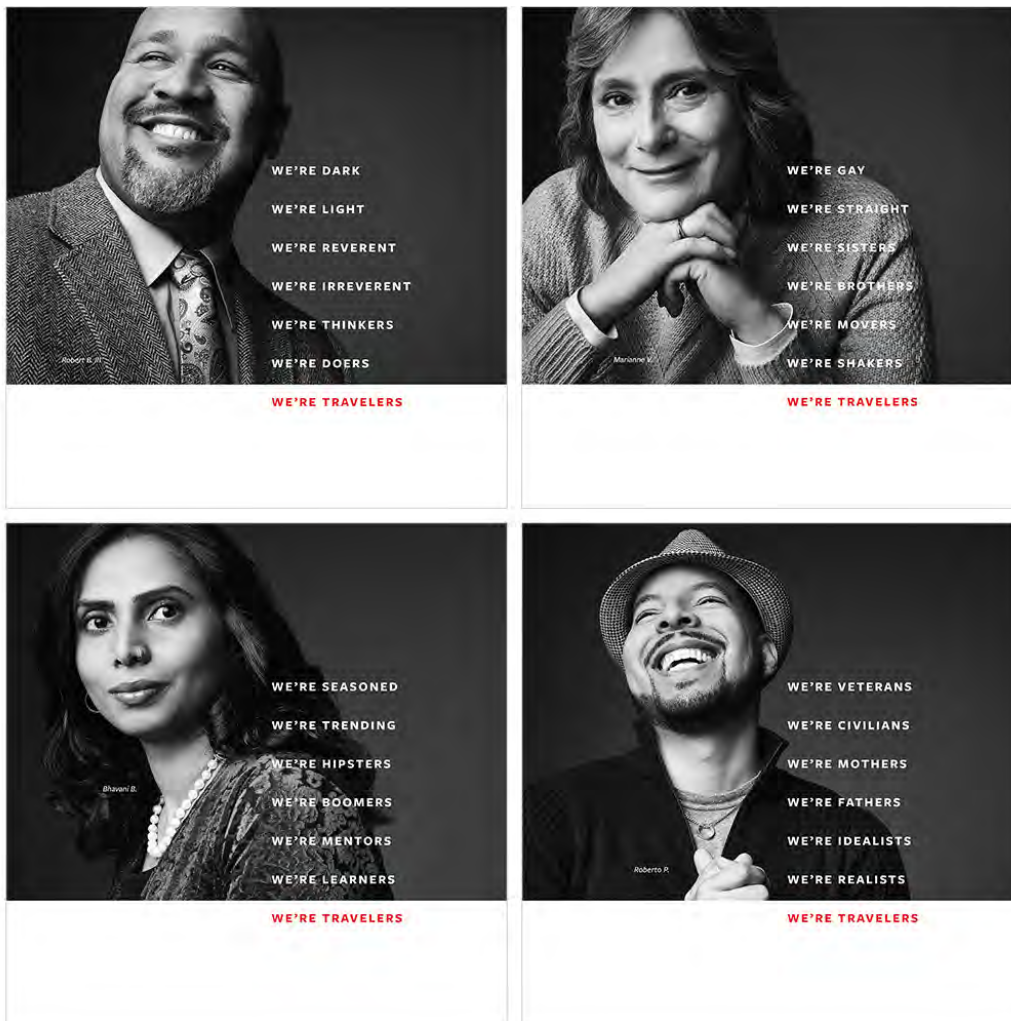
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In 2008, we created Diversity Networks, which are voluntary groups led by employees dedicated to fostering a diverse and inclusive work environment. The networks help foster the retention, development and success of our employees through networking, mentorship and community volunteer opportunities. In addition, these groups are a resource for our business leaders, providing them with important insights and perspectives. Currently, we have eight Diversity Networks; more than 11,000 employees – over a third of our employees – are members of one or more of these Diversity Networks. 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 our eight Diversity Networks, we have professional business groups, such as Women in Actuarial & Analytics, which has fostered individual development and helped increase the representation of women in actuarial and analytic positions at Travelers for more than 10 years. In addition, EmpowHER+ inspires women in Technology & Operations to achieve their full career potential and drive positive business outcomes for Travelers. The group's name embodies what the professional group is all about, with the plus sign emphasizing the importance of allies. EmpowHER+ partners with nonprofit organizations to mentor and attract the next generation of talent to Travelers, including [Girls Who Code](#), AnitaB.org and UMass Amherst's "Hack(H)er413."





## 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 suppliers doing business with our prime suppliers, including subcontractors. 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 2020, Travelers attributable spend was over \$140 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. In 2020, Travelers joined the Ascend Twin Cities initiative as an anchor corporation. The program uses the three-M model – markets, management and money – to provide a tailored approach to drive diverse-owned small business growth and job opportunities within the community.

# Illustrative Initiatives



THE POWER OF TRAVELERS IS US

Exploring the Power of 30,000 People



SHE TRAVELS®

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®

Transforming Tomorrow's Workforce



# Illustrative Initiatives



SYMPOsia FOR STUDENTS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Inspiring the Next Generation of Job Seekers



SMALL BUSINESS RISK EDUCATION

Empowering Small Business Owners to Succeed



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

# Illustrative Initiatives



## GIRLS' LEADERSHIP SUMMITS

Inspiring Girls to be  
Strong, Smart and Bold



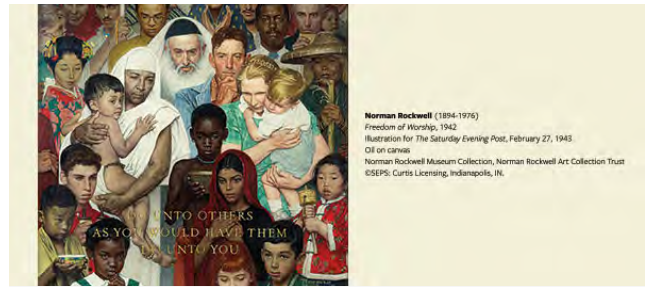
## GIRLS WHO CODE

Growing Tech Talent



## DEVELOPING A MORE DIVERSE PIPELINE OF ACTUARIAL TALENT

Our Work with the International  
Association of Black Actuaries



Norman Rockwell (1894-1978)  
Freedom of Worship, 1942  
Illustration for The Saturday Evening Post, February 27, 1942  
Oil on canvas  
Norman Rockwell Museum Collection, Norman Rockwell Art Collection Trust  
©SEPS, Curtis Licensing, Indianapolis, IN.

## TRAVELERS ART SPEAKS

Advancing Inclusion  
Through the Arts

# 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 requires a commitment to take care of all our stakeholders, including our planet. We continually 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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Most of our greenhouse gas (GHG) emissions are from office activity, mobile combustion (e.g., claim vehicles, commuting) and business travel. While we strive to reduce our emissions, our primary climate-related risks and opportunities relate to our property insurance business and claim service, which we cover in the [Climate Strategy](#), [Disaster Preparedness & Response](#) and [Public Policy](#) sections of this report.

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 and references our new goal of becoming carbon neutral across our owned operations by 2030.

Although 2020 was an unusual year with respect to our office activity, mobile combustion and business travel, we continue to work on reducing our environmental impact. Our [new open workspace environment](#) reduces our footprint and incorporates enhanced technology, including remote collaboration tools and video-enabled conference rooms, to reduce nonessential business travel. In addition, we provide [incentives to our employees](#) to use mass transit alternatives and offer parking incentives for carpoolers.

In 2019, we also began to reduce our environmental impact by encouraging our personal insurance customers to convert to paperless billing. We committed to fund the planting of a tree for every paperless billing conversion in Personal Insurance. In April 2020, we met our goal to plant [a million trees](#) through this campaign, and we subsequently committed to fund the planting of an additional 500,000 trees by Earth Day 2021. These goals are just one example of our commitment to aggressively seek ways to create shared value – in other words, ways to simultaneously protect our environment, create a streamlined experience for our customers and increase shareholder value.

## ENVIRONMENTAL POLICY & MANAGEMENT SYSTEM

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As outlined in our [Code of Business Conduct and Ethics](#), it is the company's policy to comply with all applicable laws, rules and regulations; this includes all relevant environmental regulations. 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 appropriate.
- Conducting assessments with utility providers to better understand and manage our energy usage.
- 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.
- 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 our owned locations. We also take these assessments into account when developing our capital expenditure plan. For example, we are upgrading all lighting in our Travelers-owned Hartford campus to LED fixtures 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 applicable environmental laws and to work to minimize any negative environmental impact from their operations, including by reducing or mitigating emissions, increasing sustainable use of natural resources and reducing or eliminating waste. Our Procurement team also oversees our 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.
- Independent audit and/or certification of the supplier's sustainability practices.

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

## GHG INVENTORY & GOALS

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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 2020, we have exceeded this goal, and in April 2021, we announced our commitment to become carbon neutral across our owned operations by 2030.

In recent years, we have implemented various emissions reduction initiatives, including:

- **Lighting.** We have spent millions of dollars on interior renovations at our Travelers-owned Hartford campus to upgrade our lights to LED and continue to work with local utility companies to understand the incentives for which Travelers could qualify.
- **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.

As illustrated in the table below, between 2011 and 2020, we made significant progress in reducing our carbon footprint, cutting absolute Scope 1 and 2 emissions by 54%. The Scope 1, 2 and 3 emissions data in the table below have been [verified by an independent third party](#).

Metric	2020	2019	2018	2017	2011
<b>Scope 1 GHG Emissions (metric tons CO<sub>2</sub>e)</b>	13,500	23,746	25,591	26,640	37,436
<b>Emissions from Mobile Combustion (metric tons CO<sub>2</sub>e)</b>	12,414	22,525	24,329	25,405	36,574
<b>Emissions from Office Activity (metric tons CO<sub>2</sub>e)</b>	1,086	1,221	1,262	1,235	862
<b>Scope 2 GHG Emissions<sup>[1]</sup> (metric tons CO<sub>2</sub>e)</b>	21,908	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>	35,408	51,716	55,472	54,890	84,603
<b>GHG Emissions per Revenue (metric tons CO<sub>2</sub>e per \$)</b>	0.00000111	0.00000163	0.00000183	0.00000189	0.0000033248
<b>GHG Emissions per FTE (metric tons CO<sub>2</sub>e per person)</b>	1.18	1.72	1.85	1.83	2.76
<b>Scope 3 Emissions from Travel</b>	5,666	17,819	18,584	18,175	Not Tracked
<b>Percentage of Electricity from Renewable Sources</b>	21%	21%	17%	15%	Not Tracked
<b>Percentage of Total Energy from Renewable Sources</b>	7%	6%	5%	4.5%	Not Tracked

<sup>[1]</sup>Location-based method.

## 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 disposal efforts and water usage 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.
- Installed automatic shut-offs on most faucets.
- Are installing water bottle filling stations in [all new workspaces](#) to reduce the use and disposal of single-use water bottles.
- Have a bottle and can recycling program at all owned locations.

We measure and track all waste at our owned facilities, including single-stream recycling, municipal solid waste and construction/demolition waste. Furthermore, we now track all water and sewer use, including general water use for restrooms, kitchens and landscape-related irrigation. With these tracking capabilities, we are 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.

# Illustrative Initiatives



## AMERICAN FORESTS PARTNERSHIP

Partnering for a Purpose -  
Helping to Reforest America



## OFFICE RENOVATIONS

Boost Engagement  
and Save Energy



## REDUCING NONESSENTIAL 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 and regulations and company policies helps to ensure the long-term success of our organization.

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## APPROACH

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Travelers established and maintains a [Code of Business Conduct and Ethics](#), which applies to all our employees, officers and directors and provides a comprehensive framework for sound ethical business decisions. The Code, which is also available in French for our employees located in Canada, 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:

**“[L]et me take this opportunity to restate a few important things:**

- **First, our reputation is our most valuable asset, and each of us has a role to play in protecting our good name. No gain is worth sacrificing our reputation.**
- **Second, we can never let our drive to deliver industry-leading results cloud our ethical judgment. No outcome is worth unethical behavior.**

- **Third, the only long-term, sustainable success in business is achieved in partnership with our employees, agents, brokers and customers - never at their expense.**
- **Fourth, 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."**

**-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. The [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.

## Board Oversight

The Nominating and Governance Committee of the Board of Directors periodically reviews the Code of Business Conduct and Ethics and recommends changes to the Board, as appropriate. The Audit Committee, which has oversight responsibility for regulatory and compliance matters, receives a quarterly report on compliance matters, including Ethics Helpline activity. In addition, the Audit Committee meets in executive session with the Chief Ethics and Compliance Officer each quarter.

## ETHICS & COMPLIANCE TRAINING & AWARENESS

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Upholding a culture of honesty, integrity and accountability is critical to the long-term success of our organization. To support this culture, we promote ethics and compliance awareness across our operations. On an annual basis, our employees are required to complete our Ethics and Compliance Training and Certification program, which includes:

- **Code of Business Conduct and Ethics Training and Certification.** We require our employees to complete annual ethics training, which includes training modules on a variety of important topics, such as anti-bribery and anti-corruption. Additionally, our 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 policies 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 our company's 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, any 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 our employees with additional information regarding our expectations 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 our employees to complete harassment awareness training, 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" column on real situations that the Travelers Ethics and Compliance Office has addressed and anonymize them for 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.

## ETHICS HELPLINE

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We provide employees with multiple channels to raise concerns, including the Human Resources, Employee Relations and Compliance functions and the Travelers Ethics Helpline. 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, a review 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 a concern in good faith.

# Human Capital Management



Consistent with the long-term perspective we bring to managing our business, we view our human capital management through a long-term lens. The talent and expertise of our approximately 30,000 employees are critical to maintaining our competitive advantages in a rapidly evolving business landscape. And it is our employees who collectively drive our performance and fuel our ambitious innovation agenda. We recognize that maintaining our talent advantage requires a sustained investment in our people. When we deliver on our promise to our employees and their families, promoting an inclusive workplace and committing to their wellness and success, we are able to deliver on our promise to our customers and drive shareholder value.

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## APPROACH

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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, diversity and inclusion and a commitment to one another’s success. 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.

Despite the public health crisis, during 2020, we hired more than 1,900 full-time employees, nearly a third of whom filled important technology and data and analytics positions, and we did not implement any reductions in our workforce or reduce salaries as a result of the pandemic. In addition, our financial strength, long-term perspective and robust planning for the unknown put us in a position to continue to support our employees throughout 2020 and, as discussed further under [Total Rewards](#), find new and innovative ways to be there for each other.

## Board Oversight

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 regularly present to the Board on these matters, including the progress the company has made over time. Additionally, consistent with its charter, the Nominating and Governance Committee meets with the company's CEO to review and discuss succession matters at least annually. The Nominating and Governance Committee of the Board also 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, pursuant to its charter, the Compensation Committee of the Board, which is advised by an independent compensation consultant, reviews and approves the company's general compensation philosophy and objectives. In addition, the Compensation Committee meets with senior management on a regular basis to discuss the company's practices designed to help ensure equitable pay across the organization.

## CULTURE

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We believe that fostering a thriving, vibrant and authentic culture is essential for attracting and retaining talented, diverse and qualified employees. Travelers has a unique and rich culture that has been built over decades and runs deep in the organization. It is a culture that cares deeply about the company and is rooted in:

- **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. As recently articulated in a communication to all employees by our Chairman and CEO, Alan Schnitzer, one element of that “special something that sets our company apart” is “a commitment to doing the right thing – even when it feels like no one is watching.”
- **Collaboration.** In another email to employees, Mr. Schnitzer emphasized that “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 report, 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, we can reach the best business decisions. We recognize, promote and reward employees based on their contributions to our long-term success.

## ENGAGEMENT & INCLUSION

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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, we strive to deliver an employee experience that engages our team and strengthens our organization.

To evaluate the employee experience and the success of our engagement efforts and to inform the inclusion and leadership strategies we use to enhance employee engagement, we work with an independent, industry-leading survey administrator to confidentially manage our regular employee engagement surveys. To assess our progress, we also conduct periodic “pulse” surveys and focus groups. Based on the results of our engagement and “pulse” surveys, each manager is expected to develop action plans to create an even more meaningful employee experience. These plans are generated, in part, through team conversations and are designed to hold managers accountable for increasing their employees’ engagement. Our Chief Human Resources Officer meets quarterly with our CEO and other senior leaders to discuss employee engagement strategies and our progress.

Based in part on the surveys and focus groups we conduct, we believe that our engagement efforts are effective. Our employee engagement levels remain strong and have improved throughout the year, despite the pandemic. Importantly, our employee engagement scores are similar, regardless of gender or race.

Our average tenure and voluntary turnover rates demonstrate the power of our culture and the attachment our employees have to the organization. The average tenure at Travelers is 12 years, and over 20 years for the company’s approximately 600 most senior leaders. Our average, global voluntary turnover rate for the past three years was approximately 7%.

### Tenure and Turnover



**12 years**  
average tenure



**20+ years**  
average tenure for our  
**600** most senior  
employees



**7%** average voluntary employee  
turnover rate **over the past**  
**three years**

**Our average tenure and voluntary turnover rates demonstrate the power of our culture and the attachment our employees have to the organization.**

The success of our engagement efforts is also evident in how our employees view the company. Despite the pandemic and the remote work environment, our overall anonymous company rating by current and former employees on Glassdoor.com, a social media site for job satisfaction and engagement, rose consistently throughout the year. Additionally, 86% of our employees said they would recommend Travelers to a friend – the highest level among our rated property and casualty insurance company peers. Based on experiences reported anonymously and voluntarily by our current and former employees on Glassdoor, Travelers was listed by Glassdoor in its 2021 Glassdoor Best Places to Work Awards. Although Glassdoor did not conduct its annual survey of the top 100 CEOs in 2020 due to the pandemic, our CEO, Alan Schnitzer, was included within the top 100 CEOs for each of the prior three years. See our [Awards & Recognition](#) page for a full listing of the recognitions we've received.

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.

## LEARNING & DEVELOPMENT

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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. In 2020, Travelers introduced a new learning experience platform (LXP), a centralized hub for all learning resources at the company where content is both curated and aggregated on a regular basis for a personalized learning experience. This platform is a one-stop shop for videos, articles and courses – both Travelers-created resources and content from third-party providers. It provides an immersive and customized experience to meet our employees' learning needs. Employees can use the new platform to assess their skills, rate and comment on courses and lessons, and learn from subject matter experts across Travelers. During 2020, more than 85% of Travelers employees engaged with the new platform and accessed over 580,000 learning resources, including articles, videos and courses. On average, Travelers employees logged in to the learning platform every six days.

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, our managers participate in the company's leadership workshop, The Leadership Challenge®, which provides an overview of key leadership practices at Travelers. These practices are designed to enable leaders to increase engagement and inclusion, lead change, drive innovation, tie business 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: Leadership Principles, Coaching for Performance Excellence and Conscious Inclusion and Unconscious Bias.

- **Leadership Principles** is a workshop for emerging leaders that helps participants adapt to and connect across diverse behavioral styles; build an understanding of the leadership behaviors that are critical to success; motivate and mobilize engagement and performance; and delegate and develop others more effectively.

- **Coaching for Performance Excellence** provides leaders with an understanding of the principles of good coaching in the day-to-day leadership of individuals on their teams. During the program, participants explore how a growth mindset impacts coaching; apply various coaching skills to leverage effective communication; use tools to prepare for and conduct individual coaching conversations; and practice using unique conversation models. A 360-degree assessment tool, which measures the frequency with which participants are engaging in various coaching competencies, precedes participation in the program.
- **Conscious Inclusion and Unconscious Bias**, a two-part program that all employees are expected to complete, explores biases and their impact in the workplace and how we can change behaviors to be more intentionally inclusive in our day-to-day interactions.

We also 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. In 2020, more than 500 employees received educational reimbursement.

Additionally, Travelers offers various career mentorship and development programs for both entry-level and experienced professionals. For example, our multiyear [Leadership Development Programs](#) provide entry-level employees with an opportunity to progress through a steady career path in a specific discipline such as Actuarial, Business Insights & Analytics, Data Science, Finance, Human Resources, Operations or Technology. Participants complete assignments and rotations designed to help them build upon their technical, strategic thinking and leadership skills and strengthen their business acumen. Our Leadership Development Programs also include mentorship and networking opportunities, including with senior leaders, as well as speaker forums designed to keep participants up to date on industry trends and company initiatives. In addition, our one- to two-year [Development Programs](#) – in Underwriting, Investments and Product Management – provide the foundational knowledge and technical skills necessary for success at Travelers and include on-the-job training, classroom instruction, self-study materials and independent work in an assigned business area. Like our Leadership Development Programs, these programs provide mentorship opportunities and exposure to Travelers leaders. Participants in both our Leadership Development Programs and Development Programs are invited to compete in the company's annual hackathon-style Innovation Jam. These programs have been a part of our talent strategy for many years. Many participants have gone on to hold senior roles at Travelers.



## Leadership Development Programs

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### Actuarial



- Five-year rotational program.
  - Challenging assignments in core actuarial and analytic functions, including Predictive Modeling, Pricing and Rate Making, Product Management, Reserving, Risk Analysis and Risk Segmentation.
  - Reserved study time for actuarial exams and opportunities to participate in or lead enterprisewide councils.
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### Business Insights & Analytics



- Three-year program.
  - Tailored curriculum, with optional rotations, providing unique professional experiences with Business Intelligence, Geospatial and similar roles.
  - Opportunity to work with dashboarding, querying, geospatial and other technologies.
- 

### Data Science



- Three-year program.
  - Optional rotations in research and development areas, working with linear regression and additive models; machine learning algorithms; deep learning methods and neural networks; image and speech recognition; and natural language processing.
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### Finance



- Three-year program.
  - Wide-ranging assignments across the enterprise, including in Accounting and Reporting, Internal Audit, and Financial Planning & Analysis.
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### Human Resources



- Three-year rotational program.
  - Nine-month assignments providing experience in different facets of Human Resources, such as Compensation, Talent Acquisition, Employee Relations, and either People & Projects or Data & Analytics.
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### Operations



- Three-year rotational program.
  - Six- to 12-month assignments, with ability to choose from among Operational Effectiveness, Field Management, Data Analytics, Digital Enablement, Technology, Customer Experience, Workforce Optimization, Organizational Development, and Product and Underwriting Support.
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### Technology



- Two- to three-year rotational program.
  - Assignments providing experience in Software Engineering, Infrastructure Engineering, Architecture, User Design/Experience and Cybersecurity.
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## Development Programs

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### Investment Analyst



- Two-year program.
  - Training and skill strengthening for credit and quantitative research associates to analyze issuers, industries and securities, as well as the return and risk characteristics of our portfolio.
  - Support pursuing the Chartered Financial Analyst (CFA) designation.
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### Product Management



- One-year program.
  - Rotations throughout Personal Insurance and Business Insurance, focused on developing the future leaders of enterprisewide Product Management departments.
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### Underwriting Professional



- One-year program.
  - Opportunities to develop a comprehensive understanding of the exposures and coverage needs of insureds in Business Insurance or Bond & Specialty Insurance; to hone their technical and sales skills; and to build relationships with agents.
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In 2020, we also added a senior-level position responsible for monitoring the development of talented employees to support them in developing the skills necessary to advance their careers and help them expand their relationships to facilitate their success.

## PERFORMANCE & SUCCESSION

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Our performance management strategy is designed to develop the company's talent and equip employees with the skills and resources necessary to ensure the company's continued success. Through our annual performance management process, managers assist their direct reports with setting and monitoring goals, developing a plan to achieve those goals, evaluating progress against those goals and discussing opportunities for improvement throughout the year. Managers are expected to complete a year-end progress update for each of their direct reports. This includes a meaningful conversation with each employee 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 identify and prepare talented employees for future leadership positions. Each line of business identifies talented employees and succession candidates for targeted development and advancement opportunities with individualized action plans. This talent review process culminates with the CEO and his direct reports meeting to review succession plans for key positions. In addition, the CEO meets with the Board's Nominating and Governance Committee and the full Board of Directors to discuss succession-related matters at least once a year.

## TALENT ACQUISITION

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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 candidates 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 are increasingly recruiting 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 long-standing 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](#)<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. We also have strategic partnerships with [Girls Who Code](#) and AnitaB.org to help us mentor and attract the next generation of women in technology. To learn more about our efforts to bolster our diverse talent pipeline, see the [Diversity & Inclusion](#) section of this report.

## TOTAL REWARDS

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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. In addition, 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 have compensation processes and controls in place and review our compensation practices annually with independent, outside experts, in each case to help ensure equitable pay across the company. Based in part on these measures, we believe that we pay our employees equitably, regardless of gender, race or any other protected classification.

Our minimum hourly wage in the United States is \$15. As calculated and reported in our 2021 Proxy Statement, in 2020, excluding our Chairman and CEO, the median annual total compensation of all our employees was nearly \$113,000. The median annual total compensation of our full-time U.S. employees who worked for Travelers for the entire year, who represent more than 90% of our workforce, was nearly \$120,000, 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 and 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](#) that, for our U.S. employees, include medical, dental, vision and prescription drug coverage; health savings; and flexible spending accounts.

In the United States, our medical plans cover 51,500 individuals (23,600 employees, 18,700 children and 9,200 spouses/ domestic partners). In 2020, we paid nearly \$240 million in medical-related costs on behalf of our U.S. employees and their dependents. 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.

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 less-compensated employees as compared to higher-paid employees, such as the company's 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 did not increase employee premiums for health care coverage in the United States for 2021.

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

Our wellness program provides easy-to-use tools and resources that empower employees with the information and support they need to achieve their wellness goals. In the United States, our program includes the following offerings, among others:

- Our *myWellness* platform is a mobile-friendly, easy-to-use application that serves as a repository of wellness tools and resources to help employees achieve their physical, mental and wellness goals. 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 with 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.
- Grand Rounds is a free service for employees and dependents enrolled in a Travelers medical plan that matches members with top-ranked doctors, helps employees obtain second opinions from leading specialists and assists in navigating the health care system.

- 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.
- Health insurance benefits for transitioning employees and family members to cover professional counseling, hormone therapy and, if clinically appropriate, gender reassignment surgery.

## Health and Wellness



**51,000+**  
individuals covered  
by our medical plans



**\$240 million** paid in  
2020 in medical-related costs on  
behalf of our employees, retirees  
and dependents



**0% increase**  
in employee premiums for  
health care coverage for 2021



We use a **cost-sharing model**  
to subsidize health benefits: Higher-paid  
employees pay ~50% of their health care  
costs, while our lowest-paid employees  
pay ~20%



**24/7** access to Life Balance,  
our employee assistance program, which  
includes professional counseling services,  
life coaching, personalized mentoring and  
support resources



**11,000**  
employees enrolled  
in our *myWellness* platform



## 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 percentage increments) of their eligible pay as pre-tax 401(k) or after-tax Roth 401(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 2021 were based on 2020 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 currently participate in the Travelers 401(k) Savings Plan. Outside of the United States, 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 makes 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, 2020, Travelers spent more than \$3 million to match student loan payments for more than 1,300 employees who had enrolled in this new benefit.

Travelers also assists employees with meeting their retirement needs through the Travelers Pension Plan, an active 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 2020, nearly \$550 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 U.S. employees:

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

## Financial Security<sup>[1]</sup>



**\$120,000** median pay for full-time U.S. employees, who comprise over 90% of our workforce, putting us in the top quartile for employee pay in the S&P 500



**\$543 million** spent in 2020 to provide our employees with security in their retirement through an active defined benefit pension plan and 401(k) savings plan



**\$15/hr** minimum wage in the United States



**\$3 million** spent in 2020 to match student loan payments with 401(k) contributions for 1,300+ employees through The Travelers Paying It Forward Savings Program

<sup>[1]</sup> \$120,000 median pay based on the annual total compensation of full-time employees (other than the CEO) in the United States who worked for Travelers for the entire 2022 calendar year as calculated and reported in our 2021 Proxy Statement.

## Work-Life

Additional benefits we offer our U.S. employees include:

- Life insurance.
- Short-term and long-term disability coverages.
- Paid time off, starting at 20 days per year, up to a maximum of 30 days per year based on years of service, plus the ability to purchase up to six additional days per year.
- Paid parental and adoption leave.
- Child care discounts.
- A corporate discount program.
- Paid time off for volunteering.

## Taking Care of Each Other During Unprecedented Times

During this unprecedented year, we continued to take care of each other as we all adjusted to a new “normal for now.” In keeping with our focus on mental well-being, we promoted mental health resources, including those focused on mindfulness, stress reduction and resiliency, to assist employees through the difficult circumstances of 2020. Recognizing the particular challenges faced by many working parents and caregivers striving to balance their personal and professional commitments this year, we launched our first-ever Working Parents & Caregiver Resource Group – a forum where Travelers parents and caregivers can come together to share tips, exchange resources and offer support to colleagues in similar situations. We also put together a Travelers volunteer corps of Homework Helpers to work with the children of fellow Travelers employees who can use some help, whether by lending an ear for nightly reading or assisting with a homework assignment. Our employees continue to have 24/7 free and confidential access to Life Balance, our employee assistance program in the United States and Canada. Life Balance provides access to professional in-person, virtual and text-based counseling services, life coaching, advice on how to manage working from home with kids and support resources for daily life needs, such as finding child care or tutor services.

We also recognized that some of our employees may need more flexibility than usual to manage conflicting work and school/caregiving schedules. With that in mind, our CEO called on our managers to be creative and flexible about finding solutions that allow our colleagues to continue to be there for their families while performing their jobs safely and effectively.

For more information on how we protect the safety and health of our employees, including during the pandemic, see the [Safety & Health](#) section of this report.

# Illustrative 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

[Exploring the Power of 30,000 People](#)



SHE TRAVELS®

[Advancing Women's Careers in Insurance](#)



COMMITTED TO MILITARY VETERANS

[Supporting Those Who Serve](#)

# Illustrative Initiatives



SYMPOSIA FOR STUDENTS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Inspiring the Next Generation of Job Seekers



GIRLS WHO CODE

Growing Tech Talent

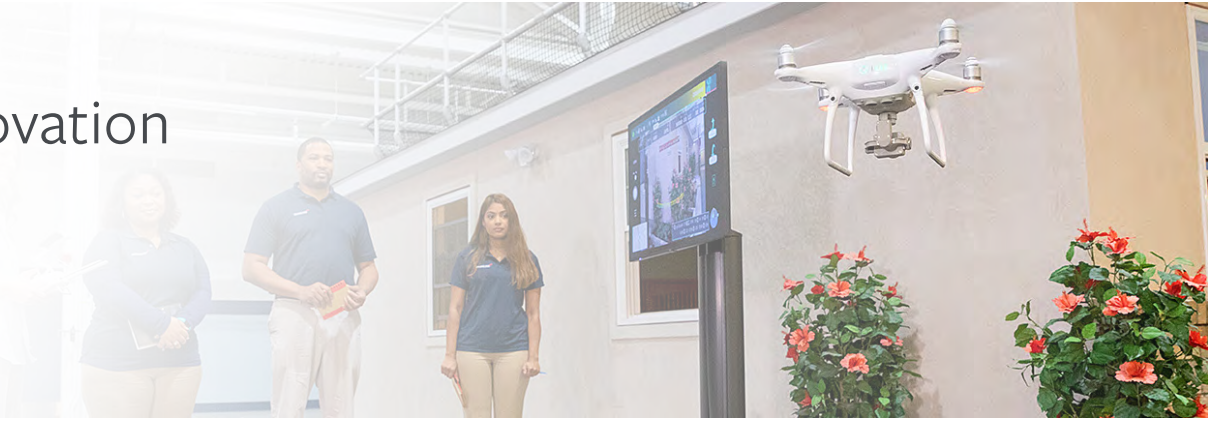


DEVELOPING A MORE DIVERSE PIPELINE OF ACTUARIAL TALENT

Our Work with the International Association of Black Actuaries



# 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 ambitious 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.

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## APPROACH

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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:

## Forces of Change



### Changing Consumer Expectations

Customer expectations are being shaped by their experiences in other industries.



### Emerging Technology Trends

Emergence of new technology enables us to reimagine every aspect of our business.



### Data & Analytics

Data and analytics is transforming every aspect of our business.



### Changing Distribution

Distribution is consolidating and alternative models are evolving.

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 rate 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 leads 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.

At the same time, our Technology & Operations teams, led by our Chief Technology & Operations Officer, are also actively engaged in our broad and ambitious innovation agenda, such as by driving our digital and advanced data and analytics initiatives. As we scale our agile practices across the organization, including through the creation of persistent, multifunctional groups, these teams are playing an increasingly important role in driving long-term value.

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 three innovation priorities: extend our advantage in risk expertise; provide great experiences for our customers, agents and brokers; and optimize 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 such as 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, continuous improvement to our self-service web experience, a completely redesigned mobile app, virtual home and auto inspections, virtual telemedicine visits, 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 investing 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.

## DISCOVERING EMERGING & FUTURE OPPORTUNITIES

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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, our [Prepare & Prevent](#) website and [MyTravelers® for Business](#).

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 (AI), we systematically assess and plan for the potential impact of and business opportunities brought about by new technology and changes in the industry.

## Fostering External Partnerships

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. 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.

Our external partnerships also help us drive co-innovation on data and AI capabilities. We continue to assemble new third-party datasets while refining our existing data to unlock new sources of insights and drive automation and productivity. Additionally, we have set out to find a new way to expedite the process used to detect total losses from wildfires, an increasingly prevalent issue in the western United States. We helped form a consortium of insurers to create the Geospatial Intelligence Center, an entity devoted to collecting high-resolution aerial imagery of properties across the United States. Using imagery from previous California wildfires, we tapped into our property boundary data to isolate home locations in the pictures. We then crowdsourced the tagging of total losses across 40,000 images to provide the data for a deep learning model. Finally, the team leveraged Deep Machine Learning to analyze thousands of images of damaged and undamaged homes to immediately assess which properties were total losses. By providing damage assessments sooner, we were able to provide reimbursement for home losses in just a few weeks, allowing customers to begin recovering and rebuilding their properties more quickly.

## DRIVING AN INNOVATION MINDSET & VELOCITY

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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 lines. 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.
- **A platform for rapid test-and-learn** with technology and engineers available to enable experimentation at scale, leveraging the latest software tools and emerging technologies inside and outside the company.

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

## SENIOR DIRECTION

Chief Innovation Officer and iCouncil

## LOCAL INNOVATION ENGAGEMENT

Innovation Evangelists

## ENTERPRISE SUPPORT

Enterprise Innovation team supporting efforts in Future, Discovery, Velocity (Experimentation Partners) and Mindset

To harness the pioneering spirit across the 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 refer to as “Innovation Jams.” Participants collaborate and compete over the course of 24 hours to develop prototypes that address business challenges. Innovation Jam participants include Travelers employees from the United States, Canada and Europe and span all of our business functions, bringing together employees’ knowledge and expertise in insurance, technology, design, customer experience, marketing and communications, among other disciplines, to solve critical business problems in new and creative ways. Now in its fifth year, our annual Innovation Jam has engaged thousands of employees, inspired a number of practical solutions and led to over 60 patent applications by Travelers. The 2020 Innovation Jam, which was conducted virtually for the first time due to the pandemic, drew over 700 employees forming more than 100 teams.



## HARNESSING THE POWER OF DATA

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Data and analytics can help us explain events from the past or even anticipate what may happen in the future. At Travelers, we believe data and analytics are transformative, strategic assets that provide us with a competitive advantage, create great customer experiences and improve overall productivity and efficiency.

Our Data and Analytics team, led by our Chief Data and Analytics Officer, has strong partnerships across the enterprise and is responsible for executing our strategic data and analytics priorities. Through our data and analytics capabilities, we are providing solutions to challenges in our business and our industry, with the explicit goal of extending our data and analytics advantage to drive industry-leading performance for years to come.

Travelers has been using data and analytics for more than 165 years, but the world is constantly evolving. Our Data and Analytics team continually incorporates new sources of data to further inform our insights and decisions.

Each year, we:

- Process more than 1 million loss notices.
- Respond to roughly 20 million quotes.
- Answer more than 10 million calls from customers and agents.

That equates to more than 30 million “events” per year, or roughly 100,000 different business interactions a day. To keep up with this changing landscape, we are using techniques like robotic process automation and AI to handle complex tasks, and predictive analysis to drive better business decisions for our front-line teams and a better experience for our customers, agents and brokers.

### Cultivating Our Data Culture

Our Data Culture program was launched in 2020 to reinforce the strategic value of data and how it impacts our business. The program is intended to ensure that all employees take ownership of data, understand and protect data, capture it appropriately and make sure the data they are using is accurate and timely. Program highlights include:

- **Engagement.** Creating awareness and understanding of the importance and impact of data.
- **Learning and Development.** Offering programs to support a community of continual learning and growth.
- **Enablement.** Providing tools and resources to aid in maturing a data-driven culture.

As part of this program, our new Leader Series prepares senior leaders to become even better consumers of data and analytics capabilities, extending beyond traditional uses in product risk and segmentation and enabling them to reimagine work across the value chain. Through this series, we enable better decision-making, enhanced productivity and improved experiences for our agents, brokers, customers and employees – all of which help us maintain our industry-leading performance.

## INNOVATIVE PRODUCTS & SERVICES

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The forces of change in our industry present not only risk but also significant opportunities. We continuously leverage our innovation ecosystem and data-centric culture to provide new products and services to the insurance market. Here are some examples of those innovative products and services and how we are using technology to deliver them.

## Business Insurance

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### Using AI to Streamline Submission and Quoting Processes

- Insurance quote requests often require significant 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, AI augments our underwriting capabilities, enhancing risk selection and increasing efficiency while also enabling agents and brokers to write more business more quickly.
- Through our strategic partnership with Groundspeed Analytics, Inc., announced in October 2019, we use AI to simplify our new business and policy renewal processes and drive a better experience for our agents, brokers and customers. The partnership includes collaboration with Groundspeed on the design of additional AI capabilities for the automation of commercial insurance analytics.

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### Certified Data Products

- We created a series of certified data products that leverage both Travelers and third-party data. These products are operationally integrated, mastered, standardized, curated and quality controlled.
- For example, our new Certified Business database contains details about more than 30 million businesses, nonprofits and municipalities, providing a 360-degree view of each customer. Certified Business currently enables field and home office employees to share customer information across all lines of business – improving our ability to generate new business leads, cross-sell our products and make more informed business decisions during the sales and underwriting process.

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### Digital Delivery of Policy Documents

- By enabling agents and customers to correspond and transact with us digitally, including by signing or approving forms using e-signature, we're able to provide quicker service while reducing our paper usage and mail costs.

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### MyTravelers® for Business

- *MyTravelers* for Business provides convenient, online self-service capabilities for our customers so they can manage their business insurance accounts on their own schedules.
  - Once logged in, they can view their Travelers policies and billing accounts and complete various actions, such as paying a bill and viewing billing and payment history; reporting a claim or checking the status of a claim; obtaining copies of policy documents; printing auto ID cards; viewing limits, deductibles and near-real-time policy changes without having to open policy documents; and obtaining certificates of insurance.
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**Risk Management Information Services (e-CARMA®)**

- Travelers' Risk Management Information Services uses advanced technology to gather and analyze many elements that can have a significant impact on loss experience.
- For our larger Business Insurance customers with more sophisticated or complex operations, we offer e-CARMA®, a comprehensive and customizable analysis tool that makes accessing loss information faster and easier so our customers can make timely and informed decisions to keep their businesses running smoothly.

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**Travelers BOP 2.0**

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

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**Global Companion<sup>SM</sup> Plus+**

- In 2020, Travelers announced the launch of Global Companion<sup>SM</sup> Plus+. This new product builds upon the company's broad property and casualty offerings for U.S. firms with foreign exposures.
- Features of Global Companion<sup>SM</sup> Plus+ include:
  - **Primary Foreign Voluntary Workers Compensation.** Protects employees who are working outside their home countries.
  - **Financial Interest.** Provides a separate \$1 million limit for U.S.-based companies as an extra layer of protection when an eligible foreign subsidiary suffers a covered loss.
  - **Global Panel Counsel Service.** Helps businesses in need of legal assistance abroad find in-country representation experienced in local regulations and languages.
  - **Emergency Evacuation Coverage.** Offsets the cost of employees who must evacuate while abroad. This now includes coverage for natural disasters, political unrest and endemic disease.
- [Learn more>](#)

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### CSS Third-Party Claims Administration Services

- Constitution State Services (CSS) is a Travelers subsidiary providing claim management services for over 40 years. CSS is a third-party administrator for larger commercial customer for workers compensation claims, general liability claims, commercial auto claims and property claims.
  - CSS provides a prompt, focused response to claims, working collaboratively with our clients to efficiently pay what is owed, manage expenses and provide excellent customer service. Leveraging its national scale and technical expertise enables us to deliver superior results.
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## Personal Insurance

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### Digital Service Options

- We continue our strategic shift to digital, experiencing a 31% increase in customers registering for digital self-service options in 2020. The majority of our Personal insurance policies in force are registered on *MyTravelers* for self-service, providing a more seamless experience for our customers.
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### Digital Quote Proposal

- Digital Quote Proposal allows agents to text or email interactive quote proposals to their customers, with easy-to-understand policy coverage details, discounts and payment options.
  - It also offers real-time direct customer feedback capabilities so customers can ask questions and inquire about additional coverages.
  - Currently available in 22 states.
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### MyTravelers® Mobile App

- Our customer portal for personal insurance customers, available 24/7, enables our customers to manage their insurance needs more quickly and conveniently.
  - It allows our customers to make payments, view or change policy information, report and track the status of a claim, download auto ID cards, request roadside assistance and otherwise manage their insurance policies.
  - Through this robust digital experience, we also provide our customers with explanations about our insurance products and coverage using plain language and, in some cases, video content.
  - [Learn more>](#)
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### Quantum Home 2.0®

- Through its rebuilt quote and issue system, our *Quantum Home 2.0* product, which was designed in close collaboration with our agent and broker partners, makes it easier to tailor flexible and cost-effective coverage packages and specialty options for home and condo owners, tenants and landlords.
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- Its granular pricing segmentation, customizable coverages and ease of quoting offer a sophisticated yet simple solution that delivers value to both customers and agents.
  - Currently available in 41 states and the District of Columbia.
  - [Learn more>](#)

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#### **IntelliDrive®**

- Travelers *IntelliDrive* is a mobile-app telematics program that allows customers to better understand their driving habits by collecting and assessing data on behaviors, such as hard braking, rapid acceleration, speed, the time of day customers drive and distracted driving.
- *IntelliDrive*, which captures driving information for all enrolled drivers in the household for 90 days to determine their overall driving performance, allows customers to get auto insurance priced according to how they drive.
- In most states, safe drivers can see savings of up to 30% on their auto premiums at renewal, as well as savings of up to 10% for new customers at the time of enrollment. In most states, riskier driving habits can result in higher premiums.
- In 2020, we introduced a number of significant enhancements to *IntelliDrive*. We've launched a completely redesigned mobile app experience, based on agent and consumer feedback. Our redesigned app allows customers to more easily monitor driving performance, challenges them to put their phones down while driving with the new "Distraction-Free Streak" and gives users information on ways to be a safer driver.
- We introduced distracted driving as an additional scoring variable, thereby encouraging drivers to limit phone use when driving.
- These changes, as well as an increased discount for enrolling and the potential for greater savings for safe driving, have greatly increased the *IntelliDrive* adoption rate.
- Currently available in 38 states and recently introduced in Canada.
- [Learn more>](#)

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#### **Pet Insurance**

- In 2020, Travelers partnered with Crum & Forster Pet Insurance Group to offer pet insurance directly to our customers. The products are sold under the American Society for the Prevention of Cruelty to Animals (ASPCA) Pet Health Insurance Program brand, which Crum & Forster licenses. This partnership enables us to take advantage of a meaningful market opportunity while enhancing our ability to cross-sell products.
  - [Learn more>](#)
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**Traverse<sup>SM</sup>**

- *Traverse* is an innovative [personal insurance product](#) designed for consumers who may not need a traditional homeowners policy.
- Designed to meet the needs of millennials and Gen Z, *Traverse* can serve as an alternative to renters insurance by allowing customers to insure the items that are most important to them, such as their smartphone, laptop, musical instrument and jewelry.
- *Traverse* offers personal liability coverage that meets most landlord requirements.
- It also offers identity theft coverage as well as some vacation experiences.
- *Traverse* is a completely digital offering; customers can buy policies, make policy changes and submit claims – all online.
- Currently available in New York and Texas.
- [Learn more>](#)

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**Travelers Home Central<sup>TM</sup>**

- [Travelers Home Central](#) is a set of online tools and resources that provides information about moving, refinancing, buying and remodeling a home.
- The content is designed to help our current and future personal insurance customers protect themselves, feel more confident in making difficult choices and better understand the risks involved with being a homeowner.

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**Distribution**

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**InsuraMatch**

- In 2020, we announced Travelers' acquisition of InsuraMatch, a digital independent insurance agency.
- InsuraMatch uses an innovative online platform to help consumers compare offerings from more than 40 carriers across the United States.
- It focuses on personal insurance products and offers coverage for auto, home, boat, motorcycle, renters, umbrella and flood, among others.
- [Learn more>](#)

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**Simply Business**

- Simply Business is a growing technology company, owned by Travelers and operated as a stand-alone business, which 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.
  - Simply Business has more than 785,000 microbusiness and landlord customers, representing more than 1,000 classes of business.
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- Simply Business has been named a Best Place to Work in Insurance by Business Insurance.
  - [Learn more>](#)
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### **Zensurance Investment**

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

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### **Aerial Imagery and Virtual Damage Inspection**

- We have an 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 2019 Gartner Eye on Innovation Award and a CIO 100 Award.
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### **Artificial Intelligence in Fraud Detection**

- We leverage state-of-the-art AI tools to process both structured and unstructured data to help identify questionable claim behaviors.
  - For Auto and Property claims, deep learning NLP (Natural Language Processing) models help our Claim professionals detect suspicious cases earlier in the claim process, leading to more efficient and effective claim processing.
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**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>](#)

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**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 91% when a drone was not used.
- Widespread use of drones enhances customer experience and increases employee safety, including by more easily enabling social distancing.
- Approximately 650 FAA-certified drone pilots conducted more than 65,000 flights in 48 states 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.

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**Virtual Inspections**

- Using innovative virtual inspection and measurement technology, we are able to transform smartphone photos of a property into an accurate 3-D 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 2020, we handled 40% more auto appraisals and wind/hail claims and 70% more water claims virtually without the need for a live inspection as compared to pre-pandemic levels. This resulted in a better experience for our customers, a safer experience for our customers and Claim professionals, and a more efficient outcome for us.
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**Wildfire Defense  
Systems Partnership**

- We partner with [Wildfire Defense Systems \(WDS\)](#) to give California home, landlord and Small Commercial policyholders an added layer of wildfire protection at no additional cost.
- 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 with WDS allows for the deployment of wildfire prevention specialists to customers' homes to help prevent or minimize damages when wildfires are imminent.
- [Learn more>](#)

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**Early Severity Predictor®**

- The Travelers proprietary [Early Severity Predictor](#) 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.

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**MyTravelers® for  
Injured Employees**

- 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, [MyTravelers for Injured Employees](#). 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.
- In light of the pandemic in 2020, we relied more heavily on our virtual capabilities. We expanded virtual telemedicine visits to all stages of the recovery journey, with usage up dramatically year over year.

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**Digital Tools for  
Orthopaedic Injuries Pilot**

- We have a 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 nonpharmacological supplement to managing pain associated with acute orthopaedic injuries of the lower back and extremities.
  - [Learn more>](#)
-

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**Loss Consultation**

- Many times, smaller claims are below policy deductibles. Loss Consultation is an innovative program that gives customers the option of speaking with a loss specialist, who can provide information on the scope of loss, deductibles and coverages before the customer decides whether to file a claim.

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**Virtual Assistants**

- Virtual chat assistants on the *MyTravelers* portal answer frequently asked questions, help customers start the claim reporting process and facilitate common service transactions digitally. For example, through our virtual assistants, customers can get guidance on how to accomplish tasks such as changing their address, paying their bill or adding a vehicle to their policy.

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**Operational “Bots”**

- Our operational “bots” are autonomous programs that handle 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.

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**Enhanced Digital Customer Engagement Channels**

- Video communication, secure chat and file exchange capabilities within the *MyTravelers* portal enable more efficient communication between Claim professionals and customers and provide 24/7 access to claim information.

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**Digital Claim Payments**

- We are an industry leader in digital payments and became the first carrier to offer real-time claim e-payments to our Personal Insurance customers via PayPal.
- We also offer digital payment options to our Workers Compensation customers.
- Digital claim payments, which include Zelle, PayPal and direct deposit, have increased approximately 30% since the pandemic began.

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**Roadside Assistance**

- Through our vendor partnerships, we provide streamlined roadside assistance services to personal and business auto customers without our customers having to file a claim.
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## Risk Control

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### Online Risk Control Resources

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

### Risk Toolworks® App

- Our [Risk Toolworks](#) mobile app puts our 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 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 on *MyTravelers for Business* and our *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 return a system back to service in a timely manner helping to protect their business and employees.
  - [Learn more>](#)
- 

### Risk Control On-Demand®

- This 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.
  - Using digital video and screen sharing technology, Ergonomic Specialists collaborate with our customers, including through the use of our AI-Assisted Ergonomic Assessment, to identify job hazards and design improvements to reduce the risk of developing musculoskeletal disorders.
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### Construction Vibration App

- The smartphone-based app [ZoneCheck<sup>SM</sup>](#) helps construction companies understand how site activities can impact ground vibration and identify related risks to nearby structures.
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### Helping Contractors Manage the Cost of Risk

- In 2020, Travelers announced an exclusive agreement with Procore, a leading provider of construction management software, to help contractors manage the total cost of risk through improved operations and jobsite safety.
- Procore's construction platform connects entire project teams, from the office to the field and across companies. This provides key stakeholders – owners, general contractors, specialty contractors, architects and engineers – with the ability to collaborate across locations and devices.
- The Procore software is currently available at a 20% discount for eligible Travelers construction insurance customers in 10 states.
- [Learn more>](#)

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### Forensics and Digital Forensics Laboratories

- We have a Forensics Laboratory staffed by a team of scientists and engineers with backgrounds in chemistry, metallurgy, [materials science](#), [fire forensics](#) and construction. This capability brings analytical rigor to identify how losses occur and who or what is responsible.
- Our Digital Forensics Laboratory, staffed by specialists, enables Travelers to ingest, preserve and analyze digital data from any source, including the web, social media and smart devices.

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To learn about how our innovative products and services incentivize health, safety and/or environmentally responsible actions and behaviors, see our [SASB report](#).

# Illustrative Initiatives



INNOVATION IN WORKERS  
COMPENSATION RECOVERY

Finding Innovative Ways  
to Manage Workers  
Compensation-Related Injuries



INNOVATION FOR SAFETY

Leveraging Technology  
to Improve Worker Safety



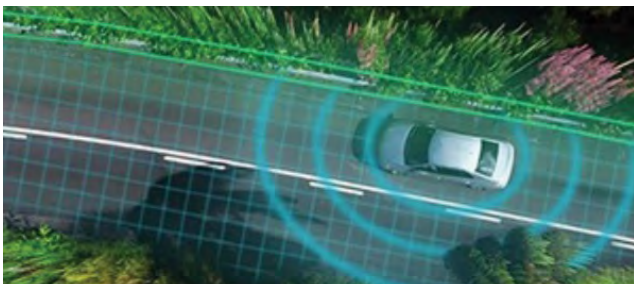
INVESTMENT IN KITTYHAWK

Enhancing Our  
Drone Program



CLAIM UNIVERSITY

Training World-Class  
Claim Professionals



TRAVELERS INSTITUTE

Insuring Autonomy  
- Autonomous Vehicles



NATIONAL CATASTROPHE CENTER

Catastrophe Planning  
and Response

# Illustrative Initiatives



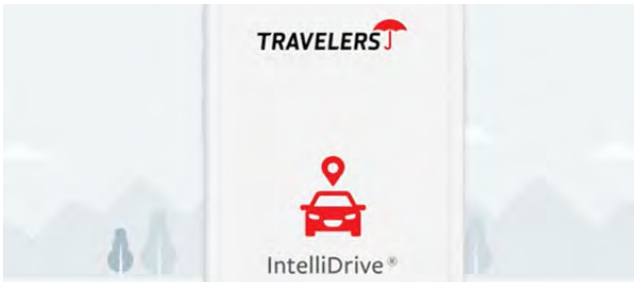
WILDFIRE DEFENSE SERVICES

Protecting Our Customers  
from Increased Wildfire Risk



GIRLS WHO CODE

Growing Tech Talent



INTELLIDRIVE®

Leveraging Telematics to  
Encourage Safe Driving



VIRTUAL CARE & WORKERS  
COMPENSATION INJURY RECOVERY

Leveraging Virtual Technologies  
in Workers Compensation



PROTECTING PROPERTY THROUGH  
SMART & CONNECTED TECHNOLOGIES

Test and Learn of IOT Devices

# 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, 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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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.

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 possible impact in the communities in which we live and work. Our current priorities are presented in detail on the [Travelers Institute website](#) and include:

- [Issues Relating to the COVID-19 Pandemic.](#)
- [Distracted Driving.](#)
- [Insuring Autonomous Vehicles.](#)
- [Enhancing Cybersecurity.](#)
- [Small Business Advocacy.](#)
- [Insurance Education.](#)
- [Disaster Preparedness and Coastal Challenges.](#)

In addition to bringing value to our communities and agent and broker partners, Travelers Institute programming helps educate the company's employees, senior leaders and Board members, who regularly attend Travelers Institute events, about issues and trends affecting our industry. In addition, the President of the Travelers Institute reports to the Board on an annual basis.



## STAKEHOLDER ENGAGEMENT & STRATEGIC RELATIONSHIPS

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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, webinars, 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 12 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.

Notably, during the pandemic, the Travelers Institute enhanced its convening power and connected with important stakeholders virtually through a new webinar series, [Wednesdays with Woodward](#)<sup>®</sup>. The series launched in June 2020 to explore personal and professional issues impacting our agents, our brokers, our customers, our employees and the communities we serve. Topics included leading and managing teams during the pandemic, maintaining resilience and emotional well-being during times of stress, and employee safety and COVID-19, among many others. In 2020, the Travelers Institute hosted 15 webinars, which had approximately 22,000 viewings in total. The series will continue in 2021, based on the enthusiastic reception.

## POLITICAL PROCESS COMMITMENTS & CONTRIBUTIONS

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In addition to [Travelers Institute](#)<sup>®</sup> activities, Travelers directly engages in the public-policy-making process through the Travelers Government Relations team. As a company that operates in a highly regulated and competitive industry, it is important for Travelers to evaluate and appropriately engage at both the state and federal levels. We believe our active participation in the political process is in the best interest of our shareholders, our employees and the communities in which we conduct business.

Our Government Relations staff gathers input from various business lines, senior management and our Legal staff when analyzing public policy issues and lobbying priorities. 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 transparent, 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:

### **Board Oversight and 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 per 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 (e.g., 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 2020 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.

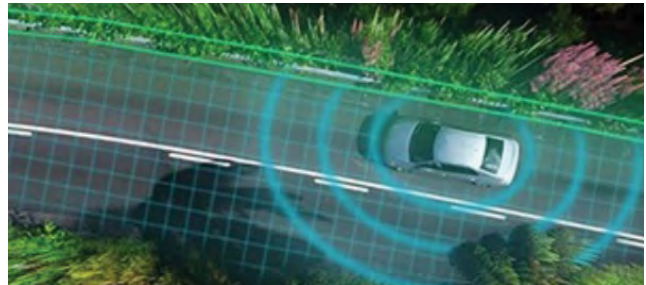
<sup>[1]</sup>Travelers pays registration fees for employees to attend national meetings of the National Association of Insurance Commissioners (NAIC) and the National Council of Insurance Legislators.

# Illustrative Initiatives



TRAVELERS INSTITUTE

Distracted Driving –  
Every Second Matters®



TRAVELERS INSTITUTE

Insuring Autonomy –  
Autonomous Vehicles



TRAVELERS INSTITUTE

Cyber: Prepare, Prevent,  
Mitigate, Restore®



TRAVELERS INSTITUTE

Thought Leadership on  
Disaster Preparedness



SMALL BUSINESS – BIG OPPORTUNITY®

Small Business Advocacy



TRAVELERS INSTITUTE

Insurance Essentials:  
Your Questions Answered

# Illustrative Initiatives



WEDNESDAYS WITH WOODWARD®:  
WEBINAR SERIES

Exploring Issues Related  
to the COVID-19 Pandemic

# 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, from helping to reduce distracted driving to working with business customers to prevent and minimize the severity of workplace injuries.

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## APPROACH

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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 Safety and Health 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 lives 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.

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 our employees safe on the road. Our [investments in drones](#) also help keep our employees safe by reducing the need for them to engage in potentially hazardous activities, such as climbing onto ladders and roofs. We also offer our employees office workstation ergonomic consultation services and self-help ergonomic tools and training.

As discussed in further detail under [Business Resiliency](#), upon initial reports of the emerging coronavirus in January 2020, we activated our Business Continuity, Crisis Management and Disaster Recovery teams to track the outbreak and begin executing our robust [business resiliency plans](#) and our corporate pandemic plan – all with the goal of keeping our employees safe while continuing to provide the quality service our customers have come to expect. Within 10 days, we mobilized a remote strategy with limited interruption, enabling the overwhelming majority of our employees to work from home. Our strategy included the creation of an employee microsite with critical information, including travel restrictions, work-from-home guidance, safety protocols and other employee policies. For those employees whose roles required that they work from an office or in the field, we enacted worksite-essential protocols to keep them safe – including mandated health checks, facial coverings and social distancing, regularly disinfecting our offices and tracking all COVID-19 cases or suspected cases. We also reimbursed commuting costs associated with private transportation for worksite-essential employees who would normally take public transportation to get to work.

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. We continued to take care of each other as we all adjusted to the difficult circumstances this year. In 2020, in keeping with our focus on mental well-being, we further promoted our extensive mental health resources, including those focused on mindfulness, stress reduction and resiliency, to assist employees through the difficult circumstances of the year. To learn more about the comprehensive benefit programs we offer our employees, including those launched or enhanced as part of our efforts to support our employees during the COVID-19 pandemic, see [Total Rewards](#) on the Human Capital Management section of this report.

## **Protecting the Safety and Health 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 interactive workers compensation claim portal, [MyTravelers® for Injured Employees](#).

Our team of more than 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 [MyTravelers® for Business](#) website provides digital content and interactive tools to help our customers and their 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.

During the pandemic, we continued to offer our customers the safety and risk mitigation expertise of our industry-leading Risk Control team. Throughout the year, we've continued to provide Risk Control services to our business customers through virtual risk assessments and webinars. We have also been sharing with our customers specific guidance on protecting workers and assets during shelter-in-place orders, as well as counsel on how to manage the eventual return to worksites, when safe and appropriate to do so.



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](#) section of our website, which we amplify with outreach through traditional and social media strategies. In 2020, we released a robust suite of industry-leading risk management resources to help businesses safely reopen amid the COVID-19 pandemic, including webinars such as the [PATH to Reopen Your Business](#). 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>®</sup> education campaign and, in 2020, hosted webinars focused on employee health and safety through the [Wednesdays with Woodward](#)<sup>®</sup> series. These webinars included:

- [Protecting Your Most Valuable Asset: Employee Safety During COVID-19 with the National Safety Council](#)
- [Emotional and Social Reintegration in the Age of COVID-19](#)
- [Resilience in Times of Uncertainty](#)

## SAFETY AWARENESS & CULTURE

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### **Travelers Workforce Advantage<sup>®</sup>**

*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.** Having a process for attracting and hiring qualified job candidates is an important step in building a culture of safety and engaging employees in workplace safety.



- **Onboarding and training.** 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.
- **Supporting and engaging employees.** Promoting safety and encouraging a healthy lifestyle, both inside and outside of the workplace, are important to fostering an engaged workforce.

Here are some examples of how we assist our customers through *Travelers Workforce Advantage*:

- **Injury and illness prevention programs.** Our Risk Control consultants help our customers identify common occupational injuries and illnesses and recommend preventive measures to help reduce the risk of employee injuries and illnesses. In particular, our consultants assist our customers through services such as industrial hygiene monitoring; ergonomic evaluations; and slip, trip and fall assessments.
- **Safety leadership and culture training.** 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 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.
- **Travelers [Corridor of Care](#)<sup>®</sup>.** This is a post-injury management process designed to assist employers in supporting injured employees from the moment they are injured through their return to work. 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 build employee morale, keep injured workers connected to the workforce and help them transition back to work as soon as medically appropriate.
- **[Workforce Pressure Test](#).** This tool helps employers understand how engaged, safe and resilient their workforce is through a brief online questionnaire.
- **Functional Job Analysis (FJA) and Job Safety Analysis (JSA).** A functional job analysis is a structured process that helps 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 work method that helps to minimize or eliminate each hazard. Conducting a JSA can help our customers understand the hazards and the procedures necessary to address the exposure. By completing both an FJA and a JSA, our Risk Control consultants can help customers develop safer work methods.

## INDUSTRIAL HYGIENE LABORATORY

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Our [Industrial Hygiene Laboratory](#) provides specialized services to our commercial customers to assess their employees' 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 dedicated staff of certified industrial hygienists, 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 for Occupational Safety and Health (NIOSH) methodologies.

The Industrial Hygiene Laboratory provides critical data to our customers, underwriters and workers compensation specialists to help them make informed decisions that keep employees safe and produce long-term value. On average, the Industrial Hygiene Laboratory performs more than 50,000 analyses on approximately 30,000 samples annually for chemical exposures, helping customers better protect their employees. The experienced staff develops innovative analytical methods and recommends products and services to monitor workplace environments to help customers improve the health and safety of their employees. In 2020, our ability to adapt and leverage virtual consulting tools enabled us to continue to provide our customers with timely support and guidance, even while our facilities were temporarily closed and travel was more limited.

## ERGONOMICS CONSULTING SERVICES

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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, which leverage AI-enhanced video capabilities, to help 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.
- Ergonomic task force development assistance to empower teams to make workplace ergonomic improvements through employee engagement.

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 effective solutions.

## TRANSPORTATION SAFETY

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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 mitigate 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, we offer 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®](#) 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.

## FIRE & LIFE SAFETY

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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 and virtual property surveys each year. In addition to property 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 [Fire Protection System Impairment Management Tool](#), available on our secure [MyTravelers® for Business](#) 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 standards committees, various Underwriters Laboratories (UL) committees and the Insurance Institute for Business & Home Safety (IBHS). They are also active in the nonprofit Property Insurance Research Group, which is part of the Fire Protection Research Foundation.

## PREVENTING CHRONIC PAIN & POTENTIAL OPIOID USE

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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 opioids’ 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 – is related to lost productivity costs.<sup>[1]</sup>

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

## Using Our Data and Analytics to Help Reduce Addiction

By analyzing workers compensation claim data, Travelers created the [Early Severity Predictor](#)<sup>®</sup> model, which can help identify an injured employee's likelihood of experiencing chronic pain using weighted predictors at key points during the life of a claim. 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 opioids or other painkillers – and reduce the risk of opioid addiction.

This program has benefited more than 80,000 injured employees since its inception in 2015. In addition to improving the recovery experience for tens of thousands of injured employees, the program has resulted in loss cost savings of more than \$150 million by helping reduce surgeries performed and opioids prescribed. We apply [this model](#) to all of the lost-time workers compensation claims we receive.

## Opioid Addiction and 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. Many workers compensation claims submitted to Travelers from the construction industry involve opioid prescriptions. To help curb prescription opioid abuse, we use 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 50% reduction in the use of opioids among the injured construction workers 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 significantly longer periods of time than those in other industries.

## Engaging Injured Employees in Recovery

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](#)<sup>®</sup> 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 type of active management can help an injured employee 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. In addition, Travelers continues to support research initiatives and make investments in new solutions to help [injured employees through the claim process](#) and enhance its [virtual care programs](#).

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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](#).

# Illustrative Initiatives



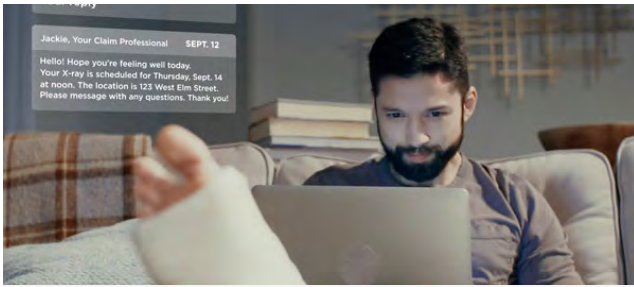
TRAVELERS INSTITUTE

Distracted Driving –  
Every Second Matters®



TRAVELERS MEDICAL ADVANTAGE®

ConciergeCLAIM® Nurse:  
Helping Injured Employees  
Return to Work



TRAVELERS MEDICAL ADVANTAGE®

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



INNOVATION IN WORKERS COMPENSATION RECOVERY

Finding Innovative Ways  
to Manage Workers  
Compensation-Related Injuries



INNOVATION FOR SAFETY

Leveraging Technology to  
Improve Worker Safety



MAKING MENTAL HEALTH A PRIORITY

A Focus on Life Balance  
and Mental Health

# Illustrative Initiatives



VIRTUAL CARE & WORKERS  
COMPENSATION INJURY RECOVERY

## Leveraging Virtual Technologies in Workers Compensation



# Financial Performance



At Travelers, our simple and unwavering mission for creating shareholder value is to deliver superior returns 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. Executing this financial strategy has produced industry-leading returns over time, and 2020 was no exception.

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## 2020 RESULTS

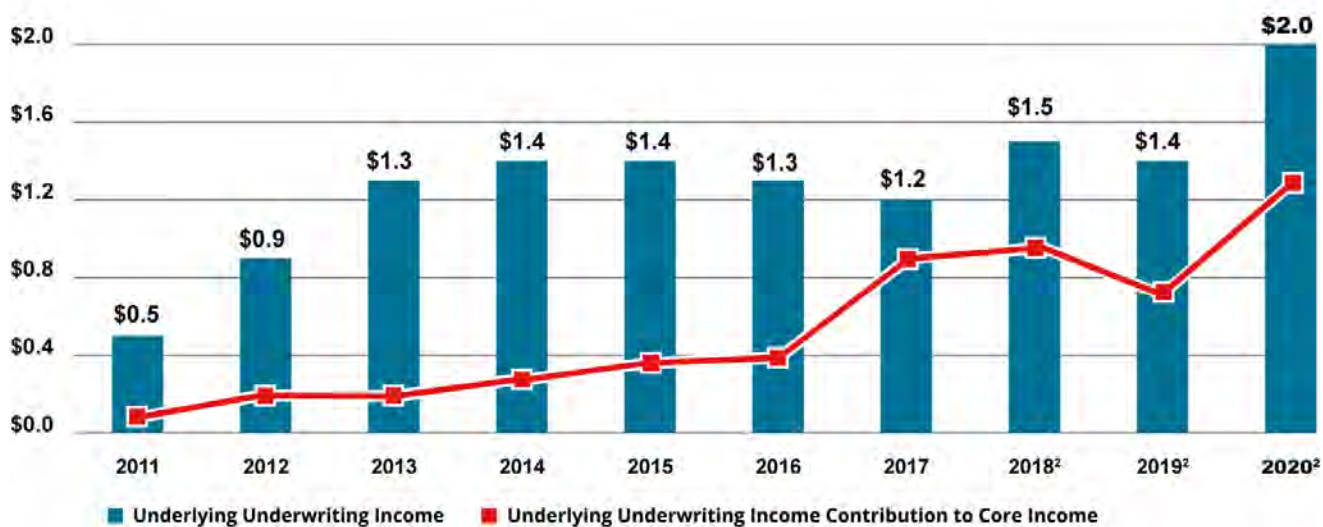
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Travelers generated \$2.7 billion of core income, an increase of 6% over the prior year, and \$10.48 of core income per diluted share, an increase of 9%. Core return on equity was 11.3%, a meaningful spread over the 10-year Treasury and our cost of equity.

Our earnings and strong balance sheet enabled us to grow book value per share by 14% and adjusted book value per share by 7%, after continuing to make important investments in our business and returning more than \$1.5 billion of excess capital to our shareholders through dividends and share repurchases. Notably, 2020 marked the 15th consecutive year in which we increased our dividend. Our ability to generate a significant profit in the current environment, while also investing in our business and returning substantial capital to our shareholders, speaks to the strength of our franchise and the value of our competitive advantages.

This year, we saw once again the power of our underwriting excellence and the successful execution of our strategy to create attractive top-line opportunities and to improve productivity and efficiency. We generated record underlying underwriting income of \$2.0 billion after-tax, driven by record earned premiums of \$29.0 billion and a very strong underlying combined ratio of 90.7%. Importantly, as illustrated by the chart below, the contribution of underlying underwriting income to core income was the highest in more than a decade, an indication of the high quality of our earnings. In other words, when you adjust for the things over which we have less control, such as the substantial number of catastrophes, prior year reserve development and the low interest rate environment, we delivered operating performance that far exceeds that of prior years. An important contributor to our record underlying underwriting income this year was our continued strategic focus on improving productivity and efficiency. Our strategy to grow the top line at attractive returns and improve productivity and efficiency is particularly important in the current low interest rate environment.

## Underlying Underwriting Income (\$ In Billions, After-Tax)<sup>[1][2]</sup>



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

<sup>[2]</sup>The results for 2018, 2019 and 2020 reflect lower tax rates associated with the Tax Cuts and Jobs Act of 2017.

## Resiliency in the Face of Economic Headwinds

We remained committed to our underwriting fundamentals last year as we adapted to changes in the business and economic environment and delivered products, services and capabilities that our customers, agents and brokers value. As a property and casualty insurer, we insure the output of the economy, and, accordingly, changes in economic activity have a direct impact on our top line. We are pleased that in a year of historic economic disruption, we grew net written premiums by 2% to a record \$29.7 billion. These results reflect the strength of our value proposition and the success of our marketplace strategies. Across the enterprise, we achieved significant rate gains where needed and strengthened terms and conditions where warranted, while maintaining historically high retentions.

This marketplace execution is the result of effective leadership by our business and functional leaders and very strong performance by our underwriters in the field. As always, we are actively managing all levers of profitability available to us, including risk selection, mix of business, claim and expense initiatives, volume, reinsurance, terms and conditions, and, of course, price. We price our products with a return objective in mind – we are not passive rate takers. Our deliberate pricing strategy is also benefiting from a number of industrywide factors putting upward pressure on prices, including increased weather-related volatility, historically low interest rates and a growing recognition of higher loss trend in the liability lines. We are encouraged by the pricing environment and will continue to leverage the power of our franchise to meet our return objectives.

Importantly, we also maintained an expense ratio below 30% for 2020, even after the impacts of the pandemic, such as the premium refunds we provided to our Personal Insurance auto customers. This reflects the continued effective execution of our strategy to improve productivity and efficiency.

## Investment Expertise

Much like our underwriting strategy, successfully balancing risk and reward is also at the heart of our well-defined and consistent investment philosophy. 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. With this in mind, 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 the predictable stream of investment income from our fixed income portfolio will provide a firm and reliable foundation for our business. That is exactly what we saw in 2020, and that is our investment philosophy at work. Our high-quality investment portfolio generated strong net investment income of \$1.9 billion after-tax in 2020 – an impressive result given the impact of the disruption in the global financial markets on our alternative investment portfolio and the effect of the record low interest rates on our fixed income portfolio.

## Profitable Growth

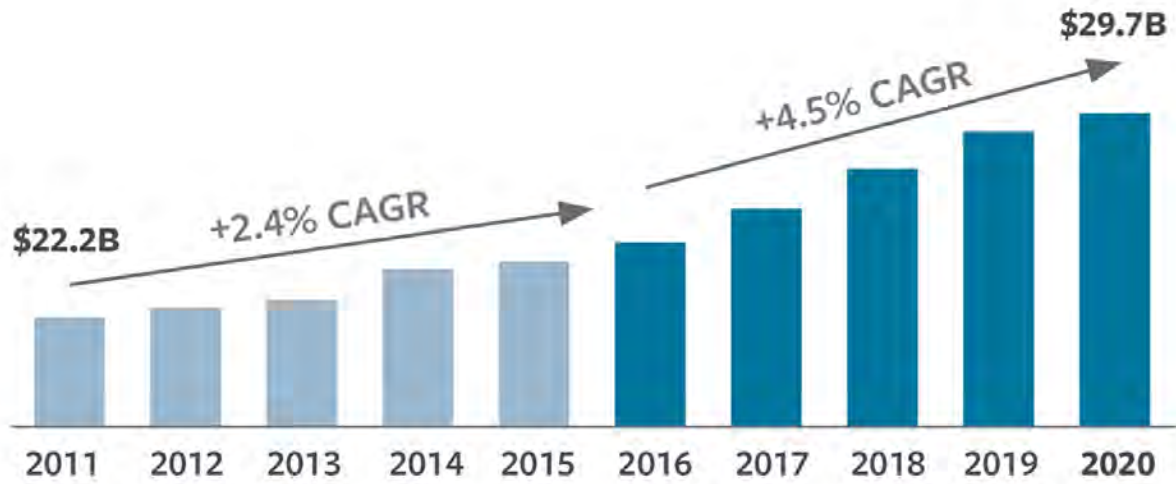
To put our 2020 results into a broader context: We remain steadfast in our view that return on equity over time is the right way to measure our success and that any commitment to deliver an industry-leading return on equity over time also requires a strategy to grow over time. To that end, several years ago, we laid out a strategy to achieve profitable growth 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 have established key innovation priorities and are investing in capabilities consistent with those priorities.

We successfully executed on this strategy again in 2020 despite the challenging economic and operating environment. As illustrated by the charts below, since 2016, we have grown net written premiums at a compound annual rate of 4.5%, substantially outpacing both gross domestic product growth over the same period and our own growth rate of 2.4% in the prior years of the decade.

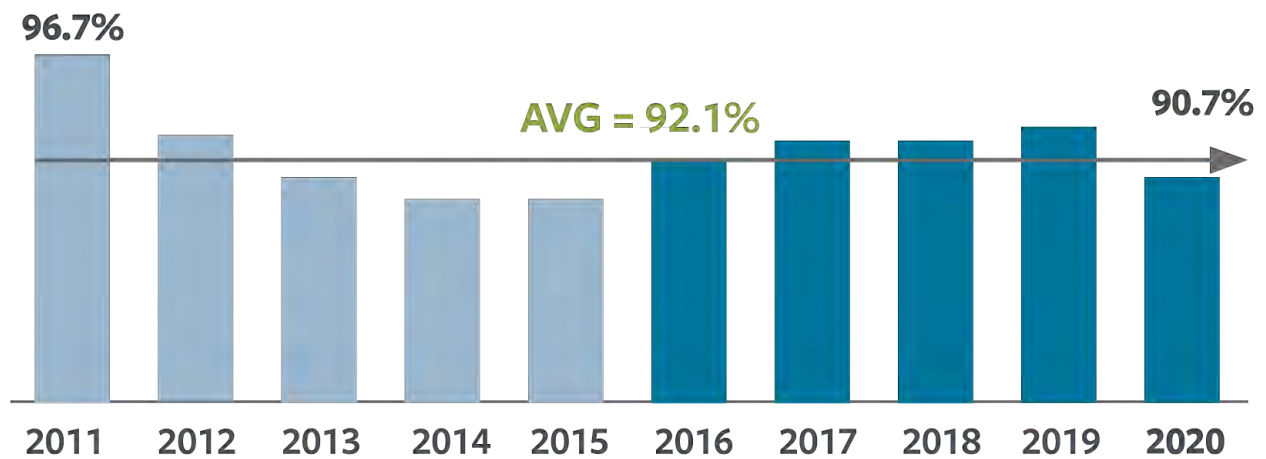
We have accomplished this growth while maintaining a stable underlying underwriting margin. In other words, we have not grown by underpricing our products or changing our risk profile. The growth has come organically from customer segments, products, geographies and producers that we know well. Over this same period, through our ongoing and relentless focus on optimizing productivity and efficiency, we have also improved our expense ratio by about two points compared to the run rate from earlier in the decade. The results of these efforts are significantly higher underlying underwriting income, meaningfully higher cash flow from operations and double-digit growth in invested assets. Those results have contributed to our ultimate objective of creating shareholder value through industry-leading return on equity over time. Our core return on equity has increased in each of the last three years and averaged 11% over that period, even after bearing the impact of the pandemic, significant catastrophe and non-catastrophe weather-related losses, a meaningful increase in social inflation and historically low interest rates.

In short, our performance in 2020 and over recent years is the result of a sound strategy, excellence in execution and the successful achievement of our strategic objectives.

## Accelerating Net Written Premium Growth

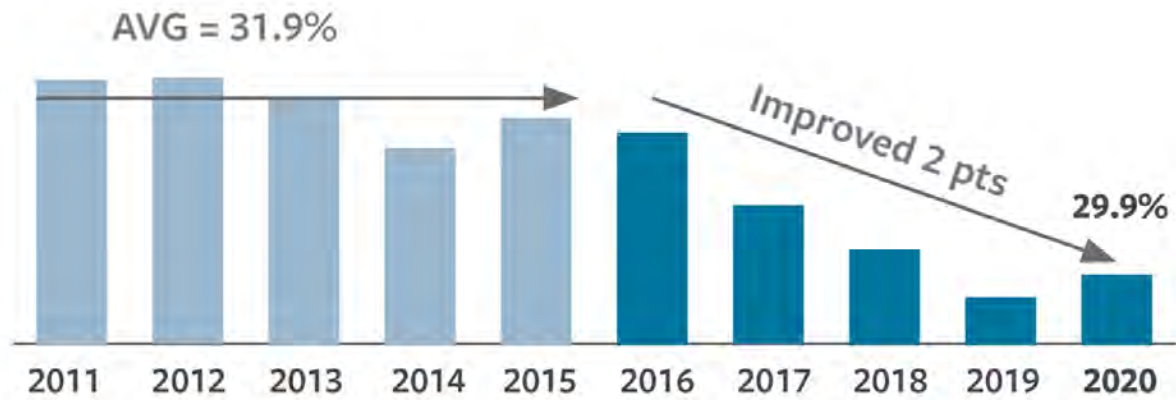


## Stable Underlying Combined Ratio<sup>[1]</sup>

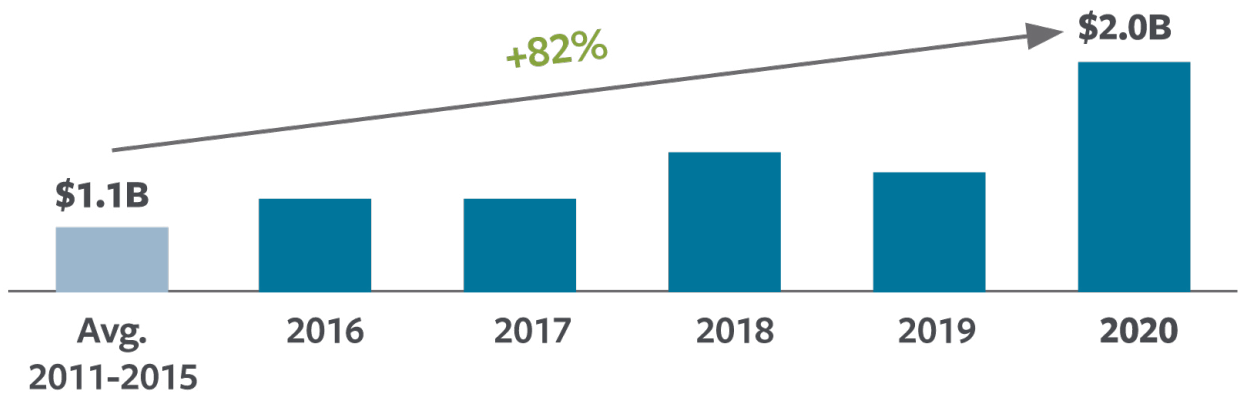


<sup>[1]</sup>Excludes the impact of catastrophes and prior year reserve development.

## Improving Expense Ratio

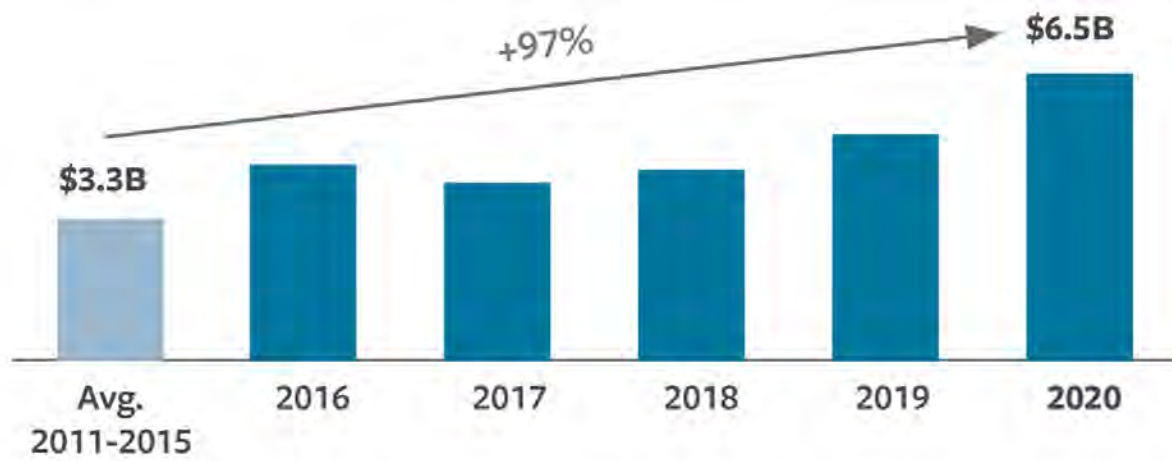


## Higher Underlying Underwriting Income<sup>[1]</sup>

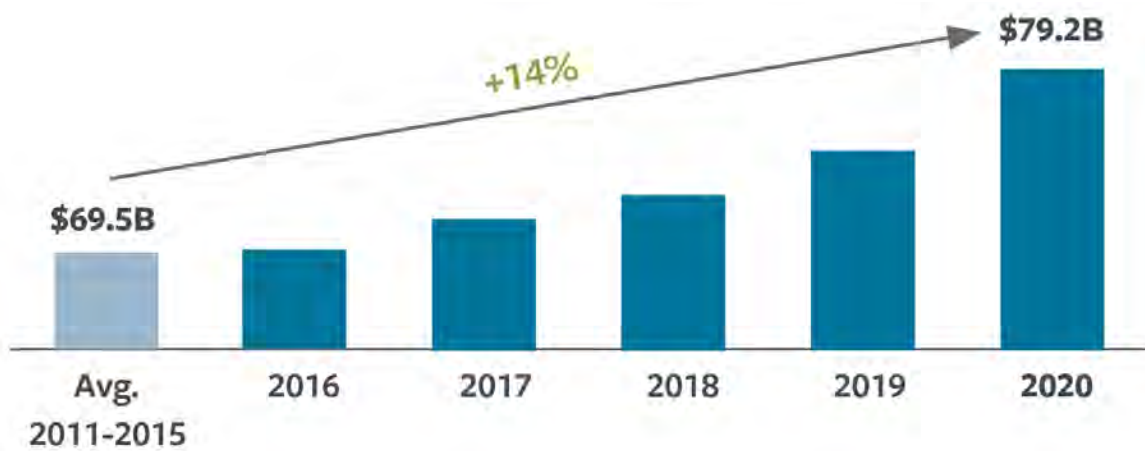


<sup>[1]</sup>Excludes the impact of catastrophes and prior year reserve development.

## Higher Cash Flow from Operations



## Growing Invested Assets<sup>[1]</sup>



<sup>[1]</sup> Invested assets excludes net unrealized investment gains (losses).



## Our Claim Excellence

Our claim-handling ability remains a crown jewel of our organization – it is both at the heart of our promise to our customers and a significant competitive advantage.

Our highly sophisticated claim model enables us to handle essentially 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. This year was no different. Despite the challenges caused by the pandemic, we effectively responded to a record number of catastrophe events and a more than 50% increase in catastrophe claim volume as compared to the prior year. We met our objective of closing more than 90% of all claims arising out of catastrophe events within 30 days – an exceptional result given both the volume of claims and the logistical challenges posed by the pandemic.

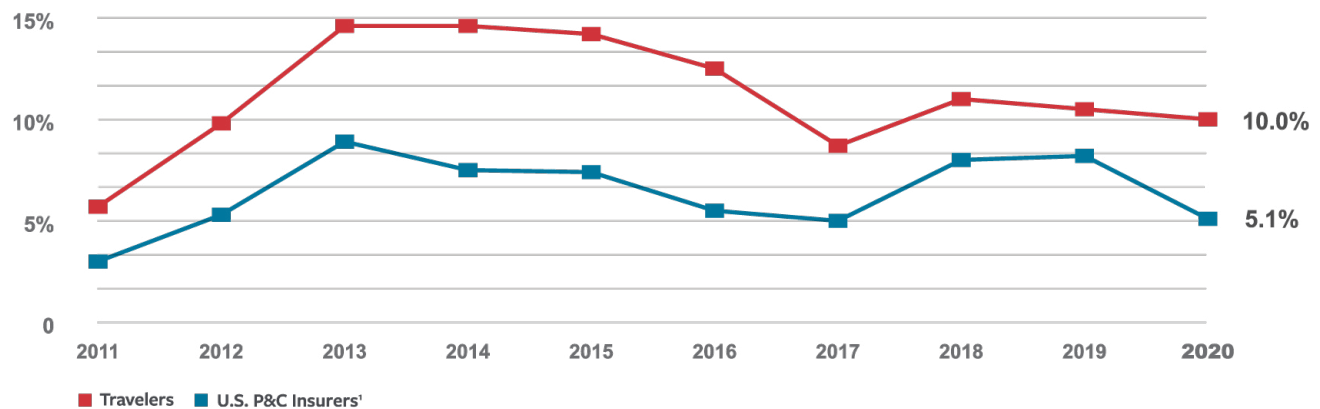
## Consistent and Successful Long-Term Financial Strategy Delivers Shareholder Value

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 returns on equity by leveraging our competitive advantages.
- Generate earnings and capital substantially in excess of our growth needs.
- 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. 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. As we have said before, our ability to achieve a mid-teens return over time going forward will depend on interest rates returning to more normal levels by historical standards. In any event, we always seek to deliver industry-leading returns over time.

## Return on Equity<sup>[1]</sup>



<sup>[1]</sup> U.S. P&C Insurers: 2020 forecast ©2020 Conning, Inc., as published in Conning's Property-Casualty Forecast & Analysis by Line of Insurance, used with permission. Historical data from the Insurance Information Institute (III), including the 2021 III Insurance Fact Book.

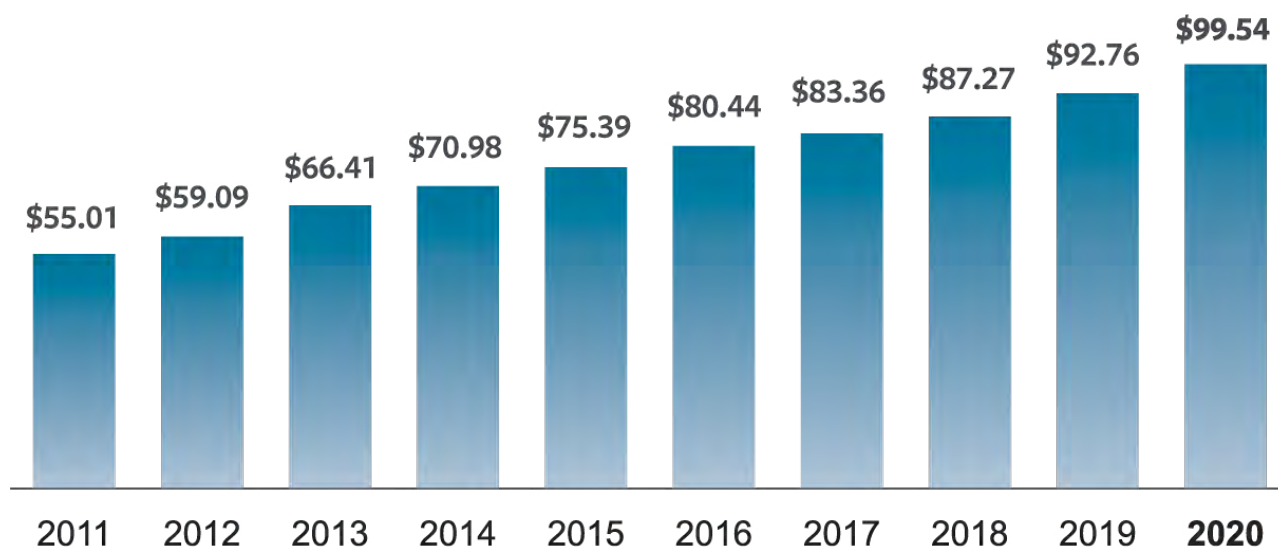
Our 2020 return on equity of 10.0% and core return on equity of 11.3% again meaningfully exceeded the average return on equity for the domestic property and casualty industry of 5.1%, according to estimates from Conning, Inc., an insurance asset management firm. As shown in the chart above, our return on equity has significantly outperformed the average return on equity for the industry in each of the past 10 years.

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

Once again, we ended the year extremely well capitalized, with no maturing long-term debt over the next five years and all our financial strength indicators at or better than our target levels, including a debt-to-capital ratio of 18.3% (20.7% 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 a compound annual rate of 7% and 6%, respectively, over the last 10 years.

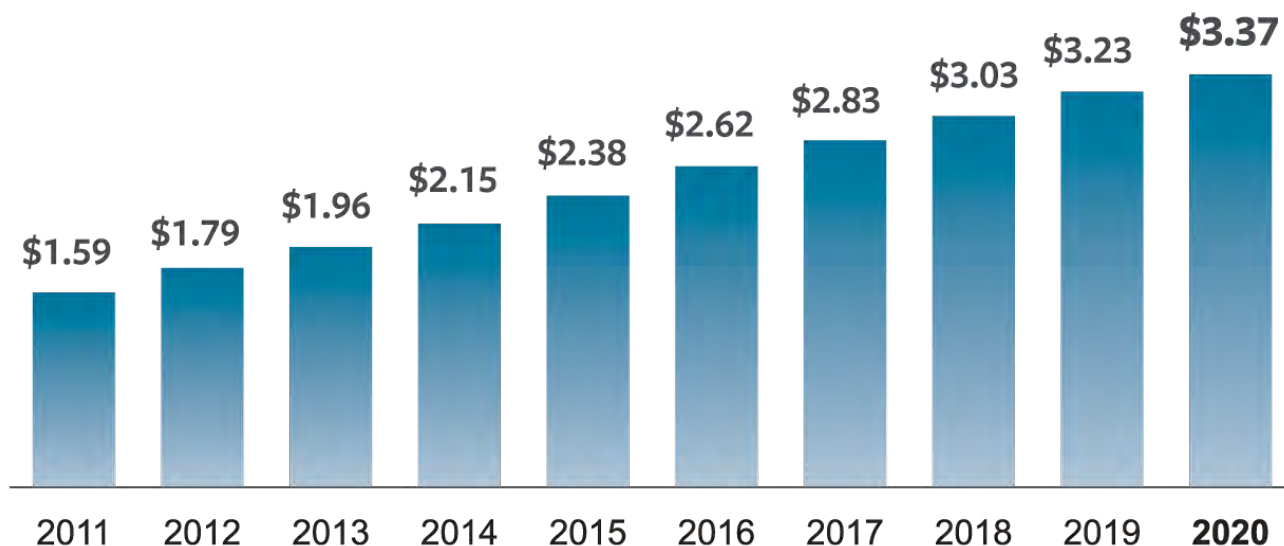
## Adjusted Book Value per Share<sup>[1]</sup>



<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 9%.

## Dividends per Share



Notably, since we began our share repurchase program in 2006, we have returned approximately \$47 billion of excess capital to our shareholders, including through \$36 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 \$68.00.

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. 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. Also, 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. By returning excess capital to our investors, we give them the ability 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

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

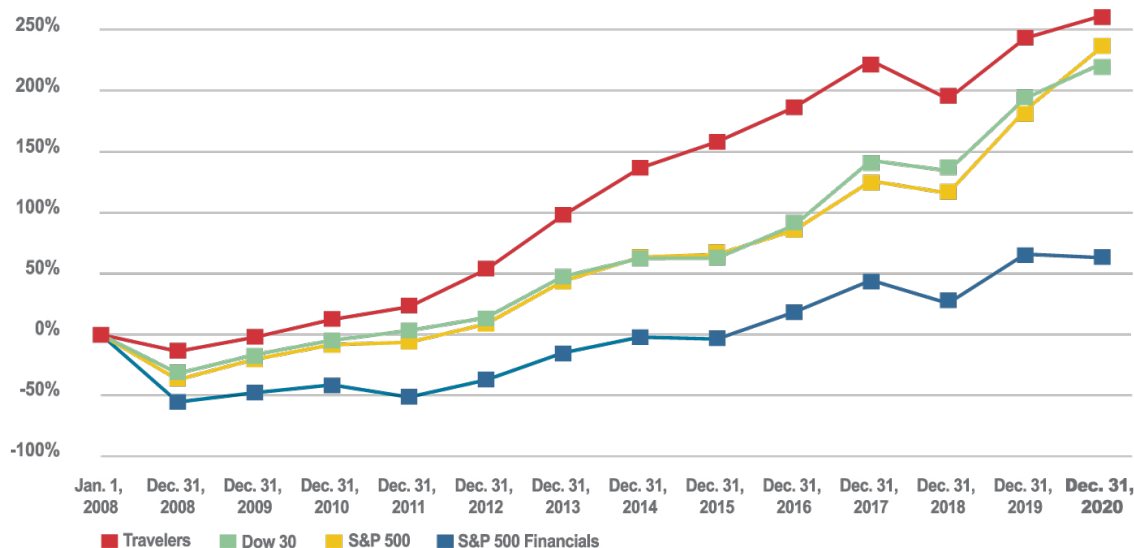
	2020	2019	2018	2017	2016
<b>Earned Premiums</b>	\$29,044	\$28,272	\$27,059	\$25,683	\$24,534
<b>Total Revenues</b>	\$31,981	\$31,581	\$30,282	\$28,902	\$27,625
<b>Core Income<sup>[1]</sup></b>	\$2,686	\$2,537	\$2,430	\$2,043	\$2,967
<b>Net Income</b>	\$2,697	\$2,622	\$2,523	\$2,056	\$3,014
<b>Net Income Per Diluted Share</b>	\$10.52	\$9.92	\$9.28	\$7.33	\$10.28
<b>Total Investments</b>	\$84,423	\$77,884	\$72,278	\$72,502	\$70,488
<b>Total Assets</b>	\$116,764	\$110,122	\$104,233	\$103,483	\$100,245
<b>Shareholders' Equity</b>	\$29,201	\$25,943	\$22,894	\$23,731	\$23,221
<b>Return On Equity</b>	10.0%	10.5%	11.0%	8.7%	12.5%
<b>Core Return On Equity</b>	11.3%	10.9%	10.7%	9.0%	13.3%
<b>Book Value Per Share</b>	\$115.68	\$101.55	\$86.84	\$87.46	\$83.05
<b>Dividends Per Share</b>	\$3.37	\$3.23	\$3.03	\$2.83	\$2.62

<sup>[1]</sup>See the [Non-GAAP Reconciliations](#) page for a discussion and calculation of non-GAAP financial measures.

## DELIVERING VALUE OVER TIME

Ultimately, it is the success of our strategy – with all its component parts – that 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 and unforeseeable economic cycles and more extreme economic conditions. With that in mind, the graph below compares our returns since the 2008 financial crisis to the returns for the Dow 30, the S&P 500 and the 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.

We are as confident as ever 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

### Reconciliation of Shareholders' Equity to Adjusted Shareholders' Equity

	As of December 31,					
(Dollars in millions)	2020	2019	2018	2017	2016	2015
<b>Shareholders' equity</b>	<b>\$29,201</b>	\$25,943	\$22,894	\$23,731	\$23,221	\$23,598
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	<b>(4,074)</b>	(2,246)	113	(1,112)	(730)	(1,289)
Net realized investment gains, net of tax	<b>(11)</b>	(85)	(93)	(142)	(47)	(2)
Impact of TCJA <sup>[1]</sup> at enactment	—	—	—	287	—	—
<b>Adjusted shareholders' equity</b>	<b>\$25,116</b>	\$23,612	\$22,914	\$22,764	\$22,444	\$22,307

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

## Calculation of Return on Equity and Core Return on Equity

	As of December 31,				
(Dollars in millions)	2020	2019	2018	2017	2016
<b>Net income</b>	<b>\$2,697</b>	\$2,622	\$2,523	\$2,056	\$3,014
Average shareholders' equity	<b>\$26,892</b>	\$24,922	\$22,843	\$23,671	\$24,182
<b>Return on equity</b>	<b>10.0%</b>	10.5%	11.0%	8.7%	12.5%
<b>Core income</b>	<b>\$2,686</b>	\$2,537	\$2,430	\$2,043	\$2,967
Adjusted average shareholders' equity	<b>\$23,790</b>	\$23,335	\$22,814	\$22,743	\$22,386
<b>Core return on equity</b>	<b>11.3%</b>	<b>10.9%</b>	<b>10.7%</b>	<b>9.0%</b>	<b>13.3%</b>

## Calculation of Book Value per Share and Adjusted Book Value per Share

	As of December 31,									
(Dollars in millions, except per share amounts)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Shareholders' equity</b>	<b>\$29,201</b>	\$25,943	\$22,894	\$23,731	\$23,221	\$23,598	\$24,836	\$24,796	\$25,405	\$24,477
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	<b>4,074</b>	2,246	(113)	1,112	730	1,289	1,966	1,322	3,103	2,871
Shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	<b>\$25,127</b>	\$23,697	\$23,007	\$22,619	\$22,491	\$22,309	\$22,870	\$23,474	\$22,302	\$21,606
Common shares outstanding	<b>252.4</b>	255.5	263.6	271.4	279.6	295.9	322.2	353.5	377.4	392.8
<b>Book value per share</b>	<b>\$115.68</b>	\$101.55	\$86.84	\$87.46	\$83.05	\$79.75	\$77.08	\$70.15	\$67.31	\$62.32
<b>Adjusted book value per share</b>	<b>99.54</b>	92.76	87.27	83.36	80.44	75.39	70.98	66.41	59.09	55.01



## Reconciliation of After-Tax Underlying Underwriting Income (Also Known As Underlying Underwriting Gain) to Net Income, and Reconciliation of Core Income to Net Income

	For the year ended December 31,									
(Dollars in millions, after tax)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Underlying underwriting income	\$2,008	\$1,400	\$1,522	\$1,239	\$1,265	\$1,446	\$1,430	\$1,277	\$888	\$451
Impact of catastrophes	(1,274)	(699)	(1,355)	(1,267)	(576)	(338)	(462)	(387)	(1,214)	(1,669)
Impact of net favorable (unfavorable) prior year reserve development	276	(47)	409	378	510	617	616	552	622	473
Underwriting income (loss)	1,010	654	576	350	1,199	1,725	1,584	1,442	296	(745)
Net investment income	1,908	2,097	2,102	1,872	1,846	1,905	2,216	2,186	2,316	2,330
Other, including interest expense	(232)	(214)	(248)	(179)	(78)	(193)	(159)	(61)	(171)	(195)
Core income	2,686	2,537	2,430	2,043	2,967	3,437	3,641	3,567	2,441	1,390
Net realized investment gains	11	85	93	142	47	2	51	106	32	36
Impact of TCJA <sup>(1)</sup> at enactment	—	—	—	(129)	—	—	—	—	—	—
Net income	\$2,697	\$2,622	\$2,523	\$2,056	\$3,014	\$3,439	\$3,692	\$3,673	\$2,473	\$1,426

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

## Reconciliation of Invested Assets to Invested Assets Excluding Net Unrealized Investment Gains (Losses)

	As of December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Invested assets	\$84,423	\$77,884	\$72,278	\$72,502	\$70,488	\$70,470	\$73,261	\$73,160	\$73,838	\$72,701
Less: Net unrealized investment gains (losses), pre-tax	5,175	2,853	(137)	1,414	1,112	1,974	3,008	2,030	4,761	4,399
Invested assets excluding net unrealized investment gains (losses)	\$79,248	\$75,031	\$72,415	\$71,088	\$69,376	\$68,496	\$70,253	\$71,130	\$69,077	\$68,302

Underlying underwriting income is net earned premiums and fee income less claims and claim adjustment expenses (excluding catastrophe losses and prior year reserve development) and insurance-related expenses.

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 shareholders' 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 report conveys our multifaceted value creation strategy for our investors and other key stakeholders.

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## APPROACH

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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 report.

Except where noted, the information covered on this site highlights our performance and initiatives in fiscal year 2020. We used multiple frameworks to guide our disclosures. Based on extensive discussions with investors, we have decided to generally 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 our business strategy and performance are inextricably linked with fulfilling our commitment to our customers, our communities and our employees. In addition to publishing stand-alone [SASB](#) and [TCFD](#) Reports, we provide a [Content Index](#) that directs users to disclosures on our integrated website relevant to the GRI standards and IIRC framework.

In addition to being vetted and confirmed by 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).

## STAKEHOLDER ENGAGEMENT & TOPIC PRIORITIZATION

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We regularly engage with our investors, our customers, our employees, our agents and brokers, regulators, rating agencies and other stakeholders on business issues and environmental, social and governance (ESG) topics of interest to them. In 2020, we again took an integrated approach to our shareholder engagement efforts, including with respect to governance, compensation, financial and sustainability matters. Through these efforts, in 2020, we engaged with shareholders representing more than 40% of the company's outstanding shares. Among other things, topics of discussion included our response to COVID-19 with respect to remote work, business resiliency and our relief efforts for our employees, customers, agents and brokers and communities, as well as our efforts related to promoting racial equity. We also continued to solicit feedback from our institutional investors with respect to our sustainability reporting.

Our approach to sustainability reporting, the frameworks and standards with which we have aligned our disclosures and the specific topics we cover on our site were informed by our extensive engagements with our shareholders. In advance of preparing our first sustainability site, which we launched in May 2019, we 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.

We also conducted a prioritization exercise at that time to help focus our ESG reporting on 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, analyses by prominent ESG data providers and sustainability reporting 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, and 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 management-level [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](#)
- [Customer Experience](#)
- [Data Privacy & Cybersecurity](#)
- [Disaster Preparedness & Response](#)
- [Diversity & Inclusion](#)
- [Eco-Efficient Operations](#)
- [Ethics & Values](#)
- [Governance Practices](#)
- [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.

## REPORTING FRAMEWORKS & STANDARDS

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This website communicates our company's value creation story holistically. The reporting on this report is aligned with several leading frameworks and standards.

### **International Integrated Reporting Council (IIRC)**

The IIRC is a global coalition of regulators, investors, companies, standard setters, accounting professionals, academics and NGOs that promotes integrated reporting regarding an organization's approach to long-term value creation. This approach aims to convey how an organization's business strategy, governance, performance and prospects, in the context of its external environment, lead to value creation over time. See our related disclosures within our [Content Index](#).

### **Global Reporting Initiative (GRI)**

The GRI provides a set of principles and standards by which organizations can report on sustainability issues. See our [Content Index](#) for our GRI disclosures.

### **Sustainability Accounting Standards Board (SASB)**

SASB has developed industry-specific sustainability accounting standards designed to guide public companies in their disclosure of relevant ESG information to investors. We have included on our site a stand-alone [report](#) corresponding to SASB's insurance industry standards.

### **Task Force on Climate-related Financial Disclosures (TCFD)**

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) has developed recommendations aimed to produce more effective climate-related disclosures for the benefit of investors, lenders, insurers and other stakeholders. In this stand-alone [report](#), we provide disclosure consistent with the TCFD recommendations.

# Illustrative 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 IBHS's one-of-a-kind research center located in Chester County, South Carolina. Additionally, in light of our strong commitment to IBHS, we have a permanent seat on its executive committee.

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.

According to a National Institute of Building Sciences study, for every \$1 spent on hazard mitigation, the United States can save \$6 in 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 collaborated on with IBHS.

- Throughout 2019 and 2020, IBHS conducted hail impact testing on asphalt shingles, culminating in the release of shingle performance ratings by manufacturer. The performance ratings resulted in some shingle manufacturers pulling products or reformulating them to improve resilience. The ratings, therefore, appear to support future accountability and provide motivation to manufacturers to improve asphalt shingle hail performance. Insights from studies like this also enable us to better 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, businesses and communities. During Hurricane Sally in September 2020, several FORTIFIED Commercial™ buildings were put to the test and performed at or above expectations, with overall damage equaling less than 0.05% of their total building cost. The Lodge at Gulf State Park in Alabama, for example, was able to offer shelter to many guests before, during

and after the event, with essential services uninterrupted. Success stories like these are great reminders of the importance of the work IBHS does to improve community resilience, and for members to provide mitigation credits to FORTIFIED Commercial™ properties, as Travelers does.

- In August 2020, IBHS released Suburban Wildfire Adaptation Roadmaps that identify best practices to reduce the vulnerability of residential homes to wildfire. The roadmap provides a step-by-step guide for homeowners to proactively reduce their wildfire risk. Over the years, IBHS has made significant contributions to wildfire preparedness, adaptation and communication. These guidelines enable us to better support our customers in mitigating wildfire risk in suburban communities.

Given the dual challenges during 2020 of preparing for a disaster while facing the pandemic, the Travelers Institute, our public policy arm, teamed up with IBHS and the American Property Casualty Insurance Association (APCIA) during National Hurricane Preparedness Week on a media campaign to provide information and tips to prepare a home or business for a disaster. In addition, as part of its new [Wednesdays with Woodward®](#) webinar series, the Travelers Institute convened these organizations for a webinar to celebrate the 10th anniversary of the IBHS Research Center, highlighting successes and lessons learned on preparedness for wildfires, hail and wind events.



## WILDFIRE DEFENSE SERVICES

### Protecting Our Customers from Increased Wildfire Risk

The 2020 wildfire season in California was the most destructive in the modern era of wildfire management. There were more than 9,500 fires that burned 4.2 million acres and destroyed more than 10,000 buildings. Five of the six largest fires in California history occurred during 2020, including the August Complex fire, which burned more than 1 million acres across seven California counties. 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, and in 2020, we expanded this offering to Small Commercial policyholders with building coverage in California. This endorsement provides an added layer of wildfire protection for our customers at no additional cost. We work with Wildfire Defense Systems (WDS) to provide response 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 uses 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 and businesses 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. As but one example of the power of our partnership with WDS, in September 2020, as a raging wildfire pushed toward a farm and ranch owned by one of our Northern California customers, WDS extinguished burning embers and applied fire retardant to the vegetation on the edge of the property to keep the flames at bay, preventing a potentially catastrophic loss.

In addition to protecting our customers' businesses and properties, this loss prevention service has saved us millions of dollars in potential losses. This is just one example of the shared value we create – in other words, how delivering on our promise to our customers also generates shareholder value.





## 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 September 2020, a large number of FORTIFIED roofs were put to the test and demonstrated the incredible ability a roof fortification program has to increase community resilience and maintain stability in a disaster-impacted community. For example, AL.com, an Alabama Media Group news site, reported that 16,000 roofs with FORTIFIED certification withstood the 130 mph winds from September 2020's Hurricane Sally, a Category 2 storm.

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. Since then, the Travelers partnership has resulted in 32 SBP staff receiving FORTIFIED construction training and 104 FORTIFIED homes being built in Louisiana, New Jersey, New York, South Carolina and Texas.

In recognition of the successful program, SBP received a 2020 FORTIFIED Pioneer Award from 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 190 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 32 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.
- Disasters often disproportionately impact low-income communities of color. The greatest asset of low-income homeowners tends to be their home. And according to the Urban Institute, home equity makes up a disproportionate amount of overall net worth for Black households. After a disaster, however, housing values drastically decrease. When SBP rebuilds a home, the value is restored, giving the resident more leverage and potential for upward economic mobility.

## 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.
- Since we entered our partnership with Habitat for Humanity, dozens of Travelers volunteers have helped build FORTIFIED Habitat homes, increasing our employees' knowledge of FORTIFIED Home™ standards. Videos of prior builds can be viewed [here](#).
- Thousands of our employees have participated in Habitat builds – both FORTIFIED and traditional – driving engagement by doing purposeful work together in our communities.
- 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 three-year, \$1 million 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 2019, we renewed our support for the Mobile Training Center through 2021 with an additional \$1 million in support.

From 2017 to 2019, the Mobile Training Center visited nearly 100 cities, including stops at Travelers offices in Braintree (Massachusetts), Denver, Hartford and St. Louis; interacted with more than 7,500 people; and trained more than 2,000 members in nearly 200 courses, including core operations, damage assessment and instructor training.

Due to the COVID-19 pandemic, outside of disaster response, the Mobile Training Center introduced virtual trainings. More than 15,500 members engaged in 36,000 virtual training courses, completing more than 23,000 hours of training. The Mobile Training Center also deployed as a disaster training camp following Hurricane Laura and trained nearly 170 members in chainsaw operations so they could assist in relief operations in southwestern Louisiana. There were three additional disaster training camps set up in Texas and Illinois.

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. Since then, Travelers has provided \$750,000 in grant funding for the low-attention disaster rebuild program, and Team Rubicon has rebuilt 102 homes in Houston, 500 roofs in Puerto Rico and 38 homes in Florida. In 2020, despite the pandemic, the organization rebuilt 19 homes in Houston and one in Lake Charles, Louisiana, with an additional five approved for construction in 2021.



Given our commitment to [supporting our military veterans](#) and helping communities recover from disasters, our collaboration with Team Rubicon is a natural fit.

### **Community Benefits**

- Each year, Team Rubicon helps thousands of military veterans recapture their sense of purpose, helping to mitigate mental health challenges.
- Individuals who are faced with home damage following a natural disaster receive free assistance from Team Rubicon to help them recover sooner.

### **Travelers Benefits**

- Support of Team Rubicon provides visibility for Travelers among veterans and their families, an important talent pipeline for the company.
- Supporting organizations that respond to crises helps ensure that communities, including those with Travelers customers, receive resources to mitigate further damage and enables faster recovery, potentially reducing costs for the company.



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* event, to help families, businesses and communities prepare ahead of the Atlantic hurricane season. Given the dual challenges during 2020 of preparing for a disaster while facing the pandemic, the Travelers Institute teamed up with the Insurance Institute for Business & Home Safety (IBHS) and the American Property Casualty Insurance Association (APCIA) during National Hurricane Preparedness Week on a media campaign to provide information and tips to prepare a home or business for a disaster. In addition, the Travelers Institute convened IBHS and APCIA for a webinar through the Wednesdays with Woodward® series to celebrate the 10th anniversary of the IBHS Research Center, highlighting successes and lessons learned on preparedness for wildfires, hail and wind events. Additionally, following recent extreme weather events like Superstorm Sandy, the Travelers Institute launched [Insurance Essentials: Your Questions Answered](#), an initiative aimed at helping individuals make informed decisions when selecting personal insurance policies.

### RELATED RESOURCES

- [The Travelers Coastal Wind Zone Plan](#)
- [Resilient Coasts: A Blueprint for Action](#)
- Featured Event: [Weathering the Storm: A Behind-the-Scenes Look at the Insurance Institute for Business & Home Safety](#)
- Press Release: [APCIA, IBHS and Travelers Institute Team Up to Provide Hurricane Preparedness Tips and Resources](#)
- [Travelers Wildfire Defense Services Endorsement](#)



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.
- 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.

### Community Benefits

- Since the inception of *Travelers EDGE*, 539 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 2019–2020 academic year, *Travelers EDGE* helped 93 students through a direct scholarship or stipend and helped more than 30 students complete an associate's or bachelor's degree.
- Over the past five academic years, 70% of all graduates were employed at graduation or shortly after. Of those, 82% entered careers in the insurance and financial services industry.

## Travelers Benefits

- Since the program's inception, more than 90 *Travelers EDGE* graduates have been hired by the company.
- In 2019–2020, 12 out of the 24 graduates (50%) were hired full time by Travelers. Of those who accepted full-time positions at Travelers, 58% 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 one of the most popular stops on the PGA TOUR and 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 some of 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 benefit charities throughout the region. Since Travelers became title sponsor in 2007, the tournament has generated more than \$20 million to support more than [750 local charities](#). Despite being held as a TV-only event in 2020 due to the pandemic, the tournament still generated more than \$1.6 million for 115 charities, including organizations dedicated to COVID-19 relief efforts and racial equity. The tournament also hosted a drive-thru baby shower for expectant military moms and recognized front-line health care workers in Connecticut who risked their lives every day caring for COVID-19 patients. As a special thank you, the name of a health care hero was listed on each caddie's bib in addition to their respective player's name.





## SMALL BUSINESS RISK EDUCATION

# Empowering Small Business Owners to Succeed

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.

Since the program's inception in 2012, more than 3,000 representatives of women-, minority- and veteran-owned small businesses attended risk management workshops and other events.

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 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 (ESOs) focused on social enterprise, innovation and access to capital. During the pandemic, we provided pass-through funding to each ESO to help them meet their operational needs.

In 2020, we pivoted to virtual workshops and began offering to our nonprofit partners' small business clients the Travelers Institute's online webinar series, which explores pressing topics impacting individuals and businesses, such as leading and managing teams during the pandemic, cybersecurity, maintaining resilience and emotional well-being during times of stress, and employee safety and COVID-19, among others.

## Community Benefits

- Women-, minority- and veteran-owned businesses are driving economic growth and job creation in their communities; our support contributes to their success, which, in turn, leads to community vitality and resilience.



## **Travelers Benefits**

- Travelers Risk Control professionals deliver the workshops, 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.



## JUNIOR ACHIEVEMENT INSURANCE LEARNING LABS

### Fostering Financial Literacy and Insurance Know-How

Travelers has partnered with Junior Achievement (JA) for nearly two decades, providing financial support and employee volunteers for local programs. In 2019, in coordination with JA, Travelers 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.

The latest of these three insurance learning labs opened at the JA Discovery Center of North Georgia in Forsyth County, Georgia. 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.

In 2020, Travelers supported 10 Junior Achievement organizations across the country. Before COVID-19 began affecting our communities in March of 2020, 77 Travelers employees volunteered their time with Junior Achievement, helping to impact the lives of 578 students in two communities. Later, Junior Achievement was able to pivot to online programs, and Travelers employees continued to offer their business and career advice through virtual classroom settings and career panels. In total, employees logged more than 320 hours for their volunteer work with Junior Achievement in 2020.

#### Community Benefits

- The program provides age-appropriate learning on topics such as civic constructs, currency, economics and business, helping students prepare at an early age for career and financial decisions to come.
- Our partnerships with Junior Achievement are focused on districts with limited resources where students may otherwise not have access to these programs.

## **Travelers Benefits**

- The program introduces students to Travelers as potential future employees or customers.
- Employee volunteers have opportunities to build their own capabilities, such as teamwork and presentation skills, which helps develop Travelers' talent base.
- Employee volunteers expressed satisfaction with the company making investments in youth, which deepens engagement and helps with retention.



#### 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 call 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 expanded the program to our Alpharetta, Georgia, and Chicago, Illinois, offices.

### Community Benefits

- Through Travelers Insuring Futures, students are introduced to an industry that offers a wide variety of rewarding career opportunities.
- Paid internships provide experience that helps students identify areas of interest and builds their skills and competencies for successful employment in the future.

### Travelers Benefits

- Our Travelers Insuring Futures program is one of the many ways in which we are working to attract, grow and develop insurance industry talent.
- This program benefits our agent and broker partners and strengthens our relationship with them.



## 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 \$4 billion in follow-on capital.

The Travelers 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.

In 2020, the launching of a new cohort was postponed due to the pandemic, but Travelers provided emergency support to VilCap ESOs and featured a number of small businesses that are clients of the ESOs in a social media campaign promoting entrepreneurship.

Our work with Village Capital in 2021 will be targeted to nonprofit ESOs led by and focused on Black, Latinx and/or Indigenous founders and entrepreneurs.

### **Community Benefits**

- Small businesses are an important economic engine, and Travelers' support helps communities remain vital by providing financial and intellectual capital.

### **Travelers Benefits**

- By interacting with a variety of small businesses and small business incubators, Travelers has a line of sight into emerging trends and risks that can help inform its product development and risk control protocols.
- Travelers' advocacy for small business is on display through support of this partnership, improving awareness and enhancing the brand reputation of our company among potential future customers.





## AMERICAN FORESTS PARTNERSHIP

### Partnering for a Purpose – Helping to Reforest America

In 2017, our Chairman and CEO, Alan Schnitzer, organized an effort to offset carbon emissions associated with our annual Travelers Leadership Conference. To aid that effort, we partnered with American Forests – the country’s oldest nonprofit conservation group – and funded the planting of 40,000 trees.

In April 2019, Travelers launched a bold new initiative with American Forests and committed to fund the planting of one tree for each Personal Insurance billing account converted to paperless billing. This initiative seeks to minimize our environmental impact and carbon footprint by both lowering our paper consumption by 22 million pages and funding the planting of 1 million trees across the United States between April 2019 and April 2020.

By Earth Day 2020, we reached our goal, funding the planting of 1 million trees in areas most in need of reforestation, including:

- 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.

In 2020, we committed to fund the planting of an additional 500,000 trees by Earth Day 2021 – a goal we have since achieved – and joined the U.S. chapter of 1t.org to help conserve, restore and grow 1 trillion trees by 2030. In April 2021, we extended our support for American Forests and announced our goal to plant an additional 1.5 million trees by June 2022.

Beyond the environmental impacts of 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 goals 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, we held two planting events:
  - 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 – home to 18 endangered or threatened species – has been cleared.

### **Community/Environmental Benefits**

- Each tree planted absorbs carbon, improves air quality and helps restore habitats for birds and other animals.

### **Travelers Benefits**

- Travelers achieves cost savings by eliminating the materials and labor costs associated with printing and mailing forms.
- Employees are increasingly concerned about the environment and appreciate the company's focus on restoring forests, which improves engagement.
- Volunteer activities linked to the partnership provide team-building opportunities.



## 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 12 playgrounds in underserved communities across nine states. In 2020, despite our inability to include Travelers volunteers in playground builds, we continued our support of KABOOM!, which helped a high school in Phoenix, Arizona, construct a multisport court and a school in Columbia Heights, Minnesota, receive a brand new playground. KABOOM! remotely engaged school staff and students, community members and Travelers volunteers to assist with planning and then hired professional installers to build the playspaces with COVID-19 safety guidelines in place. In 2020, our partnership enabled the construction of more than 7,300 square feet of new playable space for over 3,000 youth.

Together, Travelers and KABOOM! have hauled 1,386 cubic yards of mulch; have mixed 200,640 pounds of concrete; and have built 189 “side projects” (games, picnic tables, walkways, etc.) to benefit nearly 16,000 children through the construction of 12 new playspaces (11 playgrounds and 1 multisport court) since 2017.

You can learn more about the partnership [in this video](#).

## Community Benefits

- Our partnership with KABOOM! is focused on communities with limited resources where children and families may otherwise not have access to safe and healthy playspaces.
- In at least three cities, Travelers employees developed ongoing relationships with the schools/organizations we worked with, delivering additional support in a variety of ways.

## **Travelers Benefits**

- Nearly 1,200 Travelers employees and independent agents have volunteered for the projects, building relationships and boosting their sense of pride in the company.
- Employee volunteers have an opportunity to build their own capabilities, such as teamwork and project management skills, which helps develop Travelers' talent base.
- Travelers volunteers expressed satisfaction with the company making investments in their communities, which deepens engagement and helps with retention.





## COMMUNITY SERVICE VEHICLE DONATIONS

### Driving Opportunity

Travelers is proud to partner with Recycled Rides®, a program managed by the National Auto Body Council that brings together insurers, auto repair shops and others to donate refurbished vehicles to those without reliable transportation. Through this partnership, the company has donated more than 30 vehicles to individuals in need, including U.S. veterans and active military members, educational institutions and community organizations.

In 2020, Travelers continued to donate vehicles through the Recycled Rides® program, including a refurbished van to Special Olympics Connecticut and a vehicle to a veteran and his family in St. Louis.

#### Community Benefits

- This partnership helps provide individuals and families with access to transportation for employment, health care, nutritional and recreational needs.
- Through this partnership, charitable organizations obtain an asset that enables them to further their mission and increase impact.

#### Travelers Benefits

- Supporting this program enhances our relationships within the auto industry.
- Travelers receives positive brand recognition among supporters and beneficiaries of the Recycled Rides® program.
- Travelers employees who are involved in identifying vehicles to donate, selecting charities to benefit from the donations and representing Travelers at presentations gain skills valuable to our company and experience satisfaction from Travelers using its resources to benefit the community.



## GIRLS' LEADERSHIP SUMMITS

# Inspiring Girls to be Strong, Smart and Bold

In keeping with our commitment to be the leading advocate for women in the insurance industry, Travelers hosted four leadership summits for girls in 2020 – in Connecticut, Colorado, Georgia and Minnesota – in partnership with Girls Inc. and the YWCA. Students and parents heard from engaging presenters on topics related to personal branding, interview skills and college affordability.

Every girl in attendance was given the opportunity to have a 30-minute “advising session” with uAspire, a nonprofit organization whose mission is to ensure that all young people have the financial information and resources necessary to find an affordable path to and through college. There were 180 girls and 70 parents in attendance at the events, and 70 Travelers employees volunteered their time to plan and execute the summits.

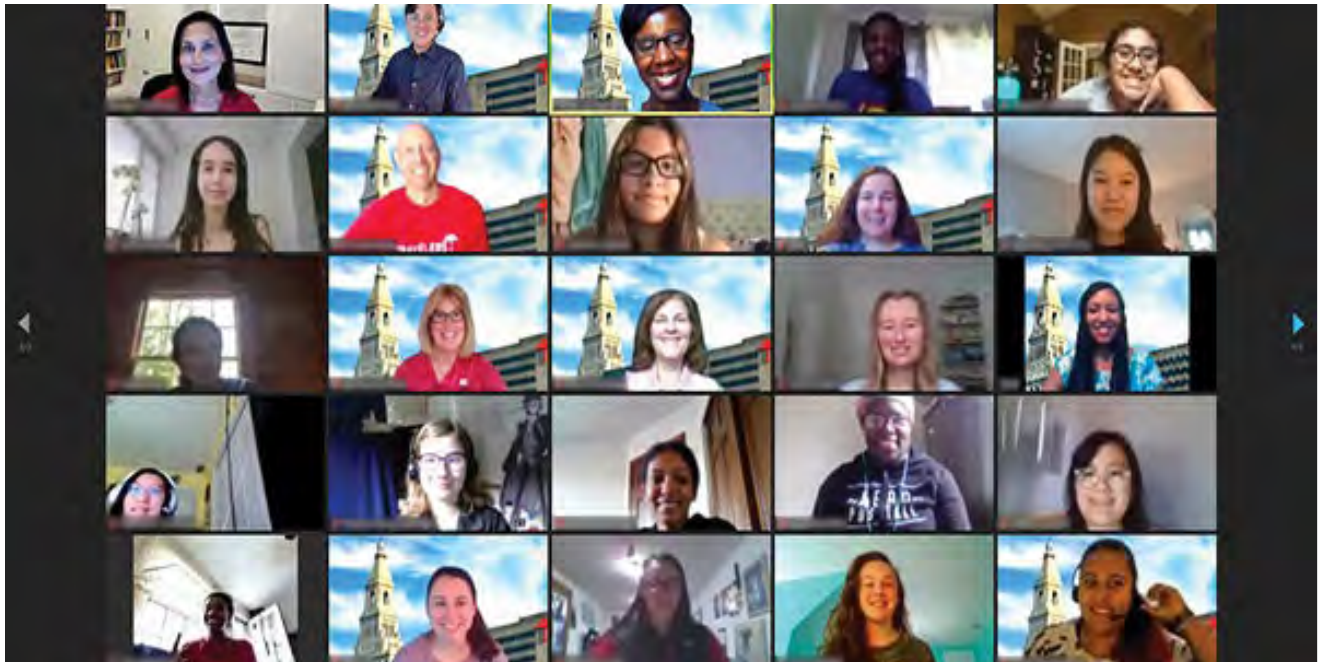
### Community Benefits

- The programs provided learning and networking opportunities to young women as they navigate college and career paths.
- The free advising service provides access to opportunity for young women who otherwise may not have received counseling about financial considerations for college.

### Travelers Benefits

- This program is aligned with our commitment to lead the industry in advocating for women in insurance, including through [SHE Travels®](#) and our various initiatives to help broaden and enhance the talent pipeline.
- The program introduced students to Travelers as potential future employees or customers.
- Employee volunteers had an opportunity to build their own capabilities, such as project management and presentation skills, which helps develop Travelers' talent base.
- Travelers volunteers expressed satisfaction with the company making an investment in young women, which deepens engagement and helps with retention.





## GIRLS WHO CODE

### Growing Tech Talent

Women make up just 24% of the U.S. computing workforce – down from 37% in 1995 – according to Girls Who Code, a nonprofit with the mission to close the gender gap in entry-level technology jobs.

In 2020, Travelers teamed up with Girls Who Code to provide 36 rising high school juniors and seniors, mostly from throughout New England, with a two-week Summer Immersion Program focused on computer programming and technology job opportunities. Half of the girls the organization serves come from historically underrepresented groups.

The program – held virtually this year due to COVID-19 – engaged the students in a computer science curriculum taught by Girls Who Code staff. As part of the program, Travelers led workshops on topics such as bot technology, mentoring and personal branding. Employee volunteers from EmpowHER+, our women’s professional group in Technology & Operations, organized and facilitated the workshops.

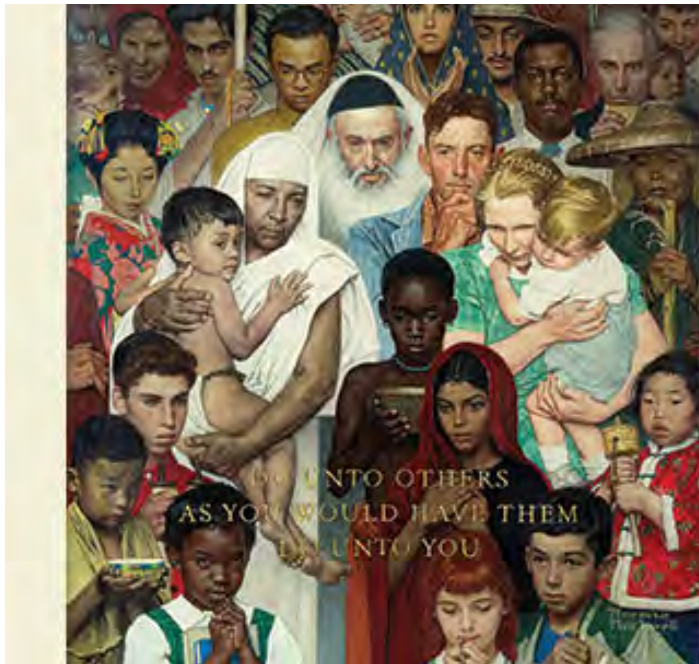
The Summer Immersion Program culminated with a project showcase, during which students presented their classwork and participated in a virtual graduation.

#### Community Benefits

- The program provided hands-on computer science experience and networking opportunities to girls as they consider college and career paths relating to technology and operations.

## Travelers Benefits

- This program is aligned with our commitment to lead the industry in advocating for women in insurance, including through [SHE Travels®](#), and our various initiatives to help broaden and enhance the pipeline of women technologists through EmpowHER+.
- The program introduced students to Travelers as potential future employees or customers.
- Employee volunteers had an opportunity to build their own capabilities, such as project management and presentation skills, which helps develop Travelers' talent base.
- Travelers participants expressed satisfaction with the company making an investment in youth, which deepens engagement and helps with retention.



**Norman Rockwell** (1894-1976)  
*Freedom of Worship*, 1942  
Illustration for *The Saturday Evening Post*, February 27, 1943  
Oil on canvas  
Norman Rockwell Museum Collection, Norman Rockwell Art Collection Trust  
©SEPS: Curtis Licensing, Indianapolis, IN.

## TRAVELERS ART SPEAKS

### Advancing Inclusion Through the Arts

Travelers invests millions of dollars annually to support arts and cultural organizations that help keep our communities vibrant and culturally enriched. We believe that arts and cultural organizations help drive economic growth, enhance learning and build multicultural understanding – leading to more accepting and inclusive communities.

Launched in 2019, Art Speaks is an employee-focused program that leverages Travelers' investment in arts and cultural organizations to spark meaningful and thought-provoking dialogue around diversity and inclusion. This initiative engages employees in discussions that help drive civil discourse, encourage deep multicultural exploration and promote unity.

Through Art Speaks, employees have opportunities to enjoy in-person or virtual artistic experiences, followed by discussions led and facilitated by diversity and inclusion professionals, drawing on themes related to diversity, equity and inclusion. Arts and cultural experiences vary; employees are exposed to different forms of artistic expression, such as theater, visual arts, dance, photography and music.

In addition, Travelers was the National Presenting Sponsor of the "Imagining Freedom" exhibit, which showcased Norman Rockwell's 1943 paintings and their role in defending universal human rights. Through a continuing partnership with the Norman Rockwell Museum, in 2020, more than 600 Travelers employees learned about some of Norman Rockwell's most iconic artwork and other illustrators' works, while discussing social justice, racial equity and women's rights.

#### Community Benefits

- Arts and cultural organizations benefit from Travelers' sponsorship and gain visibility among Travelers employees.
- In partnership with Travelers, these nonprofit organizations are developing their diversity, equity and inclusion curricula and building capacity for engaging other audiences in similar discussions.

## **Travelers Benefits**

- Art Speaks supports Travelers' ongoing efforts to build an inclusive culture through conversations and opportunities that bridge differences among employees with diverse life and career experiences.
- Feedback surveys from participating employees show that 90% of employees agree or strongly agree that as a result of attending Art Speaks events, they learned new perspectives that will help them be more inclusive toward others and better understand their role in fostering a diverse and inclusive environment in the workplace.



## RESPONDING REMOTELY TO COMMUNITY NEEDS

### Virtual Volunteering

In the midst of the pandemic, our Community Relations team quickly developed virtual volunteer opportunities and has continued to expand the creative possibilities for our employees to have a positive impact on their communities.

#### Virtual Reading

- Members of the Leadership Development Program community read books on video, creating 50+ recorded stories for children in hospitals and schools across the United States.

#### Career Development

- A total of 80 participants, including volunteers from the Travelers Black/African American & Allies Diversity Network, took part in a virtual POW(HER)FUL Girls Leadership Summit in partnership with Girls Inc. The summit focused on financial literacy topics such as auto insurance fundamentals, personal banking and college readiness.
- A team of Travelers employees from Business Insurance recorded two career panels for Junior Achievement programs in Hartford schools.

#### Mentoring

- More than 140 employees helped to make a difference for high school students by volunteering with BestPrep's Cloud Coach and eMentors programs, which focus on one-on-one email mentoring to help students better understand career paths and identify potential workplace skills.
- More than 30 employees volunteered to record video messages for their mentees through the Read to a Child® program, and more than 30 employees are reading "live" on a weekly basis to students through a virtual program that started in December 2020.
- More than 30 Hartford-based employees volunteered to tutor, on a weekly basis, Hartford Public School 5th and 8th graders for the 2020–21 school year.

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## **Community Benefits**

- Although many nonprofit organizations were unable to continue with traditional, in-person volunteer activities, they were able to continue to benefit from the expertise, skill and compassion of Travelers employees through virtual volunteering programs.

## **Travelers Benefits**

- Employees continued to serve their communities and appreciated that Travelers provided a menu of safe, meaningful experiences that reinforced the company's commitment to supporting cities where they live and work.





## 2020 FEATURED SERVICE PROJECT

# Literacy for Learning

At Travelers, there's no separating our success from the success of the people and communities we serve. And for too many students, the inability to read at a proficient level remains a stubborn barrier to advancement. Competency in reading opens doors and unlocks opportunity. Literacy is fundamental to education, which in turn is fundamental to economic mobility and to achieving inclusive prosperity.

That's why, in January 2020, Travelers CEO Alan Schnitzer launched a multipronged initiative, Literacy for Learning, to take on the issue of literacy. We started by funding every single literacy-related project on DonorsChoose – a charity platform that allows teachers in under-resourced districts to list needed classroom supplies – for elementary schools in the neighborhoods surrounding our nine office locations across the country where Travelers has more than 500 employees. In all, Team Travelers came together to provide more than \$250,000 in much-needed resources to schools throughout the United States.

We also partnered with United Way Worldwide to support literacy efforts in the United States, Canada and Europe. And in Connecticut, more than 160 of our employees volunteered with a local United Way to create nearly 1,000 literacy kits for students.

But we didn't stop there. In February 2020, Travelers surprised the M.D. Fox Elementary School in Hartford, Connecticut, by hand delivering more than 6,000 items on their DonorsChoose "wish list," from Chromebooks and Kindle Fires to markers and books. Volunteers read to students in pre-K through 5th grade and gave them literacy kits that included a book for them to take home.

Then, in early 2021, as the pandemic kept schools shuttered and learning continued online, we sent \$50,000 to Sterling Elementary in Charlotte, North Carolina, so they could purchase Chromebooks for students who needed them to access their education.

It's one more example of how Travelers is making good on our promise to take care of our communities – by ensuring that today's children have the tools, resources and support they need to thrive.



QUANTUM HOME 2.0®

## Simplifying the Customer Experience

In 2020, 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 policies. 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 are not. In addition, the page provides a high-level view of what is 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.
- Equipment breakdown coverage for appliances, water heaters, etc.

As of December 31, 2020, our [Quantum Home 2.0](#) product is available in 41 states and the District of Columbia.



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) has 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.



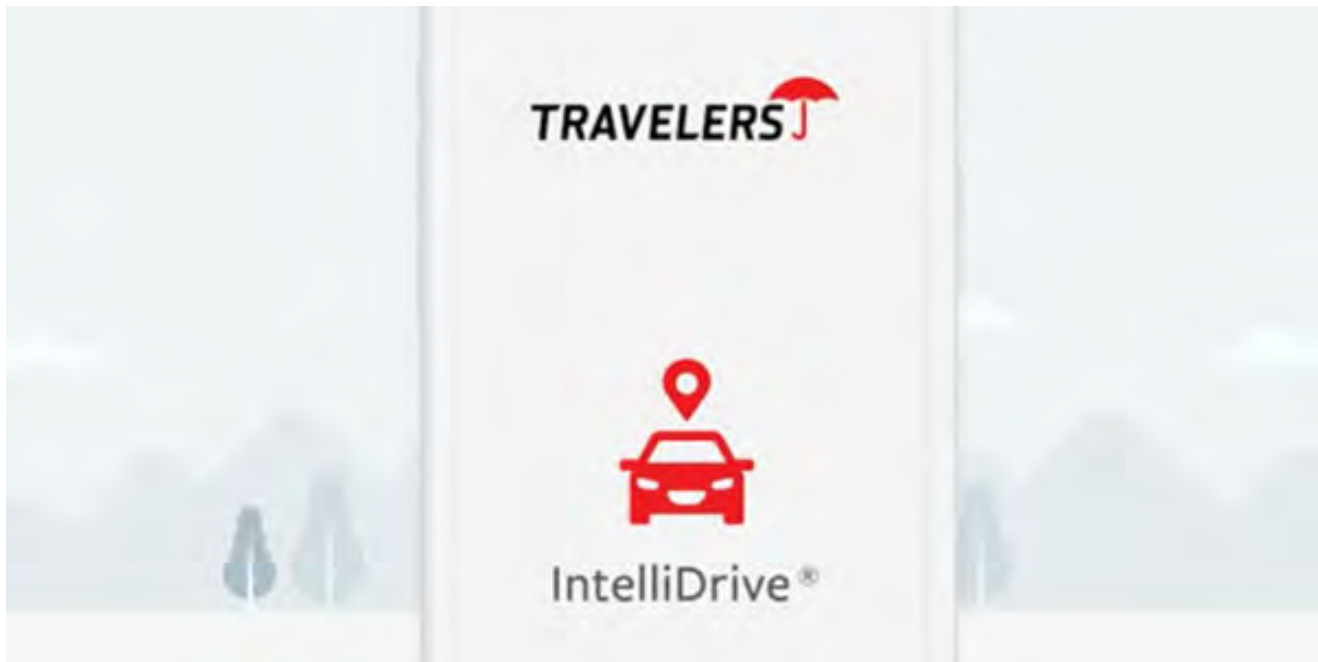
## HOME PROTECTION SERVICES

# Tips for Customers on Preventing Water-Related Damage

At Travelers, we continually monitor industry and claim data to help us identify loss trends impacting our customers and potential customers. Based on these trends, we determined that losses associated with non-weather water damage have been on the increase over a number of years. In response, our Risk Control group partnered with teams from across the Travelers enterprise to create a public-facing education program.

Our [Home Water Damage Prevention](#) web content, interactive tools and videos help to raise awareness of the exposure while providing practical action steps for homeowners to quickly and easily prevent water-associated damage. In addition to helping people better protect their homes, this initiative has allowed us to deepen our relationship with our customers and communities.





INTELLIDRIVE®

## Leveraging Telematics to Encourage Safe Driving

Travelers IntelliDrive® is a mobile-app telematics program that allows customers to better understand their driving habits by collecting and assessing data on behaviors such as hard braking, rapid acceleration, speed, the time of day customers drive and distracted driving. The 90-day program allows customers to get auto insurance priced according to how they drive. In most states, safe drivers can see savings of up to 30% on their auto premiums at renewal, while riskier driving habits may result in a higher premium. New customers who enroll in the program can receive savings of up to 10%, in most states, just for participating.

The *IntelliDrive* program, which was originally launched in 2017, is now available in 38 states and has recently been introduced in Canada. In 2020, Travelers introduced a number of significant enhancements to *IntelliDrive*. These changes included a completely redesigned *IntelliDrive* mobile app experience, based on agent and consumer feedback, which allows customers to more easily monitor driving performance on a newly enhanced dashboard, challenges drivers to put their phones down while driving with the new “Distraction-Free Streak” and gives users information on ways to be a safer driver. We introduced distracted driving as an additional scoring variable, thereby encouraging drivers to limit phone use when driving, and provide drivers with relevant content from the Travelers Institute® Every Second Matters® campaign. These changes, as well as an increased discount for enrolling and the potential for greater savings for safe driving, have helped to increase the *IntelliDrive* adoption rate.

Leveraging telematics has been impactful for both our company and our customers. *IntelliDrive* allows Travelers to attract and retain safe drivers while more adequately pricing higher-risk drivers and enables increased engagement with customers. At the same time, participating in this telematics program gives customers the opportunity to influence their premiums, while also obtaining real-time feedback and tips on safe driving.

[Click here](#) to learn more about *IntelliDrive*.

# WEDNESDAYS WITH WOODWARD

## A WEBINAR SERIES

WEDNESDAYS WITH WOODWARD®: WEBINAR SERIES

## Exploring Issues Related to the COVID-19 Pandemic

At the start of the pandemic, the Travelers Institute launched *Wednesdays with Woodward*, a webinar series exploring pressing issues in our personal and professional lives during these uncertain times. These programs provide practical advice for our business partners, our customers and the communities we serve.

In 2020, the Travelers Institute hosted 15 webinars, which had approximately 22,000 viewings in total. Topics ranged from leading and managing teams during the pandemic to understanding how work-from-home devices impact businesses' cybersecurity risks.

The webinars are [available for replay](#) through the Travelers Institute's website.

### RELATED RESOURCES

- [Wednesdays with Woodward](#) Homepage
- Press Release: [Travelers Institute Kicks Off 2021 Programming](#)
- Press Release: [Travelers Institute Launches New Webinar Series Offering Solutions to Current Business and Consumer Challenges](#)
- Webinar Replay: [The Race to Distribute a COVID-19 Vaccine](#)
- Webinar Replay: [Leading Through Crisis: A Conversation with Team Rubicon Co-Founder and CEO Jake Wood](#)
- Webinar Replay: [Protecting Your Most Valuable Asset: Employee Safety During COVID-19](#)





PROTECTING PROPERTY THROUGH SMART & CONNECTED TECHNOLOGIES

## Test and Learn of IOT Devices

Travelers is collaborating with customers to understand the potential benefits offered by a wide variety of IoT devices through a test-and-learn program in our Property and Boiler & Machinery businesses. The early detection of conditions or factors that can cause a loss can help customers avoid or mitigate claims and inform their operational practices. Some of the additional benefits our customers could potentially realize include cost savings, streamlining maintenance activities and achieving greater visibility into their operations.

We have a team dedicated to identifying potential IoT vendors for particular use cases, vetting the devices' design and construction, testing them at our Forensics Laboratory and offering them to customers for pilot use. Sample use cases include frozen pipes, water leakage, power monitoring, machine health, environmental issues (CO<sub>2</sub>, humidity), pressure monitoring, and vibration and motion detection, among others. Through this work, we hope to establish relationships with leading IoT providers and enhance Travelers Business Insurance customers' experience and their ability to mitigate risk at their properties.



## 2020 TRAVELERS RISK INDEX

# Understanding Cyber Risks

In 2020, the Travelers Risk Index, an annual national survey of approximately 1,200 business leaders, found that cyber risks remain a top concern among all businesses and that fewer companies have taken steps to mitigate cyber risks, even though the level of concern about cyber threats has increased. Business leaders are concerned about suffering a cyber event, security breach or system glitch; unauthorized access to financial systems; becoming a cyber extortion/ransomware victim; and theft of the company's customer or client records. The heightened concern appears to be driven, in part, by the significant increase in the number of people working from home due to COVID-19. Notably, the percentage of businesses reporting that at least 40% of their employees work outside of the office has more than doubled during the pandemic, from 26% to 59%.

Despite this heightened concern, many businesses have not implemented basic prevention practices, such as:

- Conducting focused cybersecurity awareness training.
- Using virtual private networks (VPNs) with multifactor authentication for remote access.
- Enhancing cybersecurity monitoring and early warning protocols.
- Implementing an endpoint detection and response (EDR) solution.

[Click here](#) to see an infographic that summarizes the key findings from the 2020 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 a series titled Cyber: Prepare, Prevent, Mitigate, Restore®. The campaign, which has featured more than 30 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.

In early 2020, the Travelers Institute promoted cybersecurity awareness at the New York Stock Exchange, hosting a symposium featuring speakers from the Federal Bureau of Investigation, the New York City Police Department's Intelligence & Counterterrorism office, Travelers and selected vendors. With the onset of the pandemic, and with unprecedented numbers of employees working from home, the Travelers Institute responded by hosting webinars to help leaders understand and respond to this year's unique cyber threats. Agents and brokers attended these programs to educate themselves on how to better serve their customers and enhance their own cybersecurity.

These programs are opportunities for us to share our internal risk management expertise with the public and a platform for government officials to publicize 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 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 has also published a comprehensive, educational [Cybersecurity Guide](#) for small and mid-sized businesses to help them understand and assess cyber threats and vulnerabilities. The guide is available for U.S. and Canadian businesses.

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](#).

## RELATED RESOURCES

- [Cybersecurity Guide](#)
  - [Canadian Version](#)
- [Cyber: Prepare, Prevent, Mitigate, Restore Fact Sheet](#)
- [Travelers Institute Cyber Video Library](#)
- Press Release: [Travelers Institute Celebrates 10th Anniversary by Ringing The Opening Bell® and Hosting Cybersecurity Symposium at New York Stock Exchange](#)
- Webinar Replay: [Return to Work with Cybersecurity](#)



## CYBERSECURITY

### National Cybersecurity Awareness Month

October is National Cybersecurity Awareness Month – a collaborative industry- and government-led effort to continue raising awareness around the importance of cybersecurity. In 2020, our Chief Information Security Officer kicked off National Cybersecurity Awareness Month internally with a video message to employees. The video announced the Cyber Rules of the Road theme of the 2020 campaign, highlighted the current cyber threat landscape and reinforced the critical role each employee plays in safeguarding information. The campaign also introduced the interactive, online Cyber Rules of the Road game for employees to test their cyber knowledge.

In addition, the Travelers Institute, the public policy division of Travelers, marked National Cybersecurity Awareness Month with an educational [webinar](#) for independent insurance agents and small to mid-sized businesses. The program, part of the [Wednesdays with Woodward®](#) webinar series, explored findings from the Travelers Risk Index and discussed the unique threats faced by organizations during the pandemic. Our [2020 Travelers Risk Index](#) report found that cyber threats remain a top business concern. The heightened concern appears to be driven, in part, by the significant increase in the number of people working from home due to COVID-19. Notably, the percentage of businesses reporting that at least 40% of their employees work outside of the office has more than doubled during the pandemic, from 26% to 59%. Travelers understands the complexity of cyber threats and continues to be proactive in addressing cyber concerns for business customers.





## 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 developing weather patterns days in advance, enabling us to evaluate 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 use our knowledge of the precise size of hail that impacts an area and the type of damage certain sizes of hail can cause in conjunction with our customer location data to 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 pull the pre-event imagery into our estimating software and generate a fully dimensioned 3-D 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, generate 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 Catastrophe Operations Management Room in our National Catastrophe Center.



THE POWER OF TRAVELERS IS US

## Exploring the Power of 30,000 People

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 ambitious 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.

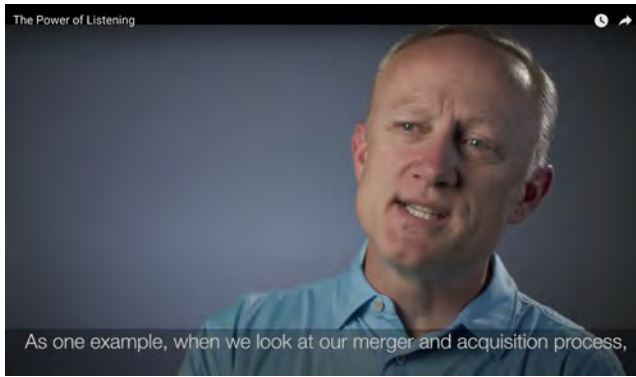
Here are a few examples of videos and articles associated with that campaign.



[The Power of Helping Drive Change](#)



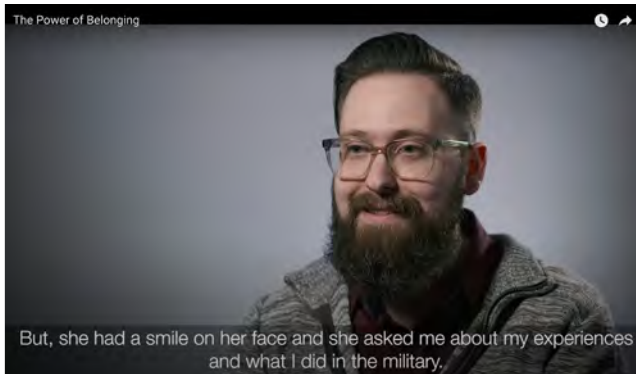
[The Power of Observation](#)



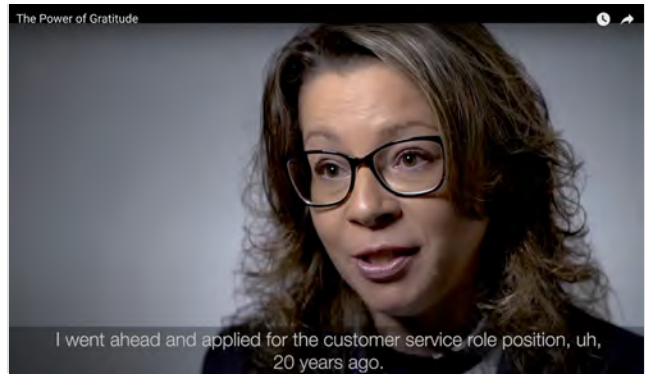
[The Power of Listening](#)



[The Power of Respect](#)



[The Power of Belonging](#)



[The Power of Gratitude](#)

## The Power of Developing Talent in the Field

In each of 11 regions across the United States, you will find a cohort of high-performing individuals in the field preparing to grow into broader leadership roles. Together, they are called the Field Development Group.

The program is a partnership between regional business leadership and HR to help create a pipeline of leaders in customer-facing and internal areas like underwriting, sales and operations. They do this through a two-year, field-driven leadership development experience that includes classroom training, skill-building, e-learning and more.

The first group of over 200 participants graduated from the program in 2020. The next wave of emerging leadership talent will start the program late this year or early next year, following a curriculum focused on subjects such as leadership practices, strategic thinking, inclusive leadership and how to build key business relationships.

“This experience was invaluable in all aspects,” says Christine, who helped lead the Field Development Group program in the Central Region. “The highlight for me was forming new relationships with the other members. I am very grateful for the opportunity to have been part of such an amazing program.”

Jeff, with our Bond & Specialty Insurance team in New England, says, “The participants’ energy and engagement were amazing. They didn’t skip a beat even after we went to a fully virtual program earlier in the year.”

Concludes Jim, a senior leader in our Central and Great Lakes regions, “I was impressed by the participants’ sheer dedication to this multiyear program. I am very excited to see where this group goes.”

## The Power of Putting Employees' Health and Safety First

**“We are all dealing with this situation together, we will all get through this together, and we will all have pulled together more than ever as a result.”**

Since the coronavirus (COVID-19) emerged, Carol, a leader focused on employee health and safety, has fielded thousands of calls and emails from employees inquiring about everything from their own risks to measures that Travelers is taking.

She tries to help employees with their concerns “to the best that I can, using a sound, fact-based approach and recognizing that there is a lot of misinformation about this new virus and its impact.”

Carol is no stranger to pandemic preparedness and response. Shortly after she started at Travelers, she helped the company plan for an avian flu pandemic that didn't materialize. This was followed a couple of years later by the swine flu, or H1N1, which did become a pandemic but was less severe and had significantly less impact than COVID-19.

Asked about the similarities between this situation and other environmental health issues, Carol says that all require working to understand scientific research and information. As for the differences, it's “the magnitude of this. This isn't an isolated local issue – it affects the whole enterprise (United States, Canada, the UK, Ireland) at the same time. Just keeping up with the rapid pace of the information flow, sorting out what's fact and what's fiction, is extremely challenging.”

She emphasizes that there are many talented and dedicated employees working on Travelers' response to COVID-19. One of the larger teams she works with is the Operational Response Team. More than 80 colleagues from across the company may participate in the team's calls.

She says, “It may sound cliché, but we are all dealing with this situation together, we will all get through this together, and we will all have pulled together more than ever as a result.”

While COVID-19 is her main focus at this time, Carol points out that employee health and safety has many facets, including complying with codes and regulations, and identifying and mitigating work hazards (electrical, mechanical, chemical, biological, and physical hazards). It also includes programs around driver safety, ergonomics and field employee safety.

“On a daily basis, unfortunately, we have incidents that are work-related – whether it's from being out in the field inspecting a property or sitting in an office with an ergonomic issue or getting in a car accident while driving on business,” says Carol. “It's important that we look at root cause, and try to prevent and mitigate – through training, changing protocols, or creating/revising policies or making adjustments in the work environment.”

Carol concludes, “I learn something new every day, but something that never changes is my focus on keeping employees safe.”

## The Power of Advocating for Both Agent and Customer

The new business started as an opportunity for two lines – National Property and Commercial Account Group – for a large national real estate management company based in the Central Region. But the agent wanted all coverages with Travelers, and so Debbie, an Account Executive in National Property, took on the challenge of making it happen.

Debbie got our Commercial Account Underwriter, Kim, involved right away. At the last minute, Kim identified a coverage gap in the liability coverage and pulled in Chelsea, an Excess Underwriter to fill it.

However, that produced an additional cost, which put all lines with Travelers in jeopardy. Debbie worked with the agent to find a way to offset some of the cost to secure the deal and she and her team found additional credits on the Travelers side.

By listening to both the agent and the customer, Debbie, Kim and Chelsea helped bring in an important new piece of business.

"I've worked with this agent for many years," says Debbie, "going back to before I came to Travelers. It was great to work with this agency again, and our long-standing relationship was a critical piece in a successful outcome for Travelers, the agent and the insured."

The agent wrote to Debbie: "Working with you and your Travelers team to place this client with your company was made so easy, due to the knowledge and experience of the entire Travelers group that you work with. You and Kim working together to communicate so well as we moved through the process was a key. As you know, there are many pieces and many questions that arise with a client like this, and your ability to respond and give answers quickly really mattered. Having your team working as a unit, with a primary connection with you and Kim, really did help with the flow.

"The client could not be more pleased with the Travelers experience, from the start to placement, then the onboarding with loss control and claims – which, collectively, gave them a comfort that they had made a good partner choice for their future. Travelers' ability to handle the bulk of this client's needs, with all contacts primarily coming out of a single local office, also made it much easier.

"Deb, my sincere thanks again to you, Kim and the rest of your team for making this happen. You were all very professional, and everything was done with excellence, start to finish!"



SHE TRAVELS®

## 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® – 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.
- 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. In honor of International Women's Day 2020, we launched a *SHE Travels* LinkedIn group – an online professional community for women and allies, where our colleagues and agency partners can learn from and support one another. The group helps to facilitate meaningful conversations and connections. 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 been partnering 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 are helping us meet our business needs in an efficient and effective manner, while 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. Our commitment and appreciation for our military heroes is evidenced by our prominent and permanent “Wall of Heroes” display at our Hartford campus, which honors Travelers employees who are military veterans or are currently serving the country.

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



Casey Neff, who leads 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 been involved in more than 600 military mentorships. “About five of every six jobs in the military have direct private sector or civilian correlations,” said 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.”

In 2020, Travelers joined the Department of Defense Military Spouse Employment Partnership. Through this partnership, the company has already hired a number of military spouses, many of whom, while highly talented, had been having difficulty finding job opportunities because of their military lifestyle. The Travelers Institute has also highlighted the importance of [recruiting military spouses](#) in a Wednesdays with Woodward® webinar series event that included speakers from leading military support organizations. Importantly, our commitment to our nation’s service members and their families 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 its way to support service members.”



## FOSTERING INCLUSION

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

We believe that providing a work environment based on respect, trust and collaboration creates an exceptional employee experience where employees can bring their whole selves to work and thrive in their careers. Travelers is 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.

In addition, 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 provide guidelines and best practices for transgender and gender nonconforming employees as well as for their HR professionals, managers and co-workers. The guidelines also cover how to address customers and clients.

Many in the LGBTQ+ community strive to have their gender identity recognized, and language standards regarding gender pronouns (e.g., she/her/hers, he/him/his) have been evolving as people express pronoun preferences that reflect their innermost concept of self as male, female, a blend of both or neither. At Travelers, employees are given the option of expressing their gender/gender-neutral pronouns in their email sign-off or in the Travelers signature template.





## SYMPOSIA FOR STUDENTS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

### 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 Financial Services, Insurance and Risk Management (F.I.R.M.) Symposium in New York City. In partnership with our Black/African American & Allies 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 become enthusiastic about a potential career at Travelers. "The learning process is a lifelong journey, and this is the next generation of leaders in our industry," said Hansford Johnson, Director, Diverse Talent Sourcing and Engagement Strategies. "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."

In 2020, Travelers was the title sponsor for the inaugural I.M.P.A.C.T. Next Generation Insurance Career Symposium. The first-of-its-kind virtual event was designed to inform and empower 150 students from historically Black colleges and universities (HBCUs) to impact the insurance industry. Travelers employees Brittani Austin and Nicola Smith shared their backgrounds and professional experiences through a series of workshops, networking roundtables and topical presentations.



#### 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 Million Dollar Challenge for Minority Entrepreneurs. In 2020, the competition included a speed-pitching event, educational opportunities, a business accelerator and six finalist awards, including a collective \$1.1 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.



#### DEVELOPING A MORE DIVERSE PIPELINE OF ACTUARIAL TALENT

## **Our Work with the International Association of Black Actuaries**

For more than a decade, Travelers has worked closely with the International Association of Black Actuaries (IABA), a professional and student member organization whose mission is to increase representation of Black actuaries in the profession and influence their successful career development, civic growth and achievement. By participating in IABA networking events, mentoring IABA members and helping Black actuarial students transition to the insurance industry by securing internships or entry-level roles, Travelers is building a more diverse talent pipeline and fostering diversity and inclusion within the actuarial profession and within Travelers.

Joycelyn Aryeetey, a participant in the Travelers Actuarial Leadership Development Program, is a proud model of the relationship's success. "The IABA organization has been a great resource for me as a Black actuary," she notes. "I can confidently say that I am an actuary today because of the guidance of the IABA and the support of companies like Travelers."

Travelers is proud to continue its engagement with the IABA and continues to look for ways to increase diversity among its ranks, within and beyond the actuarial profession.



## 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.
- More collaborative workspaces.

As of year-end 2020, we have new, more collaborative workspaces for more than 13,000 of our employees. 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 20%. We have achieved half of this reduction as of year-end 2020.

The new workspace redesign in our U.S. offices is in full swing. As of year-end 2020, approximately 70% 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 40% complete as of year-end 2020. We will continue to update our field locations as office space or business needs change.

## **Environmental Benefits**

- Reducing our real estate footprint and improving our operating efficiencies help us lower our energy and GHG emissions intensity. At year-end 2020, our largest owned campus (based in Hartford, Connecticut) achieved a 60% reduction in energy consumption compared with 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 NONESSENTIAL 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, prior to the pandemic, up to 20% of Travelers employees primarily commuted 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 to work. 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 nonessential 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 nonessential 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 nonessential 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 claim service remains our top priority.

Many of our recent efforts to improve our claim service also create opportunities to reduce our emissions intensity. These efforts, described in further detail under [Innovative Products & Services](#), include:

- **Virtual Inspections.** Implementing virtual claim tools allows customers to share photos and videos to file a claim. This can speed claim payments and also reduce miles driven by our claims fleet.
- **Drone Use.** 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

In 2020, we continued our campaign to help remove the stigma related to mental health issues. In 2019, 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. Their aim in speaking openly about their experiences was to remove the stigma around mental illness and encourage employees to seek help and support through our employee assistance program.

At the same time, we enhanced our employee assistance program in the United States and Canada, Life Balance. For example, through this program, U.S. employees and their family members have 24/7 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 Europe. Beginning in 2020, Life Balance's resources also included advice on how to manage working from home with kids and support resources for daily life needs such as finding child care or tutor services.

In 2020, we promoted mental health resources, including those focused on mindfulness, stress reduction and resiliency, to assist employees through the difficult circumstances of this year. Additionally, the Travelers Institute, the public policy division of Travelers, highlighted mental health issues externally through its webinar series, [Wednesdays with Woodward®](#). The series explores personal and professional issues impacting our agents, our brokers, our customers, our employees and the communities we serve.

## RELATED RESOURCES

- Travelers Institute Webinar: [Resilience in Times of Uncertainty](#)
- Travelers Institute Webinar: [Emotional and Social Reintegration in the Age of COVID-19](#)
- Travelers Institute Webinar: [Leading Through Crisis: A Conversation with Team Rubicon Co-Founder and CEO Jake Wood](#)



## 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®](#) 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 the PBS documentary [“Overdraft”](#) – a nonpartisan look at the growing national debt and its impact on individuals and U.S. economic competitiveness – the Travelers Institute hosted an educational symposium series between 2012 and 2014, featuring 80 screenings of the film for groups across the country.



#### INNOVATION IN WORKERS COMPENSATION RECOVERY

## Finding Innovative Ways to Manage Workers Compensation–Related Injuries

Workplace injuries that lead to chronic pain can cause ongoing issues, as an injured employee may mask pain with opioids or other drugs. To help solve this problem, Travelers continues to invest in programs designed to aid in the recovery process and provide alternatives to opioid prescription.

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. The kit uses therapeutic virtual reality (VR) and wearable technology as a nonpharmacological supplement to managing pain associated with acute orthopaedic injuries of the lower back and extremities. This is just one of the ways in which Travelers leads the industry in efforts to positively impact the societal issue of opioid misuse.

Our application of a biopsychosocial approach to claim handling helps us understand, identify and acknowledge the many factors involved in an individual's recovery after an injury or illness. The application of this approach engages injured employees in managing their recovery, leading to a reduction in chronic pain and unnecessary medical treatments and increased likelihood of returning to work as soon as medically appropriate. Additionally, we provide our Claim and medical professionals with training to recognize recovery barriers and the tools to support the injured employee in overcoming these challenges. As we expand our capabilities, Travelers is implementing a training app for injured employees to help build resilience through self-care exercises.

Combining our existing and emerging tools, our approach fosters engagement, facilitates medical care and streamlines the claim process, leading to faster recovery times. These initiatives highlight our focus on finding innovative ways to help customers maintain a safe workplace and manage workers compensation-related injuries.

Other innovations include our [Virtual Care programs](#), our [ConciergeCLAIM<sup>®</sup> Nurse program](#), our [Early Severity Predictor<sup>®</sup>](#) model, [MyTravelers<sup>®</sup> for Injured Employees](#) and our [risk management services](#).



## INNOVATION FOR SAFETY

# Leveraging Technology to Improve Worker Safety

### **Wearables Technology**

Travelers Risk Control is working with select vendors, such as Triax Technologies, to explore the potential safety benefits of using wearable devices at construction sites. Triax provides workers with an unobtrusive wearable device that enables faster response times to suspected injuries with real-time, worker-generated safety notifications that include the worker's location. The Internet of Things (IoT) device also includes smart evacuation and muster functionality and provides insights into worker risk key performance indicators and behavior analytics. Additionally, it offers other safety and workforce management benefits, such as identifying individuals entering the worksite with expired OSHA training and using other coded data to identify work areas with a high density of workers who are most at risk of injury.

### **AI-Assisted Ergonomic Assessments**

Travelers is the first insurance carrier to offer its business customers virtual and on-site ergonomic assessments, supported by artificial intelligence (AI) technology. Our technology first analyzes a video of a worker performing a task to identify movements and postures that could cause injury. The software then quantifies the risk and produces a report that helps a Travelers ergonomics professional develop consultative solutions that help keep workers safe.

Musculoskeletal disorders, often caused by poor workstation design, can lead to serious health issues that can impair an employee's ability to perform certain tasks or require them to take time off to recover. By using AI-assisted ergonomic modeling, we can help reduce the time spent assessing problems from days to hours, enabling our specialists to focus their attention on developing tailored workplace improvements that can help our customers reduce the risk of workplace injuries and related costs.

## **Virtual Visit**

We understand our customers' concerns with offering visitors access to their workplaces during the COVID-19 pandemic. Using Virtual Visit, a conferencing tool developed by Travelers, our Risk Control consultants can take a virtual tour of a customer's facility while talking to the customer using the camera on the customer's smartphone. This solution allows our consultants and customers to focus on specific risks related to employee safety, processes and facilities when an on-site presence is not possible.





#### 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 we had been partnering closely with for some time. The investment has further enhanced 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 625 FAA-certified drone pilots and over 65,000 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

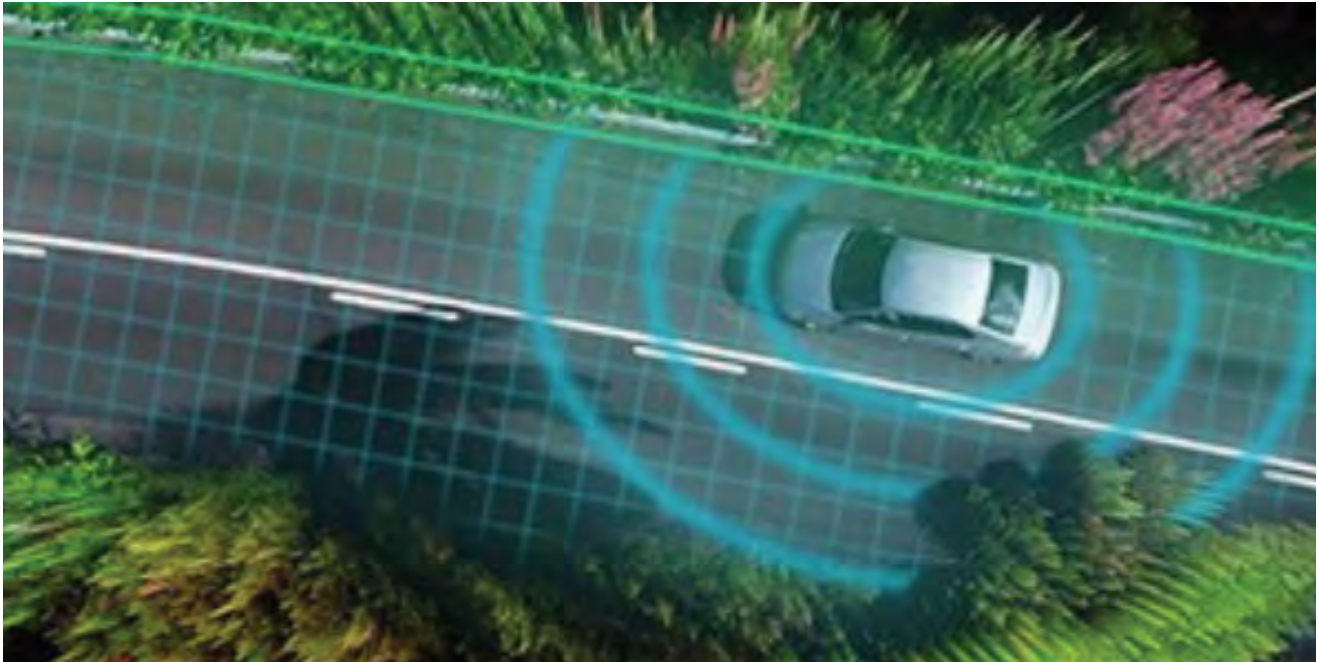
# Training World-Class Claim Professionals

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 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

Semiautonomous vehicles are a growing presence on American roadways, and development of fully autonomous vehicles – or AVs – is well underway. With these developments come several significant public policy questions and challenges. It will be important to address a world of increasing 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 AVs across our business units.



# AUTONOMOUS VEHICLES<sup>SM</sup>

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 the Advanced Vehicle Technology Consortium at the Massachusetts Institute of Technology, the Center for Automotive Research at Stanford and the Partners for Automated Vehicle Education coalition. These organizations work to strategically advance research and public information about automated vehicle and driver assistance technologies.

Additionally, the Travelers Institute recently released an updated position paper titled [Insuring Autonomy: How auto insurance will lead through changing risks](#). This position paper offers our company's perspective and recommendations on important public policy issues related to AVs. 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. Watch Joan Woodward, President of the Travelers Institute, discuss new insights from the position paper in [this video](#).

The Travelers Institute has 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 AVs and the related insurance implications. Discussion of autonomous vehicles is also incorporated into [Every Second Matters](#)<sup>®</sup> symposia, exploring how the advent of autonomous technologies impacts driver distraction.

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

## RELATED RESOURCES

- [Insuring Autonomy Position Paper](#)
- Press Release: [Travelers Releases Position Paper on Insuring Autonomous Vehicles](#)
- Webinar Replay: [On the Horizon: The Future of Autonomous Vehicles](#)
- Press Release: [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](#)



## VIRTUAL CARE & WORKERS COMPENSATION INJURY RECOVERY

# Leveraging Virtual Technologies in Workers Compensation

By using multiple virtual care tools, we empower injured employees to better manage their recoveries, leading to lower disability duration and increased satisfaction for the injured employee and lower claim costs for us. As a result of continued investments in virtual care, we were able to continue uninterrupted support for injured employees despite challenges related to the pandemic.

Our dynamic tool, Virtual Visit, enables Claim and nurse professionals to conduct real-time video chats with employers, medical providers and injured employees to discuss matters pertaining to the recovery process. These virtual face-to-face interactions can help identify potential issues that may not be easily discovered during a traditional telephone call, such as signs of an infection or an improperly applied splint. The TravCare® Nurse Line allows injured employees to receive medical guidance from a nurse, who can recommend the appropriate level of care immediately following a workplace injury. Telemedicine programs, including telerehab and virtual independent medical examinations, connect injured employees with health care providers for diagnosis and treatment. Our adoption of additional virtual care technologies such as telemed, telerehab, teleCBT (cognitive behavioral therapy) and virtual independent medical examinations have also empowered our teams to ensure seamless delivery of care to injured employees.

These virtual programs, along with our focus on [engaging and supporting injured employees](#), help customers maintain a safe workplace and manage workers compensation-related risks and challenges, including emotional and social reintegration in the age of COVID-19, which our Chief Medical Director Dr. Marcos Iglesias discusses in his [recent white paper](#).

Other examples of how we aim to improve injured employee engagement include our [ConciergeCLAIM® Nurse program](#), our [Early Severity Predictor®](#) model, [MyTravelers® for Injured Employees](#) and our [risk management services](#).





TRAVELERS INSTITUTE

## Distracted Driving – Every Second Matters®

The Travelers Institute, the public policy division of Travelers, launched the [Every Second Matters® 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 2019, another 36,096 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 combating distraction – such as texting while driving – and enhancing roadway safety. The Travelers Institute has hosted educational programs at universities and in communities across the United States and Canada. Travelers Institute staff have also highlighted the topic at transportation safety conferences, including the Lifesavers Conference and DRIVE SMART Virginia's Distracted Driving Summit, as well as at insurance industry conferences, such as the National African American Insurance Association, the Cottingham & Butler Transportation Summit and various Gamma Iota Sigma conferences. In 2020, the Travelers Institute continued raising awareness about the dangers of distracted driving through virtual presentations on the [Wednesdays with Woodward® webinar series](#) and in conferences.

*Every Second Matters* 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**.
- Examining scalable **technology** and **insurtech solutions**.

<sup>[1]</sup>[U.S. Department of Transportation, National Highway Traffic Safety Administration \(NHTSA\), 2017 Fatal Motor Vehicle Crashes: Overview, October 2018;](#) NHTSA, 2016 Fatal Motor Vehicle Crashes: Overview, October 2017.

<sup>[2]</sup>[U.S. Department of Transportation, NHTSA, Preview of Motor Vehicle Traffic Fatalities In 2019, October 2020.](#)



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.

## 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, and virtually. In total, the Travelers Institute has held nearly 90 events since the series launched in 2017. Speakers have included representatives from the RAND Institute for Civil Justice, the National Highway Traffic Safety Administration, the National Safety Council and Travelers. View select Travelers Institute 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. In October 2020, Travelers shared the story of a young boy named Zaadii, who was killed by a distracted driver. His passion for comics and superheroes was the focus for an innovative way to reach out to distracted drivers across the country. In partnership with his family, an [exclusive comic book](#) was created by two well-known comic book professionals: writer Gail Simone and artist Jim Calafiore.

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 79 U.S. markets. It was also accepted by PBS International and distributed in 10 Asian and European countries, plus 22 countries in the Middle East and North Africa. The film streamed for one year on Amazon Prime and was rated 4.7 out of 5 stars, receiving 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 held screenings of the documentary for attendees at colleges, transportation safety conferences and agent events.

- **Incentivizing Safe Behavior.** [IntelliDrive](#)<sup>®</sup> is a 90-day usage-based insurance program for Travelers customers that uses a smartphone app to capture driving data and allow customers to better understand their driving habits. The driving performance score is based on several behaviors, including time of day, speed, acceleration, braking and distracted driving. In most states, customers who enroll could save up to 30% on their policy, while riskier drivers could see a premium increase. In-app content from the Every Second Matters initiative includes tips and advice to encourage safer driving behaviors. [Learn more.](#)
- **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.](#)
- **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. Agent 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 more than 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.
- **Promoting Safe Driving at Travelers.** 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.

## RELATED RESOURCES

Webinar Replay: [An Inside Look at IntelliDrive®, Travelers' Telematics Program to Encourage Safer Driving Behaviors](#)

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



SMALL BUSINESS – BIG OPPORTUNITY®

## 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, the Small Business & Entrepreneurship Council and the National Association of Women Business Owners (NAWBO), as well as community banks and angel investors.

### RELATED RESOURCES

- Webinar Replay: [Small Business in America: Where do we go from here?](#)
- Webinar Replay: [Protecting Your Most Valuable Asset: Employee Safety During COVID-19](#)
- Webinar Replay: [Liability Issues for Businesses in the Time of COVID-19](#)
- Webinar Replay: [PATH to Reopening Your Business](#)
- Webinar Replay: [Leading Through Crisis: A Conversation with Team Rubicon Co-Founder and CEO Jake Wood](#)

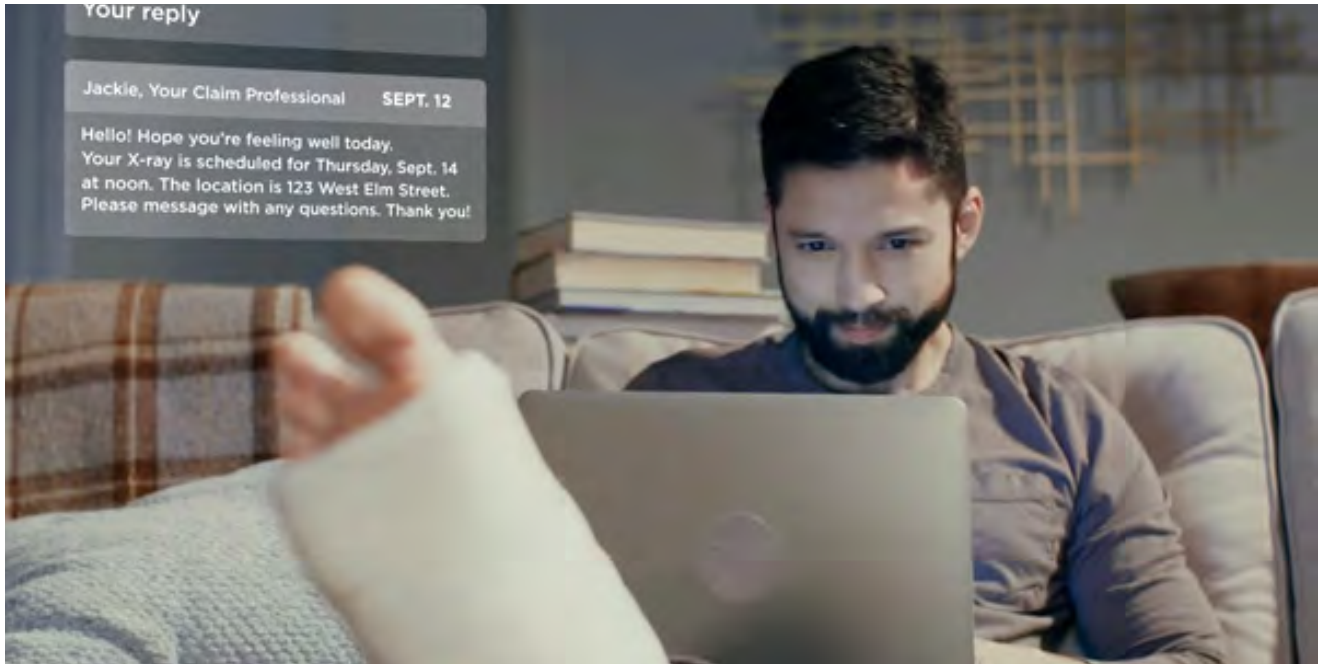


TRAVELERS MEDICAL ADVANTAGE®

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

When an employee is 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 access 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, we can offer this service to all our customers. When the Travelers *ConciergeCLAIM* Nurse program is used, overall claim costs are reduced, on average, by 22%, with 8% fewer days out of work.

This program can also pair a Spanish-speaking injured employee with a Spanish-speaking nurse, helping to build trust and improve outcomes. 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 22% lower rate of attorney involvement and a 25% improvement in return to work within 30 days (2014–2020 accident years).



TRAVELERS MEDICAL ADVANTAGE®

## MyTravelers®: 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*®. To that end, in 2018, we introduced our self-service workers compensation claim portal, *MyTravelers*® for Injured Employees, and since then, there have been more than 2 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. Injured employees can also elect to receive electronic payments through either PayPal or Zelle, which reduces reliance on paper checks. *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](#)® 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, as well as 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 available in this report.

This report may contain links to other Internet sites, and may frame material from other Internet sites. Such links or frames are not endorsements of any products or services in such sites, and no information in such site has been endorsed or approved by Travelers.

Except where noted, the information covered in this report highlights our performance and initiatives in fiscal year 2020.

The inclusion of information on this report should not be construed as a characterization regarding the materiality or financial impact of that information. For additional information regarding Travelers, please see our current and periodic reports 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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