

*PROGRESSIVE*<sup>®</sup>

# 2021 Corporate Sustainability Report



# Contents

<b>A Message From Our CEO</b> .....	<b>3</b>
<b>Introduction</b> .....	<b>4</b>
<b>Corporate Governance</b> .....	<b>6</b>
<b>Business Model and Innovation</b> .....	<b>18</b>
<b>Human Capital</b> .....	<b>24</b>
<b>Social Capital</b> .....	<b>34</b>
<b>Environment</b> .....	<b>40</b>
<b>Appendix</b> .....	<b>44</b>
SASB Index.....	44
TCFD Index .....	47



## About This Report

This report includes financial and nonfinancial information from The Progressive Corporation and its subsidiaries (collectively referred to as Progressive) about environmental, social, and governance activities for the 2021 calendar year, unless otherwise noted.

This report is informed by elements from various reporting frameworks, namely the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). For further information about how our existing disclosures align with these standards, please refer to the applicable indices in the Appendix. This report uses certain terms, including those that the reporting frameworks, SASB and TCFD, refer to as “Material Topics” to reflect the issues of greatest importance to Progressive and our stakeholders. Used in this context, these terms should not be confused with terms such as “material” or “materiality,” as defined by or construed in accordance with U.S. securities laws or as used in the context of U.S. GAAP financial statements and financial reporting.

An internal Steering Committee oversaw this report’s preparation with guidance from the Nominating and Governance Committee of The Progressive Corporation’s Board of Directors, executive leadership, and various subject matter experts.

**Forward-Looking Information:** This report provides an overview of some of Progressive’s long-term goals and aspirations, and efforts in support of these goals and aspirations. Investors are cautioned that certain statements in this report, including those relating to our goals and aspirations, not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as “estimate,” “expect,” “intend,” “plan,” “believe,” and other words and terms of similar meaning, or are tied to future periods in connection with a discussion of future operating or financial performance. Forward-looking statements are based on current expectations and projections about future events and are subject to certain risks, assumptions, and uncertainties that could cause actual events and results to differ materially from those discussed herein. We undertake no obligation to update such forward-looking statements. For a discussion of the assumptions, risks, uncertainties, and other important factors that could cause actual results to differ materially from those expressed in the forward-looking statements, see our most recent reports on [Form 10-K](#) and [Form 10-Q](#), filed with the Securities and Exchange Commission.

# A Message From Our CEO



I'm thrilled to introduce Progressive's third annual Corporate Sustainability Report. This is especially fulfilling for me, because while our sustainability reporting is still in its infancy, driving social good and supporting our employees, communities, customers, agency partners, and shareholders — in other words, following our Core Values and doing the right thing — is something that's been part of our company's DNA since its inception over 85 years ago.

This past year, we've expanded our sustainability commitments in exciting ways. I'll start with our [Diversity, Equity, and Inclusion](#) (DEI) initiatives, since we feel that in order for our company to be truly sustainable, we need to continue to find ways to move forward and improve how we serve our customers, employees, and the community. Last year, I highlighted programs aimed at improving the representation gap in our leadership positions, and I'm so proud to say that we've made concrete progress in this area. We've [increased](#) representation of people of color in senior leadership from 10% in 2020 — where it had been for almost 10 years — to 16%. That said, there's still considerable progress yet to be made. Moving forward, we plan on maintaining our momentum in this area by continuing to develop deep, diverse candidate pools through our new and existing recruiting networks.

On the financial side, we also supported our DEI initiatives in a new way through our March 2022 \$1.5 billion public debt offering. Specifically, we included the underwriting capabilities of several minority-, women-, and military-veteran-owned firms in this transaction (one as a lead underwriter and three as co-managers).

Central to this report is our commitment to renewable energy and our ultimate goal of becoming carbon neutral (in Scopes 1 and 2 emissions) by the end of 2025, with a goal of becoming net-zero in the following decade. While some supply chain issues challenge us, I'm happy to report that the work on our [solar array](#) in Mayfield Village, Ohio, is nearly complete. We hope to obtain the remaining parts and begin using this renewable energy source by the end of this year. We've also begun integrating electric vehicles (EVs) into our corporate fleet, and will continue evaluating EVs to see if they'll help us reach our emissions goals. With measures like these (and others detailed later in this report), we believe we are on track to meet our 2025 goal, which is a crucial stepping stone toward our more rigorous net-zero goal. And, to enhance our accountability, we engaged an independent third party to provide limited [assurance](#) on our Scope 1 and Scope 2 location-based greenhouse gas emissions.

As I have in previous iterations of this report, I'll sign off here by acknowledging that there's still plenty of work for us to do. At Progressive, the word "progress" isn't just in our name, it's embedded in our culture. We've made small changes and improvements to our company every day that have built up incrementally to what we are today. It's simply not in our nature to be satisfied with the status quo. Our progress in sustainability will continue as we strive to make tomorrow even better than today.

Sincerely,

A handwritten signature in black ink that reads "Tricia Griffith".

**Tricia Griffith**  
President and Chief Executive Officer

# Introduction



## Progress in the Progressive Sustainability Journey

In our 2020 Corporate Sustainability Report, we talked about how sustainability is part of our DNA. Our [Core Values](#), first introduced in 1987, are one of the four cornerstones of our business and as such, the tenets of sustainability have evolved naturally as we worked to not only grow our business, but also to support our customers, community, and employees. Another cornerstone is our Purpose: [True to our name. Progressive.](#) Our 2021 Corporate Sustainability Report is emblematic of this cornerstone and represents progress on our sustainability journey.

In 2021 we set the groundwork for some exciting developments in environmental, social, and governance (ESG) areas. We began working with an independent third party to provide limited [assurance](#) on our Scope 1 and Scope 2 location-based greenhouse gas emissions for the first time. This set the stage for our new goal of being carbon neutral for Scopes 1 and 2 emissions by the end of 2025. We also researched diverse bond underwriters, which allowed us to include the underwriting capability of several minority-, women-, and military-veteran-owned firms in our March 2022 bond offering. Finally, in our [2022 Proxy Statement](#), we described the role DEI has in achieving our goals of attracting, retaining, and motivating our highly qualified employees to build our enduring business, and create long-term value. We also highlighted several investments and actions taken during 2021 to further support our DEI efforts, including establishing a DEI leadership job objective for managers. A similar goal has been part of the job objectives for our executive officers for several years and was broadly considered by the [Compensation Committee](#) when establishing the 2022 target total compensation for these individuals. These are just a few of the many ways we have progressed and we're excited to share more with you in this report.

While we're proud of our ESG accomplishments, we acknowledge there is always more to do. We continue to monitor the needs of our customers, community, shareholders, and employees and are dedicated to continuing this journey. While our annual Corporate Sustainability Report represents a moment in time, Progressive's journey is ongoing. We encourage readers to periodically review our financial statements, press releases, and governance documents for other progress reports as the next year unfolds.

## SUPPORTING OUR STRATEGIC PILLARS THROUGH SUSTAINABILITY

### Ensuring our people and culture collectively remain our most powerful source of competitive advantage

- [Attracting](#) and hiring new talent
- [Supporting](#) our people and culture
- [Developing](#) our people
- [Fostering](#) a diverse and inclusive workplace

### Meeting the broader needs of our customers throughout their lifetimes

- [Being](#) available where, when, and how our customers want to interact with us
- [Helping](#) customers select the best insurance for their needs and keeping them apprised about their coverages
- [Supporting](#) our communities
- [Meeting](#) the evolving needs of our customers through investments across our Three Horizons
- [Practicing](#) sound risk management so Progressive can be there in our customers' times of need

### Maintaining a leading brand recognized for innovative offerings and supported by experiences that instill confidence

- [Leveraging](#) strong governance practices
- [Driving](#) social good for our communities
- [Investing](#) in superior mobile and online customer service, and best-in-class, 24-hour claims service
- [Building](#) a brand with relevant messages that resonate with consumers

### Offering competitive prices driven by industry-leading segmentation, claims accuracy, and operational efficiency

- [Reducing](#) expenses while supporting better environmental outcomes
- [Applying](#) procurement policies that support the right combination of price, service, and value



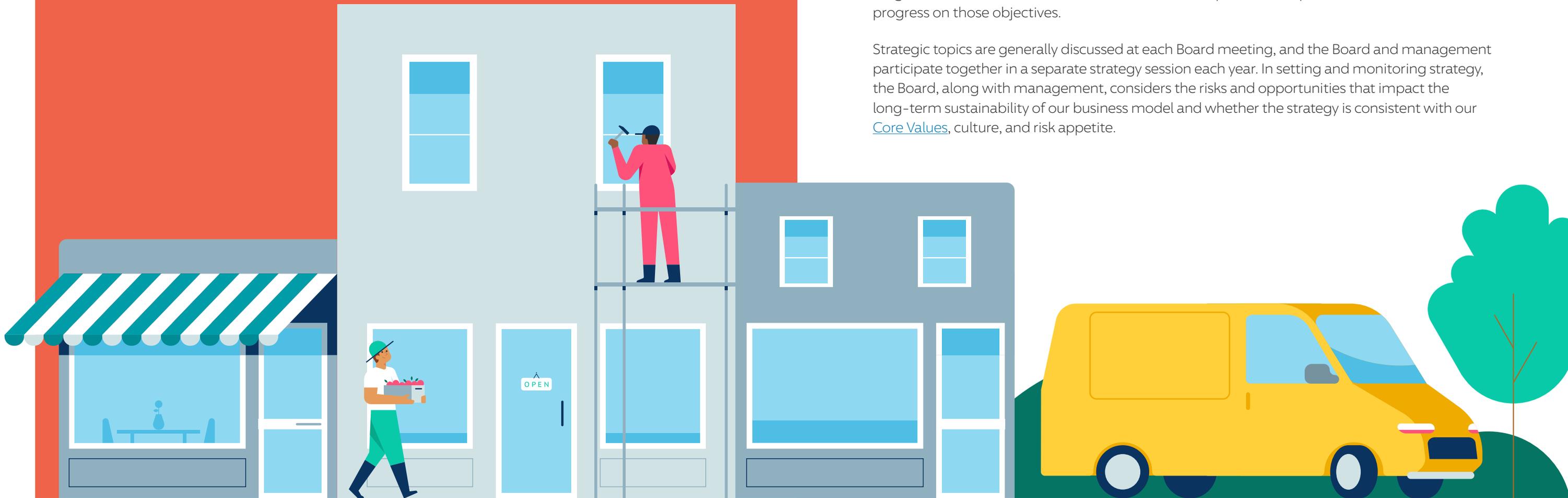
# Corporate Governance

## Our Approach to Reaching New Horizons

[Our Corporate Governance Guidelines](#) describe the Board of Directors' views on a wide range of governance topics. These 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 [2022 Proxy Statement](#) discusses significant corporate governance practices, which are designed to support sustained value creation for our shareholders.

The Board works with management to set the short- and long-term strategic objectives of Progressive based on our [Three Horizons](#) (execute, expand, and explore) and to monitor progress on those objectives.

Strategic topics are generally discussed at each Board meeting, and the Board and management participate together 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.



# Ethics and Corporate Decision-Making

Sound governance is an organizing principle at Progressive, starting with the Board and extending to management and all employees.

## Code of Business Conduct and Ethics

Progressive's [Code of Business Conduct and Ethics](#) is a comprehensive document that sets behavioral standards for Progressive people, states clearly what we expect of ourselves and each other, and confirms our commitment to conduct our business in accordance with all applicable laws. Progressive's [Core Values](#) serve as the foundation for this Code.

Of equal importance is this Code's message about the manner in which we interact with our customers, agents, regulators, co-workers, shareholders, suppliers, and others. This Code emphasizes Progressive's commitment that, in all of our dealings, we will act with fairness, decency, and integrity, and in accordance with high ethical standards. We vigorously investigate and address Code violations, which may include terminating employees who violate our Code.

Our Code addresses a variety of topics, including:

- Voicing concerns
- Commitment to nonretaliation
- Diversity and inclusion
- Equal employment and nondiscrimination
- Protecting employee information
- Privacy of customer information
- Integrity of business records and financial reporting



- Records and information management
- Protecting Progressive assets
- Conflicts of interest
- Insider trading
- Gifts and entertainment
- Antitrust
- Competition and fair dealing
- International business practices
- Protecting third-party property rights

We provide training on our ethical and legal responsibilities, as well as regular communications, video series, and outside speakers addressing themes such as the importance of moral courage and the value of embracing and expressing disagreement. Additionally, we have an "open door" policy that empowers every employee to reach out to any manager or any HR representative when they have a question or concern.

## Available Governance Information

Progressive's Corporate Governance Guidelines, committee charters, our Code of Business Conduct and Ethics for directors, officers, and employees, and our Chief Executive Officer/Senior Financial Officer Code of Ethics for our CEO, Chief Financial Officer (CFO), Chief Accounting Officer, Treasurer, and Audit Business Leader are available in the [Governance Documents](#) section of our website.

## Complaint Procedures

We take complaints very seriously and address them in a proper and timely manner. Visit the [Governance Documents](#) section of our website to access the following information on how individuals and various parties can file a complaint about Progressive:

- Procedures for Handling Complaints Regarding Claims Handling or Other Claims-Related Issues
- Procedures for Handling Complaints Regarding Accounting, Internal Controls, and Auditing Matters
- Federal Securities Law Whistleblower Protection

# Board Oversight and Monitoring Process

Our Board of Directors is ultimately accountable for overseeing Progressive's strategic risk profile and its risk management processes. To facilitate these oversight responsibilities, the Board assigns certain risk oversight to each of its main committees, which enables the Board to function more effectively. The whole Board is required to focus only on those risk issues deemed most critical by the applicable committee. The committees provide a deeper focus on overseeing management with respect to the full range of risks we confront.

Each committee regularly reports to the full Board on the risks that it oversees. The Board's Chairperson consults with the committee Chairs, as necessary, to ensure that significant risk issues are brought to the attention of the full Board. Our full committee charters can be found in the [Governance Documents](#) section of our website.

Other than the Executive Committee, each committee's specific risk oversight responsibilities are summarized on the following page.

“

Our Committees continue to undertake the increasingly detailed work that comprises their respective oversight responsibilities, to interact with management, and to report back significant matters to the full Board. The Committees' work is extremely important and involves many aspects of the Board's responsibilities, including overseeing the company's financial performance and reporting, investment activities, technology and cybersecurity strategy, executive compensation, DE&I efforts, and ESG (environmental, social and governance) considerations and reporting.

**Lawton Fitt**  
*Chairperson of the Board,  
Letter to Shareholders, March 2022*



## OUR COMMITTEES

### Audit Committee

The Audit Committee oversees risks relating to financial statements, financial controls, internal and external audit functions, and external reporting. In addition, the committee monitors our Enterprise Risk Management (ERM) program. These responsibilities include the review of the guidelines, policies, and procedures that govern how we assess and manage our exposure to risk, and meeting periodically with management to review our major operational, financial, reputational, and other risk exposures, as well as the steps management has taken to identify, monitor, assess, and mitigate such exposures. The Audit Committee reports to the full Board of Directors on our ERM program and Management Risk Committee (MRC) risk assessment.

### Compensation Committee

The Compensation Committee regularly reviews any major risks arising from our compensation plans and programs, and executive and director compensation decisions. The committee also oversees several aspects of our human capital management strategies as well as our diversity and inclusion efforts and related risks. They exercise this responsibility through discussions with management on these topics.

### Investment and Capital Committee

The Investment and Capital Committee oversees our investment policy, which is designed to enable us to meet our business and financial objectives with a reasonable balance among risk, return, and cost. The committee is also responsible for ensuring we have a capital plan that takes risk factors into consideration and that risk is appropriately taken into consideration in connection with proposed strategic investments.

### Risk Oversight

- Financial statements
- Financial controls
- Internal and external auditing
- External reporting
- ERM program and MRC
- Major risk exposures not covered by another committee

### Risk Oversight

- Companywide compensation plans and programs
- Executive officer compensation
- Director compensation
- Diversity, equity, and inclusion

### Risk Oversight

- Investment operations
- Capital plan and structure
- Strategic investments

### Nominating and Governance Committee

The Nominating and Governance Committee is responsible for overseeing and addressing with management risk relating to the Board's and Progressive's governance practices, and environmental, including climate change, and social factors and initiatives. They exercise this responsibility through discussions on current corporate governance issues, risk oversight, shareholder engagement processes, and environmental and social issues, as well as Progressive's current ESG efforts and reporting. The committee further coordinates efforts relating to succession planning for executives and directors, assesses the qualifications and diversity of directors, and makes recommendations to the Board on potential candidates for election to the Board.

### Technology Committee

The Technology Committee oversees the overall role of technology in Progressive's business strategy as well as the related technology and information security risks, including digital and data strategies, legacy systems, technology investments and operations, cybersecurity programs, and technology-related business continuity and disaster recovery programs. The committee also oversees management's effort to mitigate these risks.

### Risk Oversight

- Corporate governance
- Board composition
- Succession planning
- Public policy activities
- Stakeholder concerns
- ESG activities, including climate change

### Risk Oversight

- Use of technology in executing the company's business strategies
- Data privacy/cybersecurity



## Board Diversity

The Nominating and Governance Committee evaluates each director candidate individually when considering whether they should be nominated to serve on the Board. The Board’s policy is to include individuals with a wide variety of talents, skills, experiences, and perspectives, in addition to considering demographic criteria such as race, ethnicity, sexual orientation, gender, nationality, age and disability, whenever possible. The Board believes that such diversity provides the Board with broader perspectives, a wide array of thoughts and ideas, and insight into the views and priorities of our diverse investor, customer, agent, and employee bases. The committee’s work in recruiting new members will continue to reflect their commitment to achieve such diversity.



We have been fortunate to put together what we believe to be a very strong Board, with a diversity of tenure, experiences, knowledge, and skills, along with demographic diversity...While many of our members come from traditional public company CEO/CFO backgrounds, we have also sought out those from alternative career tracks to deepen the potential pool and enhance our diversity.

**Lawton Fitt**  
*Chairperson of the Board,  
 Letter to Shareholders, March 2022*

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

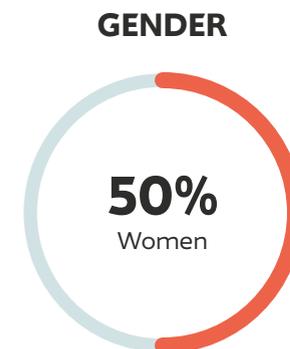
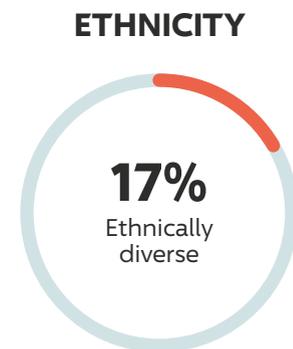
We’re one of a few companies in the Fortune 500 with both a female CEO and a female independent Board chairperson. Our directors include an appropriate mixture of long-tenured and newer directors.



- **42%** <5 years
- **42%** 5–15 years
- **16%** >16 years



- **8%** 40s
- **34%** 50s
- **50%** 60s
- **8%** 70s



### SKILLS AND EXPERIENCES<sup>[1]</sup>

The Board believes that it is desirable that the following experiences, qualifications, attributes, and skills be possessed by one or more of its Board members because of the particular relevance to Progressive’s business and structure.

#### BOARD SKILLS AND EXPERIENCES<sup>[1]</sup>



[1] Based on 12 Board members, as of March 28, 2022.

## PROGRESSIVE'S BOARD OF DIRECTORS<sup>[1]</sup>



**Tricia Griffith**

President and Chief Executive Officer,  
The Progressive Corporation



**Lawton W. Fitt,**

Chairperson of the Board,  
The Progressive Corporation;  
Retired Partner, Goldman Sachs  
Group (financial services)



**Philip Bleser**

Retired Chairman of Global  
Corporate Banking, JPMorgan  
Chase & Co. (financial services)



**Stuart B. Burgdoerfer**

Retired Executive Vice President  
and Chief Financial Officer,  
L Brands, Inc. (retailing)



**Pamela J. Craig**

Retired Chief Financial Officer,  
Accenture PLC (global  
management consulting)



**Charles A. Davis**

Chief Executive Officer,  
Stone Point Capital LLC  
(private equity investing)



**Roger N. Farah**

Retired Executive Director,  
Tory Burch LLC (retailing)



**Devin C. Johnson**

President and Chief Operating  
Officer, The SpringHill  
Company (global consumer  
and entertainment)



**Jeffrey D. Kelly**

Retired Chief Operating Officer  
and Chief Financial Officer,  
RenaissanceRe Holdings Ltd.  
(reinsurance services)



**Barbara R. Snyder**

President, The Association  
of American Universities  
(higher education)



**Jan E. Tighe**

Retired Vice Admiral,  
United States Navy (military)



**Kahina Van Dyke**

Global Head, Digital Channels  
and Client Data Analytics,  
Standard Chartered PLC  
(international banking)

For additional information regarding our directors, review the information included in our [2022 Proxy Statement](#).

[1] Based on 12 Board members, as of March 28, 2022.



## Board Independence

As described in our [2022 Proxy Statement](#), the Board determined that each of our current directors is independent under the New York Stock Exchange (NYSE) standards, other than Tricia Griffith, who is an executive officer of Progressive. Additionally, the Board determined that each director on our Audit and Compensation Committees also satisfies the additional requirements for independence under applicable SEC and NYSE rules.

Moreover, Lawton Fitt currently serves as Chairperson of the Board. Ms. Fitt is independent from management under NYSE rules. She has a strong business background, executive management experience, and additional experience as a member of a number of public company boards.

All committees are comprised of independent directors, other than the Executive Committee, on which Mrs. Griffith serves. To further ensure effective independent oversight, our non-management directors meet in executive sessions throughout the year, typically at the conclusion of regularly scheduled Board meetings. Each committee also has the ability to meet in executive sessions at its discretion.

For additional information on our Board structure and the role of the independent Chairperson, see our [Corporate Governance Guidelines](#) and our [2022 Proxy Statement](#).

### BOARD INDEPENDENCE

**92%** Independent<sup>[1]</sup>

[1] Based on 12 Board members, as of March 28, 2022.

## Multistakeholder Framework

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of Progressive and its shareholders in governing and guiding Progressive to achieve its long-term strategy. In discharging that obligation, directors owe Progressive the duties of loyalty and due care. In addition, in exercising their business judgment, our directors may consider the interests of other stakeholders, including Progressive's customers, employees, and vendors, as well as those of the broader communities in which Progressive operates.

## Other Corporate Governance Practices

We are committed to meeting high standards of ethical behavior, corporate governance, and business conduct. Please see our [2022 Proxy Statement](#) for additional information with respect to our corporate governance structure, practices, and policies.

## Shareholder Rights

Progressive's Articles of Incorporation and Code of Regulations, available on the [SEC's website](#), as well as the Ohio General Corporation Law, define our shareholders' rights. Our [Corporate Governance Guidelines](#) include additional information with respect to our interactions with shareholders. Please see our [2022 Proxy Statement](#) for additional information with respect to shareholder rights and communications.

# Risk Management

To inform our thoughts and actions, Progressive relies on four cornerstones: our [Core Values](#), Purpose, Vision, and Strategy. Our Core Values define who we are; our Purpose expresses why we're here; our Vision guides where we're headed; and our Strategy articulates how we'll get there. Because these cornerstones provide the context for our internal environment, they impact our risk management philosophy, risk appetite and tolerance, and key strategic activities. We embed a risk culture within our company, ensuring that everyone is responsible for the management of risk. We document risks that we are willing to take and the parameters that we will work within and ensure that management, as well as the Board, clearly understands our risk profile.

Our risk culture and supporting framework embrace this continuously improving, growth-oriented mindset while ensuring diligence and prudence in the pursuit of our strategic goals.

## Enterprise Risk Management Program Overview

Our clear vision, values, and objectives empower our employees to take the necessary steps to protect our company and execute our strategy. With formal processes to identify, catalog, prioritize, and communicate risk exposures across the organization, Progressive's ERM program exemplifies this intersection of risk protection and strategy.

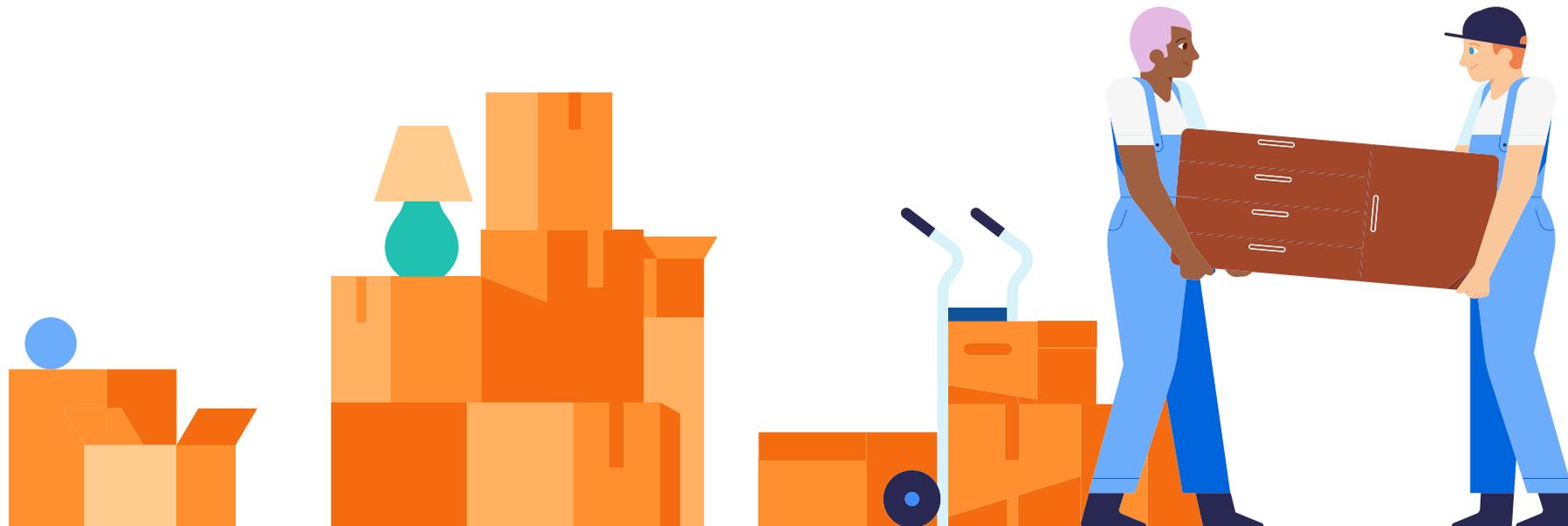
Using our risk framework, we have articulated our risk appetite, defined risk tolerances, identified roles and responsibilities for managing risk and implemented a risk review and reporting structure. Together, these risk management components ensure that all of Progressive's people understand the shared responsibility we have to manage the risks we face. Further, these components emphasize the connection between our responsibility and our continued success.

We review each risk our business faces and, where possible, estimate its impact on Progressive's capital. We assess how these risks may affect our financial condition, cash flows, and results of operations, as well as our ability to achieve our business objectives.

Our risk categories include:

- **Insurance Risks:** risks associated with assuming, or indemnifying for, the losses or liabilities incurred by policyholders;
- **Operating Risks:** risks stemming from external or internal events or circumstances that directly or indirectly may affect our insurance operations;
- **Market Risks:** risks that may cause changes in the value of assets held in our investment portfolios;
- **Liquidity Risk:** risk that our financial condition will be adversely affected by the inability to meet our short-term cash, collateral, or other financial obligations; and
- **Credit and Other Financial Risks:** risks that the other party to a transaction will fail to perform according to the terms of a contract, or that we will be unable to satisfy our obligations when due or obtain capital when necessary.

We identify areas of risk within each of these categories and use models to quantify the amount of economic capital required. We quantify economic capital because it is an important input in assessing the adequacy of our capital resources. A key goal of Progressive's capital management activities is to ensure that we have enough capital to continue serving our customers and delivering on our promises through even the most difficult economic and operational challenges.



We developed formal risk appetite and tolerance statements and aligned our statements with our strategy and key activities. The risk tolerances and risk limits assist line managers in their day-to-day decision-making and include profitability targets, investment policy guidelines, operating and financial leverage limits, and loss-reserving variation tolerances. Risk owners monitor and typically report quarterly on adherence to our established risk tolerances. A member of the internal audit team verifies and compiles risk owner reports into the quarterly Risk Appetite Score Card, which is distributed to select members of the Executive Team and Audit Committee of the Board of Directors. We review and update our risk appetite and tolerance statements at least annually, or as needed, to keep up with our evolving business.

As part of the strategic planning process, business unit risk assessments are completed annually to identify risks that have the potential to impede strategic priorities or significantly impact operating results. These risk assessments are managed by the

respective business unit Controller, each of whom is a member of our Management Risk Committee (MRC), assisted by a member of the internal audit team. The process approach is tailored to the needs of each business unit's strategic planning process, but generally includes a deep-dive evaluation to ensure all risks are captured and ranked according to criticality and trend. Business unit action plans are developed for areas with high residual risk (i.e., risk that remains after controls are in place). Enterprise-level critical risks identified in the business unit assessment process will automatically move to the Enterprise Risk Report. Critical risks are those risks having the potential to alter our strategic objectives, impede our strategic activities, or materially impair our access to capital.

Although our ERM program is mature and effective, we continuously work to improve the quality of the models we use and the processes we have in place to identify and quantify current and emerging risks. We report progress and changes we make to our ERM program annually to regulators and rating agencies.

## Risk Governance

Our Executive Team and Board of Directors established clearly defined risk management accountabilities to ensure we effectively address risk.

Our MRC coordinates risk management activities, including risk assessments and oversight of key risk-related initiatives. Several members of the MRC conduct, and all of the MRC participates in, our annual enterprise risk assessment and, with input from executive management, identifies the most critical risks facing the company. The MRC also coordinates recommendations for managing identified risks and presents these recommendations to the Audit Committee for review. The MRC's membership, comprised of senior managers representing a cross-section of business units and functions, is intentionally multidisciplinary, ensuring strong risk management across Progressive. The MRC is co-chaired by our Audit Business Leader, Treasurer, and Corporate Ethics & Compliance Officer. Our Chief Financial Officer, Chief Legal Officer, and Chief Investment Officer serve as executive sponsors.

The Treasurer and Audit Business Leader provide an annual overview of the ERM program and our progress in managing key risks to the Audit Committee and the full Board of Directors. Meanwhile, our Executive Team is tasked with the annual review of the enterprise risk assessment process itself, approving and ensuring the execution of action plans that have been developed to manage, mitigate, or transfer identified enterprise risk areas, and defining strategic initiatives.

## Climate Change Risk Management

As an insurer of weather-related losses, we take a serious interest in our climate and its changes. Changing climate conditions — whether due to global climate change or other causes — may change how often severe weather events and other natural disasters occur, how long they last, how much insured damage they cause, and where the events occur. Therefore, the possibility of increasingly frequent or severe weather events is part of our risk-based pricing process. The risk management processes outlined above include climate change in its processes. Having short durations for policy periods (six and 12 months), our claims inventory, and our investment portfolio means we can assess our risks frequently (see our [Annual Reports on Form 10-K](#) and [Quarterly Reports on Form 10-Q](#) for a full discussion of risk factors).

Climate risk often manifests as weather risk and as part of our risk management practice, we run both internally built and third-party vendor catastrophe modeling tools to help estimate our exposure to weather risk by line of business, as well as on a per-occurrence and aggregate basis. Our modeling process generates exceedance probability curves, and we evaluate our modeled net retained weather risk against specific probable maximum loss (PML) return periods.

We manage climate risks through our ERM Program. Our MRC is charged with understanding our climate-related risks, among other things. In the MRC's annual risk assessment process, we discuss the longer-term effects of climate change and attempt to evaluate the impact on capital, pricing, our customers, and investments. Because we integrate this activity into our enterprise-wide risk framework, we believe climate risk assessment and all the other risks we assess, could affect the long-term strategy of the company as we continue to react to new information and adjust our plans.

## Assessment of Risk Capital

At Progressive, we balance operating risk with investing and financing activity risk to ensure there is sufficient capital to support all the insurance we can profitably underwrite and service. Because risks arise in all operational and functional areas, we assess them holistically to account for the offsetting and compounding effects of the separate sources of risk within Progressive.

We seek to deploy capital in a prudent manner and use multiple data sources and modeling tools to estimate the frequency, severity, and correlation of identified exposures, including, but not limited to, catastrophic and other insured losses, natural disasters, and other significant business interruptions, to estimate our potential capital needs. Management views our capital position as consisting of three layers, each with a specific size and purpose:

1. The first layer of capital, which we refer to as regulatory capital, is the amount of capital we need to satisfy state insurance regulatory requirements and support our objective of writing and servicing all the business we can write and service, consistent with our underwriting discipline of achieving a combined ratio of 96 or better.
2. We refer to the second layer of capital as extreme contingency. While our regulatory capital is, by definition, a cushion for absorbing financial consequences of adverse events, we view that as a base and hold additional capital for even more extreme conditions. The modeling used to quantify capital needs for these extreme conditions is extensive, including tens of thousands of simulations, representing our best estimates of such contingencies based on historical experience.
3. The third layer of capital is the capital in excess of the sum of the first two layers. This additional layer provides maximum flexibility to fund other business opportunities, repurchase stock or other securities, satisfy acquisition-related commitments, and pay dividends to shareholders, among other purposes.



# Sustainability in Our Investment Portfolio

An important consideration for corporate responsibility at Progressive is how we choose to invest our capital. For our investment team, we have laid out goals of first, protecting our balance sheet in order to support our operating business and second, earning a strong risk-adjusted total return. Our investment portfolio is comprised of a passive replication strategy of the Russell 1000 for our equity exposure and an actively managed fixed-income portfolio.

In our actively managed fixed-income portfolio, we believe that, in addition to many traditional considerations of fixed-income investing, there is less risk in securities that score higher across various environmental, social, and governance factors. Therefore, we consider these assessments when evaluating investment decisions and will continue to do so in the future.

We believe that we need to have a strong understanding of the long-term risks associated with fixed-income investments that score low on dimensions of corporate sustainability. For example, we believe that companies with strong, diverse management teams tend to perform better over the longer term. To further our understanding of long-term risk related to corporate sustainability, we have begun tracking our investment mix as it relates to ESG risk, where available.

In 2022, we started utilizing MSCI ESG Research,<sup>[1]</sup> a globally recognized leader in corporate ESG evaluation, to monitor our ESG corporate bond portfolio risk. MSCI ESG Research ratings consider several aspects of ESG, including corporate governance, climate-related environmental information, workforce and management diversity, and ESG controversies to provide a single score for an organization. As of July 1, 2022, over \$8.5 billion, representing over 80% of our corporate bond portfolio with an MSCI rating, was invested in companies with an MSCI ESG Research Corporate Rating of BBB or better. The median MSCI ESG Research Corporate Rating of our corporate bond portfolio is A. Our corporate bond portfolio includes \$45.8 million in green bonds/loans.<sup>[2]</sup>

Similarly, we have begun tracking our investments in environmentally friendly buildings in our commercial-mortgage-backed securities (CMBS) portfolio. To evaluate our investments, we have leveraged the U.S. Green Building Council's LEED<sup>®[3]</sup> green building program, which is the preeminent program for the design, construction, maintenance, and operations of high-performance green buildings. As of July 1, 2022, our CMBS portfolio has \$1.8 billion (approximately 29% of the CMBS portfolio) directly invested in securities backed by LEED Certified<sup>®</sup> buildings.<sup>[4]</sup>

Tracking and evaluating ESG aspects in an investment portfolio is rapidly evolving. We continue to monitor developments in this space and intend to evaluate further options to incorporate the elements of ESG into our investment strategies.

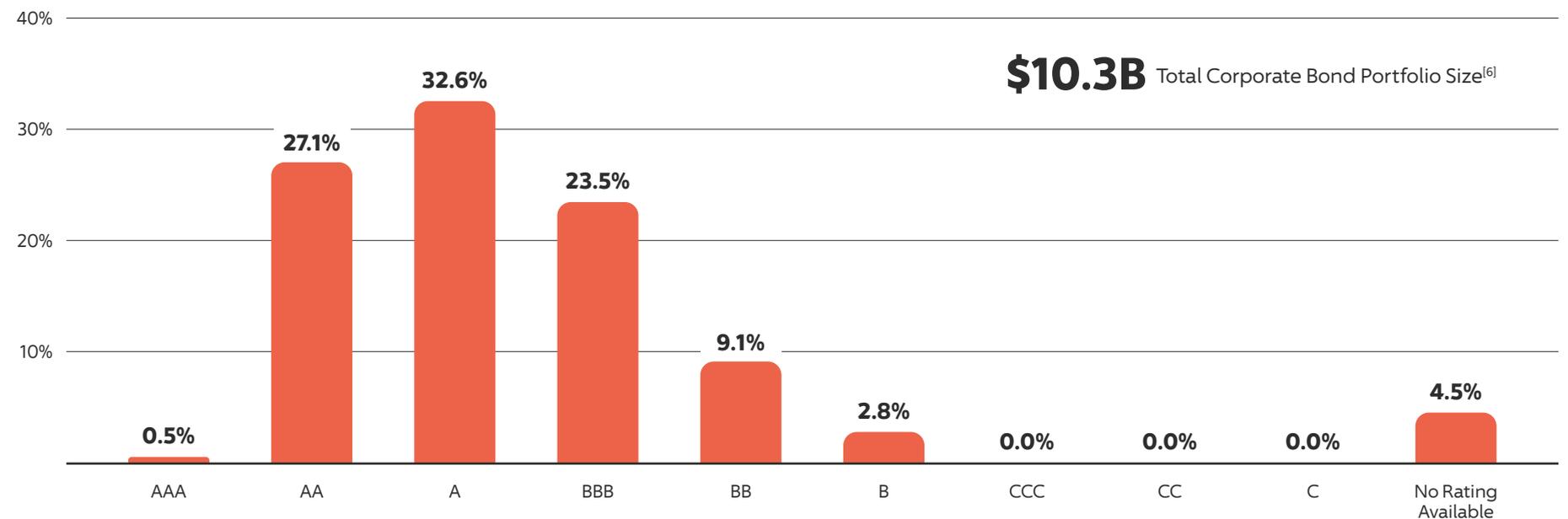
[1] Certain information in this section (c) MSCI ESG Research LLC. See [msci.com/disclaimer](https://www.msci.com/disclaimer).

[2] Green bonds are identified by indicators on Bloomberg terminal machines.

[3] LEED — an acronym for Leadership in Energy and Environmental Design™ — is a registered trademark of the U.S. Green Building Council.®

[4] Includes only investments in which the full collateral is LEED certified as identified by LEED [data](#) or individual security prospectuses.

## MSCI ESG RESEARCH RATING DETAIL FOR CORPORATE BONDS<sup>[1]</sup> <sup>[5]</sup> <sup>[6]</sup>



[5] Breakdown of Progressive's MSCI ESG Research Ratings in detail. Each bar represents the dollar percentage of bonds in each rating group.

[6] As of July 1, 2022

# Purchasing/Procurement

Early in 2022, Progressive established an enterprise-wide Procurement Policy. Its purpose is to standardize the procurement and contracting process for the company's material addressable spend, while managing risk to the enterprise.

We believe that partnering with our suppliers and ensuring they align with our Core Values give us a competitive advantage in the marketplace, and supports our ability to bring innovative products to our consumers. Our Procurement organization focuses on identifying and partnering with suppliers who offer quality products and services at a market competitive price, and who acknowledge the capabilities and high standards of social responsibility we expect suppliers to maintain as outlined in our [Supplier Code of Conduct](#).

The Supplier Code of Conduct outlines our expectations for many of our suppliers, namely third parties that provide goods or services to Progressive. We ask such suppliers to acknowledge the Supplier Code which outlines expectations to abide by all applicable laws and regulations, such as fair labor practices, child labor laws, and minimum age requirements for workers. We strongly encourage any supplier who becomes aware of any behavior in its relationship with Progressive that violates the Supplier Code or is unlawful or unethical to contact their Progressive procurement contact or to use our confidential, 24-hour Alertline (1-800-683-3604 or [progressivealertline.com](http://progressivealertline.com)). Potential Supplier Code violations may include discrimination or harassment, fraud or dishonesty, disclosure or misuse of confidential or proprietary information, theft, violence or threats of violence, violations of law, and falsification of documents.

In addition to acknowledging the Supplier Code, suppliers may be asked to undergo our risk assessment process, where we assess suppliers through a risk-based questionnaire to identify inherent risk (risk inherent to the product/service before controls) in the relationship. If we identify such risk, we will perform additional assessments to evaluate the residual risk and determine whether it

will affect our desire or ability to engage with the supplier. We consider one or more of the supplier risk categories listed below in our due diligence process as appropriate depending on the initial assessment. We ultimately categorize these suppliers by risk level and complete periodic reviews commensurate with the risk level to ensure appropriate management oversight.

## SUPPLIER RISK ASSESSMENT TOPIC CATEGORIZATION

SUPPLIER RISK CATEGORY	DESCRIPTION
Brand & Reputation	Risks posed to Progressive's brand and reputation through a requested scope of work requiring supplier interaction with Progressive employees or customers (inherent) or a lack of supplier controls to prevent or remediate brand impact when incidents occur (residual)
Business Continuity	Risks posed to Progressive's ability to operate continuously through a requested scope of work (inherent) or a lack of supplier continuity controls (residual)
Conduct	Risks posed to Progressive through a requested scope of work requiring potential exposure to bribery and corruption or international threats (inherent) or a lack of supplier bribery, corruption, or international risk controls (residual)
Financial & Credit	Risks posed to Progressive through a requested scope of work requiring increased reliance on a supplier and supplier liquidity (inherent) or a lack of supplier financial management and credit standards/controls (residual)
Information Security	Risks posed to Progressive through a requested scope of work requiring exposure to services or goods with potential cybersecurity vulnerabilities (inherent) or a lack of supplier cybersecurity controls (residual)
Infrastructure, Applications & Disaster Recovery	Risks posed to Progressive through a requested scope of work requiring exposure to Cloud Services (inherent) or a lack of supplier infrastructure and applications controls (residual)
Physical Security	Risks posed to Progressive through a requested scope of work requiring exposure to services involving Progressive-owned data on-site at the supplier (inherent) or lack of supplier controls in managing Progressive-owned data or employees on-site at the supplier's locations (residual)
Subcontractor	Risks posed to Progressive through a requested scope of work requiring exposure to potential fourth parties (inherent) or lack of supplier controls in proactively identifying and mitigating risks with Progressive fourth parties (residual)

# Business Model and Innovation



## Long-Lasting Relationships Built on Transparency, Innovative Thinking, and Positive Experiences

Our business requires us to develop, procure, configure, and maintain large and complex computer systems to run our operations. Furthermore, we store and, when appropriate, destroy the significant volume of data that we acquire. This data includes our customers' and employees' personal, confidential information, as well as our intellectual property, trade secrets, and other sensitive business and financial information we use to price and deliver products that drive value for our customers.

Progressive's information security team works diligently to safeguard data. Our information security program was deliberately designed to protect and preserve the confidentiality, integrity, and availability of all information owned by or in the care of Progressive.

The Board of Directors' [Technology Committee](#) oversees Progressive's technology and information security risks, and reviews the major risks arising from our technology, digital and data strategies, legacy systems, technology investment and operations, cybersecurity programs, and technology-related business continuity and disaster recovery programs. The committee also oversees management's efforts to mitigate these risks. The committee includes directors with technology and cybersecurity experience. Meetings typically occur five times a year. At each of these meetings our Chief Information Officer and Chief Security Officer (CSO), among other members of management, brief the committee on technology and security-related matters, including technology investments, information technology (IT) programs and operations, and our information security programs, among other things.

## Cybersecurity

Reporting directly to the Chief Financial Officer, and a member of our MRC, our CSO is ultimately responsible for cybersecurity at Progressive. The CSO also provides regular cybersecurity briefings to the CEO, Executive Team members, and the Board of Directors' Technology Committee.

Our overall efforts to safeguard the systems and confidential information critical to our operations include preventative and detective internal processes, technological defenses, and other controls designed to provide multiple layers of security protection. Both the ISO 27002 Security Framework for the body of security control requirements, and the National Institute of Standards and Technology Cybersecurity Framework to assess the strength of our processes and defenses, are leveraged to keep our data and systems secure. This integrated approach to protect data and systems is also built into Progressive's project management, development, and operations. To assess the effectiveness of our cybersecurity program and compliance with applicable rules, regulations, and laws, we employ internal and external resources to evaluate our environment, systems, and processes at least annually.

Through appropriate risk evaluation, security assessments, and financial due diligence, Progressive protects the security and confidentiality of information provided to our vendors under cloud computing or other arrangements. We also employ contractual non-disclosure requirements and use limitations consistent with our published [Privacy Policy](#), and typically reserve the right to review third-party compliance against the required standards, where appropriate.

Our response to security threats is triggered through various means. Through annual user awareness training, we teach our employees to identify and appropriately respond to such threats. Our incident response program is designed to mitigate and recover from suspected and actual security incidents, and provide all required consumer and regulatory notices regarding security threats in a timely manner.

## Data Privacy

The nature of our business requires us to acquire personal information from various individuals, including insurance applicants, policyholders, claimants, employees, and others. This information may include dates of birth, Social Security numbers, driver's license numbers, credit card and other financial account numbers, and medical information. Per federal and state law, we notify customers of our information practices, described in our [Privacy Policy](#) and notices provided to our consumers.

Progressive respects every customer's selected privacy preferences and works diligently to ensure the security and confidentiality of all personal information. Though the federal government regulates certain business sectors (including health care and finance), types of information (such as financial or driving data), and certain activities (such as telemarketing), the U.S. does not currently have a comprehensive data protection and consumer privacy rights law. State legislation often mimics federal laws but can vary significantly by state. For example, the passage of the California Consumer Privacy Act affords consumers in that state greater transparency and control over their personal information.

At Progressive, our consumers can access and seek correction for any inaccuracies in their information. Upon their request, and where required by law, we will delete certain consumer information from our records.

Personal information entrusted to us is kept confidential and used only for legitimate business purposes. Only employees, agents, contractors, and service providers with a legitimate need to know can access confidential data to provide our products and services or otherwise run our business. Use of personal information is limited by our customer privacy policies, written agreements (where appropriate), and applicable law. We also maintain physical, electronic, and procedural safeguards to protect personal information, and we reinforce safeguarding efforts through our workplace policies, data transfer monitoring, and enforcement.

Our [Code of Business Conduct and Ethics](#) and Contract Worker Standards of Conduct include data privacy and cybersecurity-related provisions. All employees and contract workers receive, review, and acknowledge the applicable document initially and annually. We also provide annual training about phishing.

Our Privacy Officer is responsible for data privacy, leads a team of attorneys within the Corporate Legal Department, and works closely with a separate Data Privacy Office within our Information Technology organization. Consumers with privacy concerns can contact [Customer Service](#) or Progressive's Privacy Officer directly.

For more information on cybersecurity and data privacy, read the applicable risk factors in our [2021 Annual Report on Form 10-K](#).



# Innovation of Products and Services

Innovation is a central component of Progressive's business. Since our beginning, we have approached insurance with a different, more forward-thinking perspective. We strive to create long-term value for our stakeholders through our commitment to innovation and our ever-growing mindset.

Innovation has driven our company forward, as we rank as the third-largest U.S. personal auto insurer. Progressive expanded our addressable market by acquiring ARX Holding Corp. and subsidiaries, known as Progressive Home®. We've also added to our leading Commercial Auto offerings with the acquisition of Protective Insurance Corporation and subsidiaries.

Progressive understands that our customers will require different solutions over their lifetimes, and we want to be there to help. We believe that the positive simultaneous investment in our core business and expansion of future opportunities will ensure that we create and maintain an enduring business. We seek to meet our customers' needs across our Three Horizons and leverage this framework to categorize our investments by their proximity to our core business.



In Innovation, I think of our mantra to “Risk, Learn, Grow.” Progressive has a storied history of taking risks, being objective about the learnings and growing our products and services to better serve our customers' needs. We continue this growth path through the Three Horizons today and for decades to come.

**Andrew Quigg**  
*Chief Strategy Officer*

## THREE HORIZONS

### 1 **Execute**

Investing in our core business to gain a larger share of both the vehicle and property insurance markets, as well as growing our book of bundled auto and home customers.

### 2 **Expand**

Building upon our existing capabilities and market position to offer more products and services within property and casualty insurance to our current and potential customers. Examples include our Business Owners Policy product and transportation network company business partnerships.

### 3 **Explore**

Exploring and investing in new areas outside of property and casualty insurance to solve unmet consumer needs and support our goal of always growing.

# ESG Product Features

At Progressive, insurance is understood as the pricing of risk. As such, the pricing of our product reflects the risks our customers face. We believe the pricing of our products works to reward customers who take less risk with their health and safety. Some examples of our pricing rewards include lower rates for fewer speeding tickets, lower rates for building a home in a less wildfire-prone area, and lower rates for following the rules of the Federal Motor Carrier Safety Administration (FMCSA).

We often provide customers who have lower loss frequency with lower rates than customers with higher loss frequency and the same loss severity. Less driving means a lesser amount of greenhouse gas emissions and often lowers loss frequency. As a leading auto insurer, we strive to match rates to behavior, which is why we look for ways to design our products to reward customers' environmental stewardship and commitment to sustainable practices.

In addition to our primary product pricing benefits, Progressive products have distinctive features that reward our customers' good health, safety, and environmental stewardship behaviors. A partial list of product features includes:

## Health and Safety Product Features

- **Personal Auto 3-Year Safe Driving Discount:** Provides a discount for certain customers without a claim or a pointed incident in the past three or more years.
- **Personal and Commercial Auto Rates That Reward Safety Features:** Includes the presence or availability of certain safety features, such as blind spot warning or auto emergency braking, in rate determination.
- **Commercial Auto Rates That Reward Good FMCSA Safety Inspections:** For-hire commercial truckers who have a history of clean FMCSA safety inspections will typically receive lower rates than those who have violations.
- **High Building Code Enforcement Discount:** Provides a discount to homeowner policyholders in certain areas who have homes that meet high building code enforcement construction. Discounts may even be available for older homes that have met the Insurance Institute for Business & Home Safety guidelines for a fortified hurricane designation.

## Environmental Product Features

- **Snapshot®, Snapshot ProView®, and Smart Haul® Programs:** These usage-based insurance products (for personal auto, commercial auto, and commercial trucking, respectively) reward safe driving habits by evaluating the way customers drive and typically providing lower rates for those who exhibit fewer accident-linked behaviors, such as hard-braking events. Further, customers who use their vehicles less could receive lower rates compared to those who use them more.
- **Annual Miles Rating Factor:** This factor adjusts rates based on the number of miles a customer drives their vehicle annually. Customers with fewer miles driven, and thus less natural resources used and less risk of accidents, will usually have a lower rate.
- **Paperless Discounts:** A Paperless Discount may apply to a policyholder who participates in electronic communication for all policy documents.

**Note:** Discounts/programs described above are not available in all states and in all situations. Terms and conditions may apply. Please refer to the filed product for state-specific details.





## Innovation Highlight: Smart Haul

Since December 2017, after the Federal Motor Carrier Safety Administration mandated that truckers use electronic logging devices (ELDs), we have been proud to offer the benefits of our Smart Haul program to our trucking customers who are required to comply with this mandate. We have led the usage-based insurance (UBI) space in Personal Lines for decades with Snapshot and its predecessor programs. Smart Haul, one of the first commercial UBI programs, gave us another opportunity to differentiate against our competitors and extend our leading position in the commercial market.

Through Smart Haul, all participating customers receive a guaranteed discount of 5% and have an opportunity to save up to 18% after sharing their driving data with Progressive. While similar to the Snapshot program, a key difference is no additional device is needed to determine driving behavior. Customers will already have the ELD pre-installed in their trucks which provides all the information necessary for a customized, point-of-sale discount. Our Smart Haul customers can see their discounts before purchasing the policy, which helps customers make more informed insurance purchasing decisions and helps them better manage cash flows after purchasing a policy (e.g., removes any potential midterm surprises). They also do not need to wait until the end of a monitoring period to receive their deserved discount.

The program has been a win-win-win scenario for customers, our agents, and Progressive:

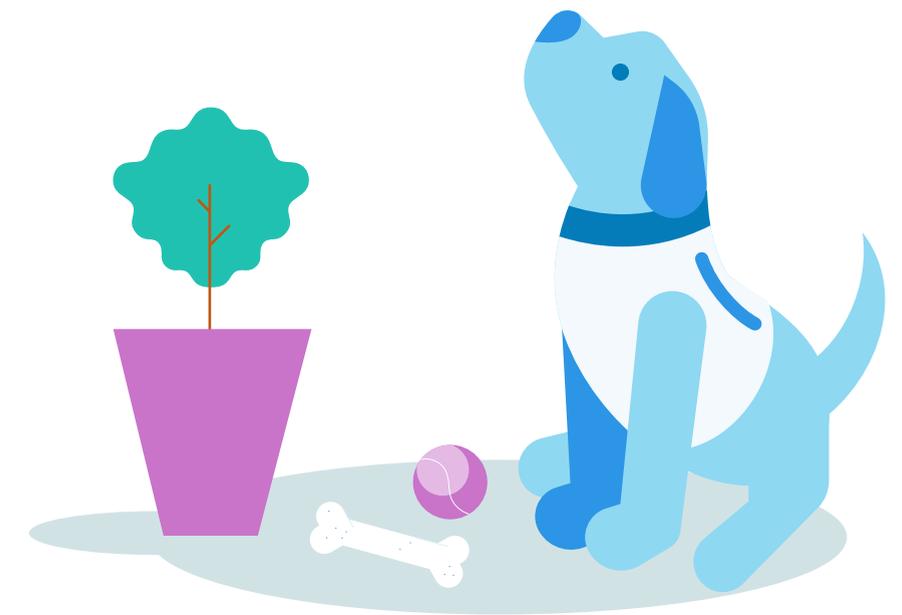
- Customers receive their deserved discount at the time of enrollment;
- Our agents can better convert their prospects; and
- Progressive can segment customers more easily and offer better rates for safer drivers.

We are observing increased customer conversion and retention and are also benefitting from improved loss experiences.

Since Smart Haul's launch, the driving data collected through this program has helped us uncover new insights into our customers and better understand their driving behaviors. Information gathered through Smart Haul and Snapshot ProView (our commercial UBI product for non-truckers) has been pivotal in analyzing traffic disruptions during the COVID-19 pandemic, helping us forecast our loss trends due to ongoing changes in the economy. We see increasing enrollments in our Smart Haul program as customers choose to participate in the program and take advantage of the savings.

## Customer Experience and Communication

We want our customers to know that Progressive is ready to help with current and future insurance needs as they grow and change. We strive to build and maintain trusting relationships that last for decades by always being there for our customers. While we develop our product communications in accordance with regulations set forth by state departments of insurance (see the Regulatory Documentation and Communications box on the next page), we aim to go beyond regulatory requirements. Our investment in excellent customer service provides clear, frequent communication that keeps our customers informed of their insurance coverages. Our communication methods are covered in three categories: pre-purchase and purchase aids, regulatory documentation and communications, and post-purchase communications.



## PRE-PURCHASE AND PURCHASE AIDS

### Progressive Answers

Customers can use [Progressive Answers](#) to find easy explanations for questions about coverages, pricing, and more. We designed the Progressive Answers experience to make insurance less complicated and address questions often asked by people looking to purchase insurance.

### ForAgentsOnly.com (FAO)

[ForAgentsOnly.com](#) is our online portal for Progressive agents. Within FAO, agents can take training sessions and review documentation about Progressive products to fully prepare to help their customers select the best insurance for their needs. FAO also walks the agent through the quote and bind flow to make the process as simple as possible for the agent and customer.

### Progressive.com

Our online portal on [progressive.com](#) allows visitors to complete numerous insurance tasks, including starting a quote, finding an agent, linking to servicing, and learning about our products and our company. Digital quoters are guided through a step-by-step process that leads to an accurate rate and the option to purchase insurance online. Additionally, digital quoters receive messaging about discounts they have earned or could earn. Our systems help customers find the best combination of coverage and price for their needs. Customers also have access to a chat function they can use to ask specific questions.

### 24/7 Customer Support

Our call centers are open 24/7 to help answer customer questions and aid the sales experience, up to and including selling a policy.

## REGULATORY DOCUMENTATION AND COMMUNICATIONS

Regulatory agencies establish what and how certain insurance communications are delivered. The following are samples of communications used in most states.

### Declarations Page

A declarations page is a summary outlining the term, coverages, and limits of an insurance policy. The page also summarizes the policy's cost and lists the discounts the customer received.

### Policy Contract

A policy contract outlines the obligations of Progressive and the insured, including policy exclusions.

### Change Notification

We send change notifications to customers in the event of a change in coverage within the time period stipulated by the regulatory agency.

### Adverse Action Notices

We may be required to share notices when we take an adverse action on a customer, such as charging a higher rate, based on information in a consumer report.

## POST-PURCHASE COMMUNICATIONS

### Progressive.com

After purchasing insurance, customers can register for digital self-service access online. By registering online, customers have self-service access to their policy information and insurance documents, and can set up their communication preferences, pay bills, file claims, and complete most policy changes.

### 24/7 Customer Support and Claims Reporting

Our 24/7 call centers answer any questions our customers may have, whenever they have them. Customers can also report claims and request Roadside Assistance 24/7/365 through our call centers.

### Customer Feedback

We may select customers to provide feedback via surveys at various stages of their customer journey. We analyze their completed surveys to understand their experience by reviewing the survey scores and the open text commentary. Progressive uses these insights internally to identify and mitigate pain points and influence future knowledge and product design. We close the loop with customers to resolve issues or answer questions they include in their survey responses.

### Email and Communications

For customers who opt in, Progressive will send communications via email, SMS text messaging, or push notification through the Progressive mobile app on relevant topics, including regulatory documentation, payment reminders, and more.

### Progressive Mobile App

We offer the Progressive mobile app through the Android and iOS app stores. Within the app, customers have self-service access just as they do through the online portal. The app also supports emergency roadside requests and can store customers' insurance ID cards for offline use.

# Human Capital



## Contributing to Our Success

It was the best of times; it was the worst of times.

A celebrated Dickens' phrase feels more appropriate than ever as extraordinary advances in science and technology coexist with violent hate crimes, racial and gender tensions, and a pandemic that won't seem to let go.

This roller coaster of life experience has truly tested the mettle of even the most stable organizations, including our own. Despite it all, or because of it, Progressive people responded with resilience and resolve. We continued to grow our business because we focused on what has always made our customer service and corporate culture stand out.

We got personal.

Our business-area Diversity Councils, nine [Employee Resource Groups \(ERGs\)](#), and a team dedicated to DEI have gone to great lengths to embed the behaviors of inclusion in our daily work lives, which helps us conduct our business and also navigate the twists and turns in the world around us.

Even when we were dispersed to home offices, we came together through virtual town halls, ERG discussion groups, and social media forums to share, learn, and grow from the serious issues happening around our world and in our cities and towns.

According to our Chief Human Resources Officer Bill Clawson, "It's really hard to be resilient alone. Finding people to connect with and knowing there are others out there who can help gives us strength to overcome even the toughest of challenges."

Our resilience and commitment to inclusion have been integral to our Human Resource business objectives and a big part of our success in 2021. To ensure we continue to put our people first, we follow three key objectives: Managing Growth, Supporting Our People and Culture, and Managing Complexity.

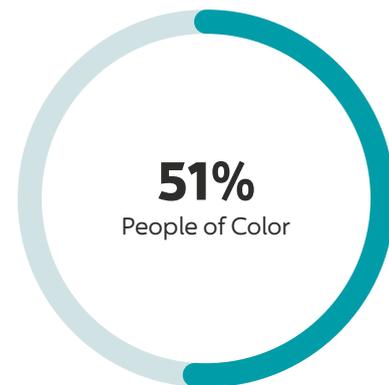
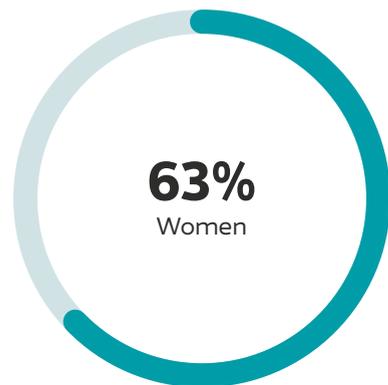
# Managing Growth

## Finding the best and the brightest across a wide spectrum of backgrounds and lived experiences

With consecutive years of profitability and market success, Progressive is in an enviable position each year to hire the best and brightest people from across the spectrum of backgrounds and experiences. As we do so, the diversity of our workforce has increased, which helps us reflect and better serve our customers.

Hiring has grown significantly to meet the needs of our growing customer base, and we've made great strides in adding diverse talent during this period of growth. In 2021, we hired more than 13,000 new employees, of whom 63% were women (8,346) and 51% were people of color (6,762), representing about 1.9% of the total applicants for a job at Progressive.

### NEW HIRES IN 2021



Finding people to connect with and knowing there are others out there who can help gives us strength to overcome even the toughest of challenges.

**Bill Clawson**  
Chief Human Resources Officer

While popular job search websites still help us cast a wide net for our recruitment efforts, we have, for the past several years, been working with strategic partners to reach a more robust pool of diverse talent for leadership and mid-level professional roles. These partnerships include Management Leadership for Tomorrow, a national nonprofit focused on finding and developing diverse leadership talent. To help us recruit highly motivated and diverse talent, we actively recruit from four historically Black and Latinx colleges and universities.

We also train our hiring managers about unconscious biases they may have during the interview and selection process and the importance of employing individuals with different kinds of experiences and educational backgrounds. Additionally, our Executive Team and managers have job objectives aimed at fostering a diverse and inclusive workplace.

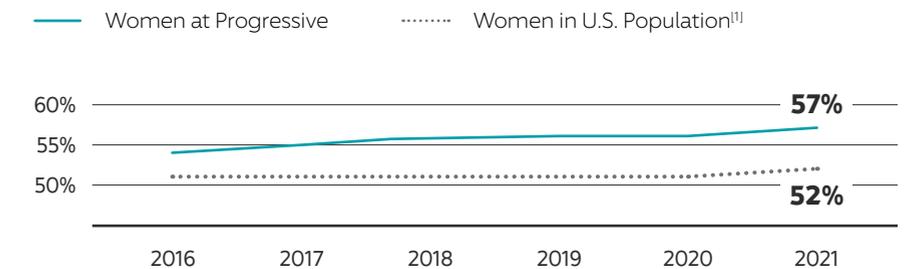
We believe that our recruitment efforts and inclusive strategies generally have enabled us to present diverse and high-potential pools of job candidates to our hiring managers.

## Aspiring Toward Diversity

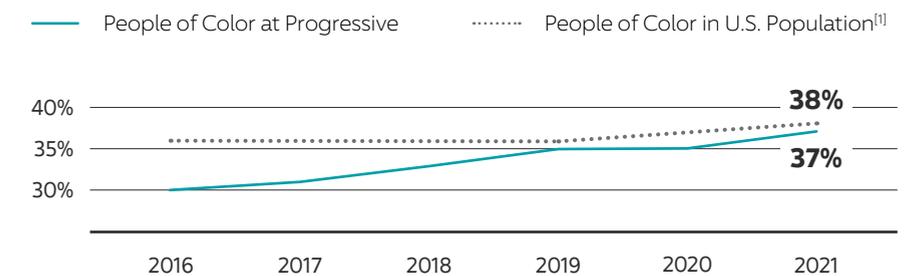
2021 marks a meaningful achievement in diversity for us. After almost five years of significant growth and hiring, the gender and racial demographics of our workforce are closely aligned with the U.S. adult population. There's obviously more to diversity than just gender and race, but these are the two demographic factors that we currently measure for all Progressive people.

From this, we can focus on the recruiting and development efforts that have proven to be most successful over the past few years.

### GENDER



### ETHNICITY



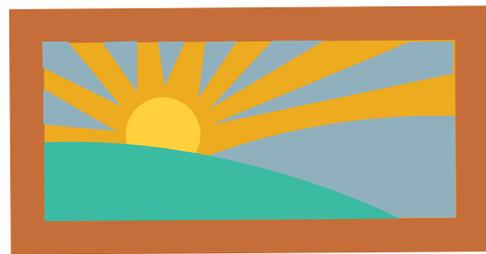
[1] U.S. population refers to individuals 18+ years of age. Source: Current Population Survey, U.S. Census Bureau.

# Supporting Our People and Culture

## Providing competitive benefits and compensation, career development and advancement opportunities, and a culture of inclusion

We aim to support our employees by providing challenging work experiences, career opportunities, and a culture of inclusion. We're focused on coaching and development, which we believe encourages greater engagement in our business and improved individual performance.

Our attention to continuous learning is based on the principles and behaviors of DEI and begins with our leaders, who we expect to help their teams grow in their careers.



## Leading the Way to Inclusion

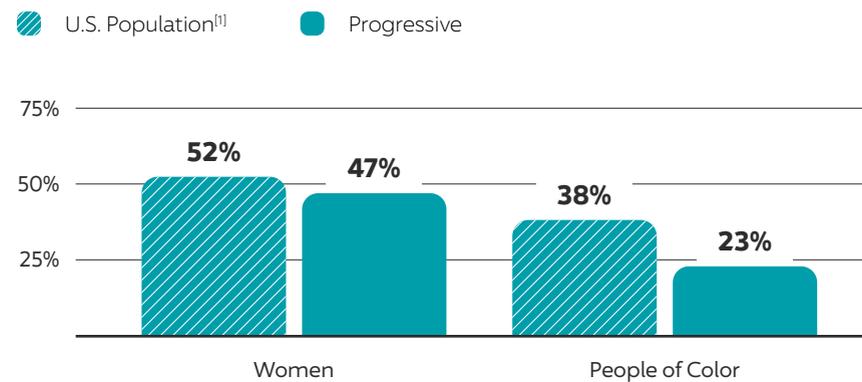
We believe that engagement increases when our people rise into leadership roles and inspire others to lead and when talent management and acquisition processes remove any barriers to increasing the representation of women and people of color in management.

To focus our efforts in 2020, we introduced an ambitious goal to double the representation of people of color in senior leadership from 10% to 20% by the end of 2025. During 2021, we increased this senior leadership representation from 13% to 16%, more than halfway to our goal.

We don't just strive for demographic representation. We expect our leaders to also respect and value our people and appreciate new perspectives and ways of thinking. We address this through rigorous attention to leadership competencies, our DEI objectives, and inclusive leadership training.

More detail, including our most recent EEO-1 survey, can be found in the [DEI](#) section of our website.

### LEADERSHIP REPRESENTATION (AS OF DECEMBER 2021)



[1] U.S. population refers to individuals 18+ years of age. Source: Current Population Survey, U.S. Census Bureau

In addition to in-house leadership development opportunities, Progressive leverages university partnerships in several ways to provide outstanding leadership training. We partner with Case Western Reserve University's (CWRU) Weatherhead School of Management to provide leaders with access to advanced leadership training courses. In addition, we partner with CWRU and the University of North Carolina's Executive Education division to design and deliver custom offerings for enterprise leadership development programs and business-specific leadership events.

We also partner with Harvard Business Publishing to provide business strategy and trends research articles, videos and podcasts, and self-directed leadership evaluations and management tools.

To help our leaders meet their DEI objectives, Progressive's full-time DEI staff works with our learning and development teams to provide inclusive leadership training modules and toolkits to align leadership actions with inclusive behaviors and ensure decision-making leverages diversity, discussion, and collaboration.

### THE PROGRESSIVE LEADER



## DEI Learning Is Key to Our Culture

While we have significant momentum from being focused on DEI for more than a decade, the last two years have accelerated our efforts. This began with an examination of our Core Values. We acknowledged the power of their foundational messaging and made slight and precise revisions so that they would be more intentionally inclusive for today's business environment.

This set the stage for a year-long project to create a single-source online DEI reference guide, called "True to Our Name. True to You." Work on this guide, which began in February 2021 and was published in February 2022, provides direction for how HR professionals, business-area communicators and training teams, ERGs, and DEI Councils can help all employees recognize and overcome unconscious biases, develop more inclusive behaviors, and feel more comfortable speaking up and sharing ideas.

Additionally, we have a companywide Courageous Conversations program and an accompanying DEI Speakers Bureau where presenters and facilitators lead work teams in discussions around biases, stereotypes, and the development of inclusive behaviors.

Last year, we hosted over 700 Speakers Bureau and Courageous Conversations sessions across the country. Candid discussions like those at Speakers Bureau events are commonplace at Progressive and reinforce our commitment to an open environment where we not only encourage but expect our people to share their opinions and perspectives.

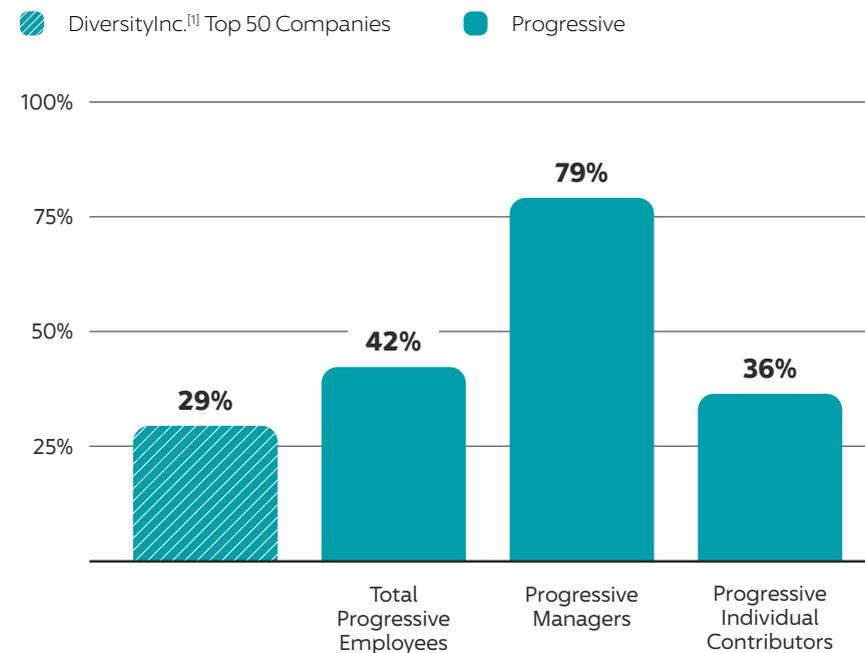
Although most of us were still dispersed in home offices during 2021, we came together as a company more than ever before. We experienced a record turnout for our annual Inclusion Week — its focus for 2021 being allyship. Inclusion Week gives employees the opportunity to attend webinars and panel discussions, take part in group activities, listen to podcasts featuring Progressive employees, and more.

Our ERGs also continued to grow membership. We're committed to creating an environment where our people feel welcomed, valued, and respected, and a key measure of this success is participation in our ERGs. In fact, our ERG membership grew even faster than the rate of growth of our employee population.

Over a decade ago, our first ERGs were created to help build communities for our employees with common backgrounds, life experiences, and professional challenges. Our ERGs create space for networking, understanding differences, and sharing experiences. Furthermore, these communities are valuable resources for education, market intelligence, and product development.

Currently, we offer nine focused ERGs, each welcoming all employees. Please see [Progressive Employee Resource Groups](#) for a complete list of our ERGs.

### ERG MEMBERSHIP (AS OF DECEMBER 2021)



[1] DiversityInc is a nationally recognized diversity data services and solutions organization serving the private and public sectors.

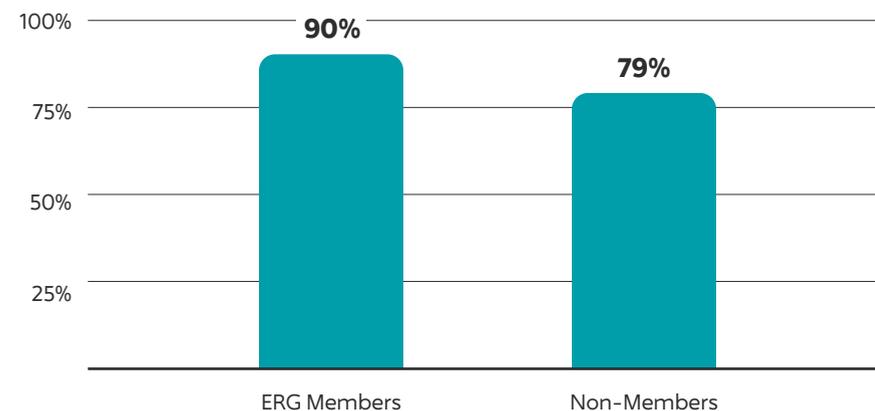


## Progressive Employee Resource Groups

- Progressive African American Network (PAAN)
- Asian American Network (AANET)
- Disabilities Awareness Network (DAWN)
- Progressive Latin American Networking Association (PLANetA)
- Lesbian, Gay, Bisexual, Transgender Plus (LGBT+)
- Military Network (MILNET)
- Network for Empowering Women (NEW)
- Parent Connection
- Young Professionals Network (YPNet)

Since their inception, Progressive ERGs have grown in both influence and size. Overall membership of Progressive ERGs grew 18% in the past three years and an impressive 42% of Progressive people belong to at least one ERG today.

### EMPLOYEE RETENTION RATE (AS OF DECEMBER 2021)

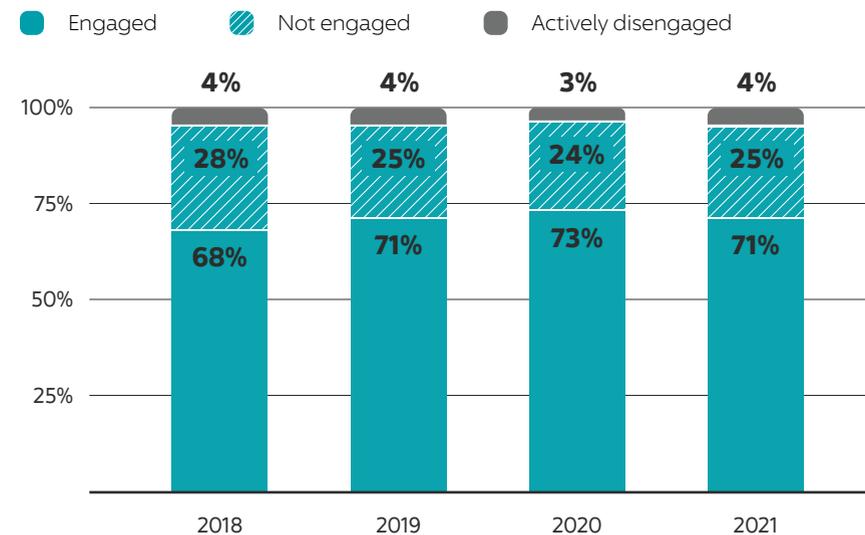


We believe ERGs and our outsized participation rates compared to benchmarks (DiversityInc’s Top 50) significantly contribute to several people metrics at Progressive. In fact, our data demonstrates that:

- Our ERG members are more engaged.
- They’re more likely to stay at Progressive.
- They’re more likely to apply for promotions.

In addition to our internal DEI efforts, CEO Tricia Griffith participates in the Business Roundtable and the CEO Action for Diversity & Inclusion. We’re proud to learn from and share our DEI insights with other influential leaders and organizations, and we hope this collaboration helps promote progress toward diverse, equitable, and inclusive workplaces.

### PROGRESSIVE GALLUP® SURVEY TRENDS



## Retention Challenges Offset by High Tenure

Progressive was not immune to the “great resignation” that occurred in tandem with the pandemic and was prevalent throughout the business community. In 2021, our employee retention rate was 84%, down from 91% in 2020.

Despite this, as of December 2021, over 15,000 employees — nearly a third of our workforce — have over 10 years of tenure with Progressive. We believe this continues to pay dividends with their institutional knowledge and stewardship of our culture.

Even after a difficult retention year and the challenges of the work from home environment, our overall engagement rate speaks to our culture’s strength. In addition to measuring ERG participation, we conduct an annual engagement and culture survey to measure overall employee engagement and satisfaction.

Our 2021 engagement and culture survey results placed us in the top decile of all companies using the survey, which is designed by a nationally known third party and administered to over 1,000 employers in the United States. As confirmation of our exceptional efforts to support our people and culture, Progressive won the Gallup® 2022 Exceptional Workplace Award, which recognizes companies that incorporate employee engagement into every aspect of their strategies for transforming the way they do business.

We pride ourselves on creating a culture of job fulfillment and career opportunity. When new people join our company and quickly experience our positive and people-oriented culture, they’re motivated to stay and build rewarding careers.

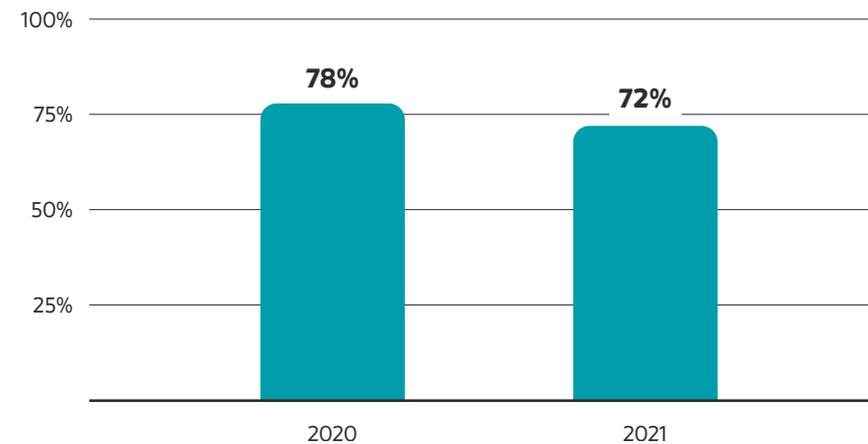


## Retention Depends on Job Learning and Career Opportunity

Progressive understands that engagement and retention depend not only on inclusive leadership and job satisfaction, but also on our people knowing there's room to grow in their careers. Last year, we filled approximately 72% of our open positions above entry level by promoting from within, including just over 2,000 managerial positions. In 2021, we had a career mobility rate of 42% and an advancement rate of 27%.

To increase job learning and accelerate career opportunity, we launched a bold new career advancement channel for sought-after technology and analytical jobs called the Progressive Boot Camp. In 2021, we held an IT Programmer Boot Camp and an Analyst Boot Camp, which included rigorous in-class and on-the-job training programs. We're deliberate in encouraging participation by women and people of color — two demographic groups traditionally underrepresented in these jobs. We consider these boot camps to be a key component of our DEI efforts and it has been extremely satisfying to see successful candidates move into rewarding new career paths.

### EMPLOYEES PROMOTED FROM WITHIN

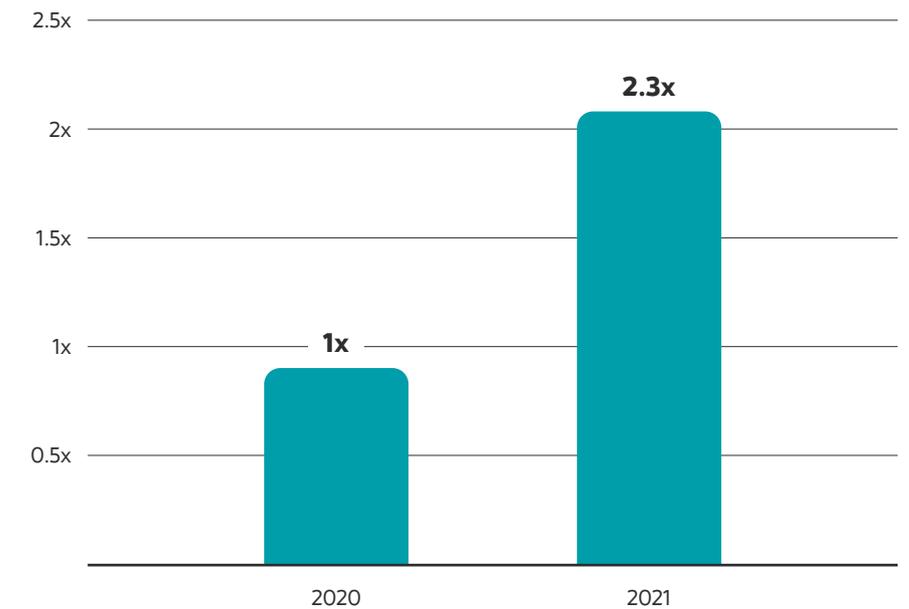


Another DEI-focused learning opportunity that has been successful for Progressive and our people is our Multicultural Leadership Development Program (MLDP), which we've been offering since 2014. Since then, participation has nearly tripled and MLDP graduates are nearly two times more likely to advance in their careers versus their peers. There are now three different programs — one for managers and two designed to accelerate the careers of aspiring leaders.

Lastly, we also increased the number of participants in our Analyst Internship Program.

In addition to career-advancement learning, Progressive is dedicated to job training and skill-building. Companywide, we devote more than 500 leaders and subject-matter experts to technical and competency-based training initiatives. Our learning solutions are tailored to both individual contributors and leaders and consist of a comprehensive curriculum from technical skills to leadership competencies and customer service protocols to strategic thinking and innovation.

### INTERNAL MANAGERIAL PROMOTIONS



More specifically, Progressive has created a Learning Paths and Tool Maps protocol that provides an up-to-date knowledge sequence of skill-building for a critical base of employees in our industry, including product and pricing, analytics, and information technology. These employees can take courses and measure their progress at their own pace. In 2021, nearly 3.5 million total credit hours were completed by Progressive employees. The average number of hours per employee was 63.

Moreover, our personal development strategy, “Own It,” encourages employees to take control of their career through team-building exercises, coaching techniques, and strategies. Available to new and tenured employees, our learning solutions are tailored to both individual contributors and leaders, and cover a broad swath of skills and competencies.

To learn skills beyond our internal offerings, Progressive partners with leading universities to give all employees access to advanced career-learning libraries. And our partnership with CWRU enables Progressive employees to receive a 25% discount for any CWRU course or program.

## Training Begins With Our Core Values

Our [Core Values](#) are the foundation for our [Code of Business Conduct and Ethics](#), which provides clear expectations for all our people and confirms our commitment to high ethical standards and compliance with legal requirements. We provide ethics training, as well as regular communications, a video series, and outside speakers presenting themes such as Celebrate Disagreement and Courage at our Core, to emphasize our commitment to inclusivity, and upholding our ethical and legal responsibilities.

Additionally, we have an “open door” policy that empowers every employee to reach out to any manager or Human Resources representative when they have a question or a concern or they want to share an idea. We also provide a confidential Alertline that is available for employees and others who want to raise a concern anonymously. We encourage our people to speak up, and when they do, we give timely attention to their concerns, take remedial action where appropriate, and do not discriminate or retaliate against them for reporting any concern to us in good faith.

We also leverage our extensive contemporary art collection to offer training sessions to spark conversations about our culture, innovation, ethical obligations, and respecting our differences.

## Compensation and Benefits

What employees earn has been a hot topic in recent years, and Progressive has been able to navigate the changing job market with a flexible compensation program. We seek to provide competitive pay through a combination of fixed and variable compensation, have designed our compensation programs for employees to earn above-market total compensation when company performance warrants it, and we conduct an Annual Salary Review to regularly assess our employees’ compensation packages to remain competitive internally and externally to the market.

Because compensation is also tied to individual performance, Progressive uses several factors when reviewing compensation, including the employee’s performance rating and pay level within the grade structure. Nearly all our regular and active employees with over four months of tenure received performance evaluations last year.

## Equal Pay

We’re proud to [report](#) that for Progressive employees with similar performance, experience, and job responsibilities, women earn one dollar for every dollar earned by men, and people of color earn one dollar for every dollar earned by their white co-workers.<sup>[1]</sup>

We recognize that our commitment to pay equity requires our constant attention, and we take regular steps to ensure that our people’s compensation reflects their performance, experience, job responsibilities, and nothing else. We’ll report our pay equity measures annually.

[1] In evaluating pay equity companywide, we use a regression model that considers the following components of compensation: annual salary, bonus (Gainshare), and equity awards. These are point-in-time measures (as of February 2022) that include all Progressive employees, other than our CEO and the C-level executives, whose compensation is approved by the Board’s Compensation Committee. For information on executive compensation, please refer to our [Proxy Statement](#).



## Gainshare Is an All-Employee Event

Virtually every Progressive employee participates in our Gainshare program, which measures the growth and profitability of our insurance businesses. We believe Gainshare contributes to the cooperative and collaborative way we work together and, in part, defines our culture.

Our executives and other senior leaders also receive compensation in the form of equity awards (i.e., restricted stock units), which we believe supports a strong pay-for-performance linkage and further aligns their interests with those of our shareholders.

## More Inclusive Health and Wellness

Health and wellness programs at Progressive extend beyond comprehensive health care insurance to financial well-being and work-life balance. Based on their lifestyles and what works best for them, Progressive people can choose from a broad range of benefits, including: medical, prescription drug, dental, and vision benefits; a 401(k) plan with up to a 6% company match; life insurance; long- and short-term disability insurance; and paid parental leave following birth, adoption, or placement of a foster child.

In 2021, we conducted a companywide benefits survey, and the results will help us better understand what's most important to our people regarding their health and wellness. As a jumpstart, we moved to a new health care vendor that focuses on addressing Progressive people in most need. Our new vendor has experience in these areas, and we believe will be able to help us with innovative solutions such as mobile health and dental clinics and easier access to nutrition support.

Better serving the health needs of this employee community is a focus for us as we continue to offer competitive and comprehensive benefits that promote healthy lifestyles for all Progressive people and their families. Our health and wellness offerings include on-site fitness centers, medical clinics, and health seminars. Since March 2020, when most of our employees were working remotely, many of these on-site offerings were put on hold and other offerings, such as fitness classes and health discussions, moved online.

Progressive also boasts a vibrant and interactive health and wellness website, which started over a decade ago and is managed by a full-time health and wellness team, including a full-time physician. The site is designed to show our employees how to live healthier and achieve a more balanced lifestyle. Last year, as most employees still worked from their home offices, our wellness team created a comprehensive virtual regimen that included pre-recorded workouts, daily online group classes and fitness challenges, and an “in the kitchen” nutritional series.

We also offer healthy living and weight-management programs, family resources and medical services, and mental and emotional support. And our Employee Assistance Program (EAP) provides 24-hour support, flexible work arrangements, and paid time off to help our people balance their work and personal lives.

Progressive is also paying particular attention to mental health, and we have expanded the EAP to recognize a growing need for easy-to-access emotional support by adding online therapy and urgent care, and behavioral health coaching and psychiatry via smartphone applications.





## Financial Wellness

Yet another way Progressive is working to have a more inclusive benefits offering is by introducing a change intended to increase participation in our 401(k) plan. Although Progressive's retirement plan offers up to a 6%, dollar-for-dollar company match, a challenge for us was to generate even greater participation in the program.

The Progressive 401(k) plan supports financial security by helping our employees save for the future, but we recognized that a segment of our population was not taking advantage of the plan. To address this, we introduced auto-enrollment in the 401(k) program in 2021 so that all employees begin saving for retirement by default. Any employees who do not wish to participate in the plan may opt out. At the end of 2021, 94% of Progressive people are enrolled in the program, up from 82% the prior year.

Throughout the pandemic, including through the end of 2021, Progressive pivoted to help employees by providing CARES Act 401(k) withdrawal options. Progressive also administers an Employee Relief Fund for those facing financial hardship immediately following a natural disaster or an unexpected personal hardship. The fund relies primarily on support from Progressive and individual donations from fellow employees.

Effective in 2021, we expanded our paid time off program to recognize Martin Luther King Jr. Day as an official company holiday and added two additional PTO days for all employees to take time for other, individually culturally significant days.

## Recognition for Our Work

We know that our investments in our people and culture drive our business results, but we appreciate recognition from professional organizations across the country that include the following:

- 2022 FORTUNE 100 Best Companies to Work For®
- 2022 Forbes Best Employers for Diversity
- Gallup® 2022 Exceptional Workplace Award
- 2021 NACD Diversity, Equity, and Inclusion Award
- Best Workplaces for Parents: Great Place to Work (2021)
- Best Workplaces for Women: Great Place to Work (2021)
- Military Friendly Company (2022)
- Military Times Best for Vets (2021)
- Best of the Best: Black EOE Journal (2022)
- Best of the Best: Hispanic Network Magazine (2022)
- Best of the Best: Professional Women's Magazine (2022)
- Best of the Best: Top Veteran-Friendly Companies (2022)
- Top Workplaces in the USA (2022)
- Top Workplaces for Compensation & Benefits (2022)
- Top Workplaces for Work-Life Flexibility (2022)
- Best Companies for Latinos to Work (2022)

# Managing Complexity

## Finding new ways to work while focusing on transparency and compliance

Like most companies, the last two years propelled us into new ways of working together, including remote and hybrid work situations.



The pandemic, work-from-home transitions, financial and personal problems faced by employees, hiring challenges, the ‘great resignation,’ and maintaining and advancing the corporate culture are among the issues that all large companies have faced over the last couple years, and Progressive was no exception. Management has been unrelenting in its pursuit of ideas and initiatives to address employee issues and the related risks, and the Board has been heavily involved in overseeing these responses. These include monitoring how the company has implemented remote work arrangements, addressed medical, financial, and mental health challenges that its employees are dealing with, incorporated diversity, equity, and inclusion efforts into its day-to-day employee relationships at all levels of the organization, and addressed ongoing hiring, retention, compensation, and benefits considerations.

**Lawton Fitt**

*Chairperson of the Board,  
Letter to Shareholders, March 2022*

In addition, we had the added challenge of transitioning to Progressive nearly 500 new employees from our acquisition of Protective Insurance Corporation and subsidiaries. To do this, we took a hands-on, employee-centric approach, working directly with Protective’s executive team to minimize people-related disruptions, including compliance and ethics training, an explanation of our compensation and benefits philosophy, and more culturally based information unique to Progressive’s brand.

## The New Workplace

We’ve learned that working from home may now be a preferred option for many employees, and we’re striving to offer that option where our business needs permit. Studies show many caregivers faced extra hardships during the pandemic while taking care of school-aged children or elders during lockdown. This may have resulted in either job loss or voluntary resignation. We were not entirely immune to the latter, having observed an uptick in turnover rates over the past two years.

To address this and a new preference among job candidates to work remotely, Progressive has significantly increased work location flexibility for our people. This is already helping us to build a more productive and appealing hybrid work environment for the future. In 2021, we hired over 4,000 employees in entirely virtual or hybrid remote/in-person roles.

## DEI Brought Us Together

Our inclusive culture and personal approach to business keep us centered and thriving in the best and worst of times. In what was the second year of COVID-19 and continued societal unrest, Progressive people came together, solved problems, and achieved success in ways many of us never thought possible.

This proves to us that the strength of our culture depends not on our proximity but on our people.



# Social Capital

## Helping Others Is Essential to Who We Are

Early in 2021, the Young Professionals Network, one of Progressive's nine ERGs, held a virtual symposium to provide insights about how four generations of employees at our company can work better, together.

During this event, we learned that our investment in the community and the greater good is a top factor in many employees' decision to work for Progressive. The fact that so many of our people — both tenured and new — value helping others as a critical part of their employment validated us as a company focused on our customers, employees, and the communities around us.





## Our ERGs Guide the Way

During the past two years, our ERGs reminded us just how much the pandemic and recent events in our communities impacted our corporate culture. And, in turn, how much we as a company can influence our communities. Our employees are very active in social responsibility through their work in our ERGs, and an impressive 42% of Progressive people belong to at least one ERG today.

In 2021, each of our ERGs selected a charity hit hard by recent events to raise awareness and help with fundraising. In total, Progressive donated \$1.5 million in 2021 via The Progressive Insurance Foundation to national charities identified by our ERGs.

ERG involvement with these organizations, however, was much more than monetary contributions. They partnered with their selected charity on special programs, events, and campaign drives. As an example, our Parent Connection ERG hosted a fundraising campaign to support Family Promise, an organization that envisions a home, livelihood, and future for every American family. As part of this event, called “Night Without a Bed: Debunking the Myths of Homelessness,” Parent Connection received Amazon wish lists from 10 of the non-profit’s most underserved locations and shared them with Progressive people who collectively donated over 2,000 items and gift cards.

### NATIONAL CHARITIES SUPPORTED BY PROGRESSIVE EMPLOYEE RESOURCE GROUPS

PROGRESSIVE ERG	SUPPORTED CHARITY
Asian American Network & Young Professionals Network	<b>Together We Rise:</b> Changing the way children experience foster care
Disabilities Awareness Network	<b>The Arc of the United States:</b> Supporting inclusion and participation of those with intellectual and developmental disabilities in the community
Lesbian, Gay, Bisexual, Transgender, Plus	<b>Centerlink, Inc.:</b> Supporting the strength and sustainability of LGBT+ community centers
Military Network	<b>Fisher House Foundation, Inc.:</b> Building homes for veteran families to stay for free while a loved one is in a hospital
Network for Empowering Women & Parent Connection	<b>Family Promise:</b> Serving children and families at risk of homelessness
Progressive African American Network	<b>Humble Design:</b> Helping individuals and families emerge from homelessness
Progressive Latin American Network Association	<b>National Coalition for the Homeless:</b> Ending homelessness and protecting civil rights

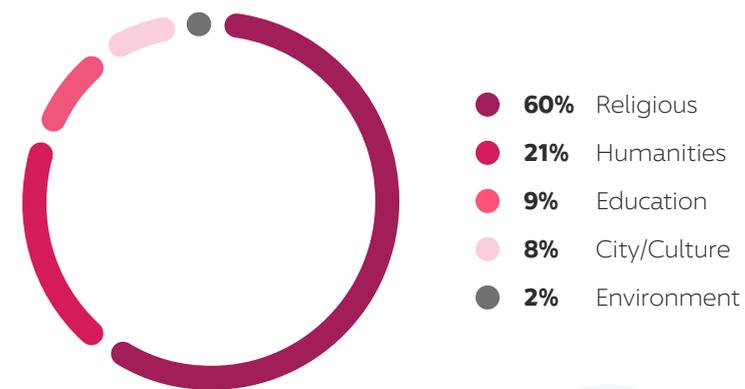
# Employee-Driven Social Responsibility

Our ERGs are an important part of a bigger story of giving at Progressive. And while the pandemic mobilized us in new ways, we continued to make contributions to employee-designated religious, educational, civic, arts, and environmental organizations and causes.

In 2021, Progressive people in 36 states participated in at least 175 local and virtual fundraising events, and donated thousands of needed items — all this, in addition to financially supporting the charitable organizations of their choice through The Progressive Insurance Foundation matching-gift program.

Progressive established [The Progressive Insurance Foundation](#) in 2001 to give back to our local communities by supporting organizations important to our people.

## PERCENTAGE OF MATCH PAID OUT BY CHARITY TYPE



The Progressive Corporation contributes annually to the Foundation’s matching program for qualified 501(c)(3) tax-exempt organizations. During 2021, when an employee donated any amount from \$20 up to an aggregate of \$3,000 to qualified charities and requests matching gift(s), the Foundation committed to matching their donations up to 100%. The actual match depended on the number of requests and the company’s financial performance that year.

In 2022, the Foundation contributed \$5 million to match donations made in 2021 by over 4,000 employees, and we’re proud to announce that Progressive and the Foundation contributed more than \$10 million to the greater good last year.

While it has been successful for the past 20 years, in 2022, the Foundation’s matching-gift program is shifting to a new, more inclusive strategy called “Name Your Cause,” in which all Progressive people can recommend an annual donation from the Foundation to a favorite charitable organization.

Our Corporate Benefits team manages the day-to-day administration of the Foundation, which is currently overseen by its board of directors, including Progressive’s Chief Financial Officer, Chief Human Resources Officer, and our Customer Relationship Management President.



## NOTABLE CONTRIBUTIONS IN 2021

RECIPIENT	AMOUNT
The Progressive Insurance Foundation Match Based on 2020 Employee Donations	\$4,953,881
Progressive Relief Fund	\$2,500,000
Charity Cars, Inc.	\$1,025,552
Humble Design	\$450,000
Centerlink, Inc.	\$250,000
Family Promise	\$250,000
Fisher House Foundation, Inc.	\$250,000
National Coalition for The Homeless	\$250,000
The Arc of the United States	\$250,000
Together We Rise	\$250,000
<b>Total</b>	<b>\$10,429,433</b>

# Focusing on Mobility and Homelessness

At Progressive, we're committed to employee-driven social responsibility. We're also proud of brand-focused giving initiatives directly tied to our company as a national insurer for homes and autos.

Our founders, Joseph Lewis and Jack Green, started Progressive to make car insurance easier to access. For them, owning a vehicle positively changes a person's life by improving their job prospects, providing access to health care, and enabling social connections.

In this tradition, Progressive hosts our [Keys to Progress®](#) veteran vehicle giveaway program — a one-day event every November in recognition of Veterans Day. Progressive people from across the country volunteer to select vehicles to donate, organize fundraising

activities, and host local events. Through our relationship with Enterprise Rent-A-Car, we purchase recent-model used cars for donation and work with military and charitable organizations to identify veterans in need.

Through this program, we donated 50 vehicles to veterans and veteran organizations across the U.S. in 2021. And since 2013, the Keys to Progress® program has provided more than 800 vehicles to veterans in need.

The second initiative in our [Keys to Progress®](#) program involves a relationship with [Humble Design](#). This nonprofit group serves individuals and families who are transitioning from homelessness by making their new living spaces more comfortable and personal.

To kick off the local effort, Progressive people donated furnishings and household goods to fill Humble Design's warehouse. Our employees raised money, collected furnishings, provided curbside delivery, and — perhaps most satisfying — participated in home-decorating experiences with participating families.

In 2021, Humble Design Cleveland, with Progressive's help, served 64 homes (up from just six homes in 2020) and 185 individuals, including 113 children and 10 veterans.

## VEHICLE GIVEAWAYS

Keys to Progress® veteran vehicle giveaway program has donated more than 800 cars in nine years to veterans in need.

## PROGRESSIVE FOUNDATION

The Foundation donated \$5M in matching donations for 2021 and has given \$90M since its inception in 2001.

## PROGRESSIVE RELIEF FUND

In addition to employee contributions, Progressive donated \$2.5M to The Progressive Relief Fund for employees who experienced financial hardship because of natural disasters and personal financial hardships (including COVID-19).

## HUMBLE DESIGN

Since 2020, Humble Design Cleveland has furnished over 70 homes for families moving from homeless shelters.

## PROGRESSIVE ERGS

In 2021, through the Foundation, Progressive donated \$1.5M to charitable organizations supported by our ERGs.



## Education and Technology Initiatives

Progressive's [education initiatives](#) are important to us because continuous learning is an integral part of our culture. In early 2021, we donated PC equipment, laptops, desktop monitors, and office supplies to local educational institutions and nonprofits.

We then focused our efforts on providing computer equipment donations to PCs for People, a nonprofit organization specializing in refurbishing and upgrading computers for students and those in need. Through our 2021 PCs for People donations, we provided computers to 2,200 people, 30% of whom had never owned one — and half of whom were children. Another benefit was that our donations resulted in recycling or reusing 48,000 pounds of e-waste.

## Our Company, Our People, Our Community

Our [Core Values](#) guide Progressive's culture and we're proud that our people lead the way for our social responsibility efforts. This came through loud and clear during the pandemic.

There's no doubt this was a time that tested our resolve and reminded us that our success as a company relies so much on the strength of our community.

“

These past two years were like no other, and they could've broken us, but they didn't because our culture is strong and our people resilient. They opened lines of communication and created circles of trust so that we could face our fears, feel the support among us, and, in turn, reach out and help the world around us.

**Tricia Griffith**  
*President and CEO, May 2022*



# Public Advocacy and Public Policy

Public policy issues have the potential to impact Progressive's business, our employees, business partners, shareholders, and the communities in which we operate. We believe from time to time, our responsible and constructive participation in the political process is important to our success. We participate in a highly regulated industry, and we believe our involvement in initiatives and proposals that could affect our industry or our business is beneficial to our success. We believe it's appropriate for us to exercise our rights to help inform and be a part of the debate on these matters.

## Board Oversight and Policies

Our [Policy Statement on Political Contributions, Trade Groups, and Lobbying](#) and our [Code of Business Conduct and Ethics](#) guide our actions in the public policy arena and require our Personal Lines President to preapprove every political contribution we make. These policies are intended to ensure our political expenditures are made in a manner consistent with our [Core Values](#) and protect or enhance shareholder value. Our [Nominating and Governance Committee](#) reviews the policy statement at least once a year and receives annual reports from management on our compliance with the policy statement. We comply with all applicable laws and regulations governing political contributions and expenditures.

## PHILOSOPHY

To ensure that political contributions, payments to trade groups, and lobbying expenses are made in a manner consistent with Progressive's Core Values and to protect or enhance shareholder value.

## Overview of Expenditures

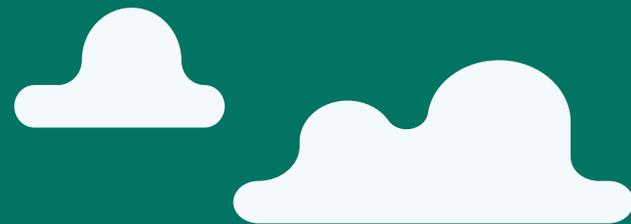
We support industry research associations and nonprofit organizations, trade associations, candidates for public office, and other groups to advance key priorities such as highway safety and regulatory modernization. We may not agree with every position taken by a specific organization, candidate, or committee. However, we sometimes find it's beneficial to work across such differences on behalf of the interests of our stakeholders.

In addition, we participate in trade groups and engage lobbying firms that can advocate for regulations and policies that we believe are beneficial to our business interests. For example, we support regulatory developments that promote a competitive insurance marketplace. We disclose all political contributions and expenditures to the extent required by law and, beginning with 2022 expenditures, will be providing additional detail regarding political contributions and other expenditures. Progressive does not have a political action committee.

For more details, please see our reports on public policy in the [Governance Documents](#) section of our website.



# Environment



## Climate Change

As we strive to become consumers' and agents' #1 choice and destination for auto, home, and other insurance, we continue to monitor, manage, and mitigate risks related to climate change and weather. These severe weather events can lead to increased loss expenses and disruption to physical assets, and can affect the cost and availability of reinsurance. To manage these risks, we measure changes in severe weather patterns, including frequency, severity, duration, and geographic location and scope to understand the potential business implications. We use catastrophe modeling tools to help estimate our exposure to weather-related losses and incorporate our findings in product design, policy pricing, and underwriting.

We use reinsurance to reduce our exposure to physical and financial losses in our Property business resulting from certain catastrophe events that might be impacted by climate change. We have also found that utilizing territory-level underwriting and product features, such as deductible and coverage limits, can help us to manage our underlying exposure.

We continue to encourage greater awareness of the impact of climate change and severe weather in a variety of ways, including:

- Informing policyholders who sign up for hail alerts about potential hailstorms near them based on their home address, giving them advanced notice to protect their vehicles.
- Producing public service announcements before, during, and after certain severe weather events for use by local radio stations and on social media to reach broader audiences with safety tips.
- Providing discounts in select areas to policyholders who take specific steps to better protect their home against weather-related losses. See the [ESG Product Features](#) section for further details.

We believe that managing climate change-related risks can help reduce expense and offer competitive rates while maintaining our obligations to our customers. For more information on how we believe climate change and severe weather can affect our business results, refer to our [2021 Annual Report on Form 10-K](#).

# Environmental Stewardship

We continue to make progressive efforts to reduce carbon emissions and operate efficiently in all aspects of our business. We believe that reducing our dependency on fossil fuels and pursuing energy efficient sources facilitates our corporate responsibility. Our Real Estate and Corporate Services team manages Progressive's environmental stewardship efforts and guides our strategies to effectively manage our buildings, equipment, and fleet. We report our environmental efforts to inform our stakeholders of the efforts we are making, the initiatives and steps taken, and the progress made on our commitments.

We continue to progress our environmental stewardship efforts by seeking investments in green energy usage for our facilities, exploring opportunities to shift toward a lower-emissions fleet, and reducing paper correspondence with our customers. We believe that if we can yield positive environmental results from our business operations, we can create a sustainable business in line with our values.

## Energy and Carbon Emissions Management

At Progressive, we are working to reduce our carbon footprint through several means, including investing in renewable energy, exploring fuel-efficient vehicle alternatives, and continuing to focus on exploring efficiency and conservation opportunities within our commercial real estate portfolio, an initiative started almost 15 years ago. These efforts have included investment in automated systems to adjust heating, cooling, and lighting based on occupancy, and replaced building infrastructure with more energy-efficient equipment. Recently we expanded upon our vision and announced a goal of carbon neutrality by the end of 2025 for Scopes 1 and 2, which will help set the path to net-zero in the following decade.

In recent years, we have expanded our green energy investments to further reduce our impact on the environment. In 2021, we continued construction on a large, 1.8-megawatt solar array at one of our main campus locations in Cleveland, Ohio, which will reduce that location's annual carbon emissions. In 2020, we entered into a 3-year renewable energy agreement with a wind farm in Pennsylvania, which is expected to meaningfully reduce our electricity-related carbon emissions by nearly 31,000 metrics tons annually (70,000 MWh) beginning in 2021.

Our renewable energy initiatives and investments in energy- and fuel-efficient facilities, equipment, and company vehicles create shared value for our business and stakeholders, supporting our efforts to reduce carbon emissions and pass along cost savings to our customers.



Our ultimate goal [is to become] carbon neutral (in Scopes 1 and 2 emissions) by 2025, with a goal of becoming net-zero in the following decade.

**Tricia Griffith**

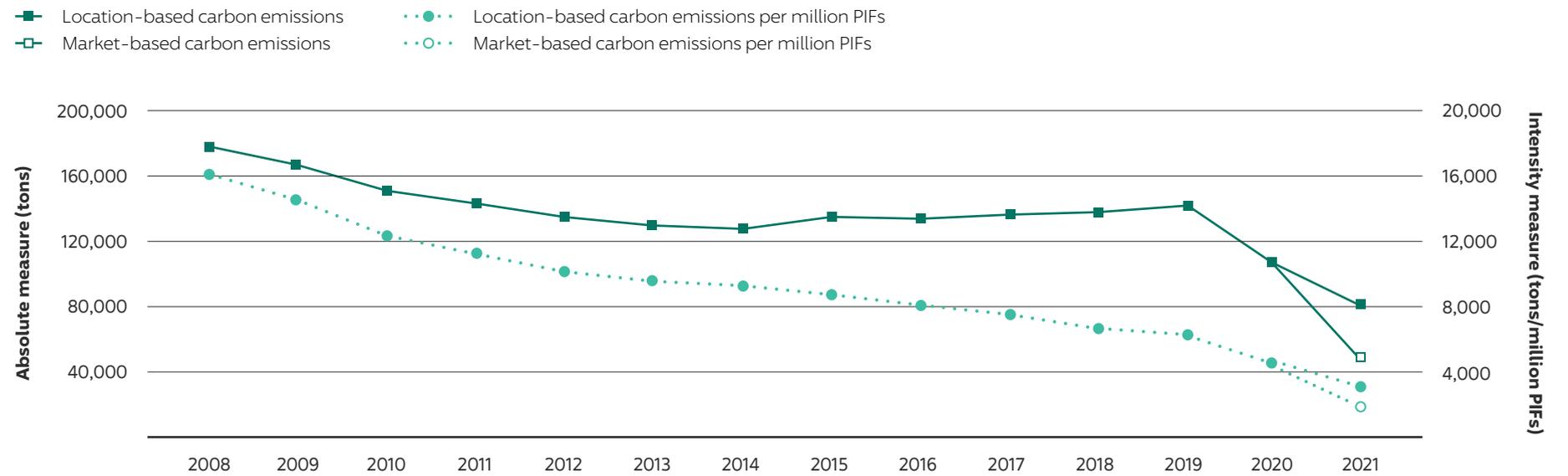
*President and CEO,*

*Annual Letter to Shareholders, February 2022*





### SCOPE 1 AND 2 CARBON EMISSIONS 2008–2021<sup>[1]</sup>

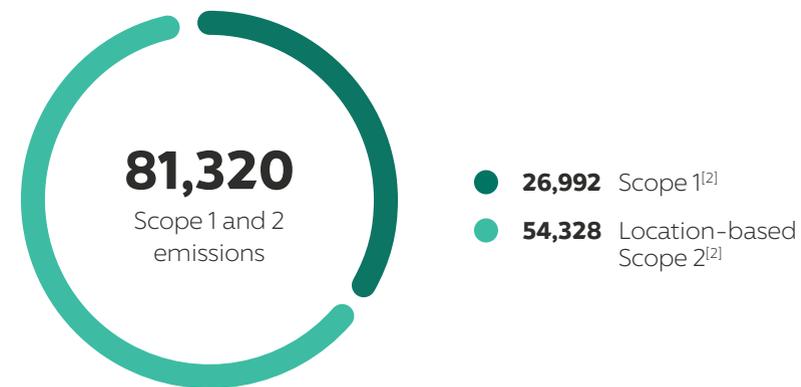


[1] Includes carbon emissions from electricity and natural gas consumption and fuel used by fleet vehicles, company aircraft, and generators. The volume of carbon emissions from these sources have been estimated using actual real estate portfolio information and industry standard calculation methods. Emission factors were adjusted for 2021 calculations to reflect updates to standards. Prior years were not retroactively updated. In 2021 Progressive began purchasing Renewable Energy Credits (RECs) to begin offsetting emissions which has been reflected in the market-based figures. Emissions intensity factors were updated in 2021 to reflect U.S. Energy Information Administration (EIA) standards and will be reviewed annually as part of Progressive’s emissions reporting efforts.

### Our Emissions Reductions

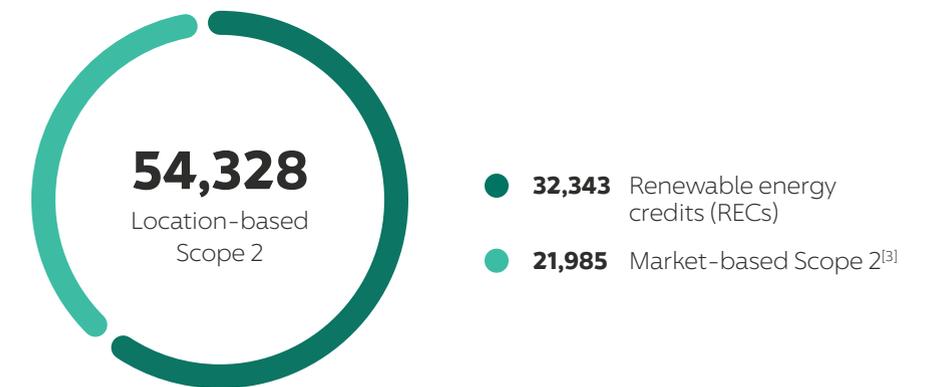
In 2021, we achieved a 25% reduction in carbon emissions per million policies in force (PIFs) compared to 2020 levels. While we surpassed our goal of achieving a 68% reduction in carbon emissions per million PIFs compared to 2008 by the original 2022 timeline goal, we recognize that COVID-19 impacts continue to contribute significantly toward carbon reductions. With the constraints of COVID-19 loosening, we will continue to evaluate progress against this reduction goal while being mindful of evolving trends and to focus on increasing efficiencies to reduce emissions and lower operational costs.

### 2021 SCOPE 1 AND 2 EMISSIONS (METRIC TONS CO<sub>2</sub>e)



[2] We engaged PricewaterhouseCoopers, LLP to perform an attest review engagement over our Scope 1 greenhouse gas (GHG) emissions and Scope 2 GHG emissions (location-based), as represented in The Progressive Corporation Management Assertion, for the year ended December 31, 2021 (see their report on [page 49](#)).

### 2021 SCOPE 2 EMISSIONS (METRIC TONS CO<sub>2</sub>e)



[3] In 2021 Progressive began purchasing RECs to begin offsetting emissions, which has been reflected in the market-based figures.

## Fleet Operations

Our fleet of over 4,000 vehicles allows our employees, specifically claims adjusters, to assist our customers experiencing a claim. As with our other assets, we're committed to reducing our fleet's carbon emissions. In prior years, we implemented a change to a more fuel-efficient sedan, included hybrid alternatives in recent vehicle orders, and have recently begun piloting the use of an all-electric vehicle at our main campus in Cleveland, Ohio.

As we evaluate the results, we will consider if a shift to electric vehicles would be an effective wide-scale operational fit. Another example of our efforts to increase fleet efficiency is offering Photo Estimating to our customer base, which reduces the miles driven by our claims adjusters. Expanding upon our prior photo estimating program, the Claims organization has partnered with auto repair centers to roll out a "Shop Written Estimates (SWE)" program. By utilizing SWE and network shops as estimating tools, we have been able to reduce our dependency on our fleet.

## Responsible Waste Management

We're committed to reducing and responsibly managing the waste generated by our building operations. Recycling programs for office paper, cardboard, aluminum cans, and plastic and glass bottles were developed in the past and remain in place today. The programs were developed to reduce the waste we send to landfills and encourage recycling at our campus locations. As a result of these initiatives, approximately 548 tons (26%) of the waste collected at our campuses was diverted from landfills to recycling centers in 2021. Efforts are also underway to optimize and realign waste removal at all our service locations to reduce the overall number of annual pickups needed at each site. These efforts should not only result in potential cost savings but could also reduce the number of miles driven on our behalf by our waste removal vendor.



Prior to the COVID-19 pandemic, we hosted annual campaigns for Environmental Awareness Week and America Recycles Day, which helped to foster collaboration and build awareness among our employees about responsible resource consumption and disposal strategies. In 2022, these events resumed with a full week of content to celebrate Earth Day, including postings relating to sustainability and environmental awareness resources for employees.

## Paper Reduction Efforts

We continue to support efforts to move to a paperless environment by encouraging paperless policies and offering electronic document options. More than 70% of our Personal Auto and 40% of our Special Lines policy holders are enrolled in our paperless policy program. This program also reduces the need for paper correspondence by allowing e-signatures for policy documents and access to policy information via the Progressive mobile app, which also helps to minimize costs.

We recently introduced a pilot printing program that requires an employee badge scan at the physical printer location to release the printed documents. When a document sits idle for more than 96 hours, the request is canceled automatically. We anticipate this process will result in a reduction in the number of sheets of paper as idle jobs are canceled.

## Looking Forward

As we look forward to the future, we are excited to continue to be responsible environmental stewards. An important part of our culture is to work toward creating a better future for not only our employees but also for our agents, communities, shareholders, and the millions of customers who trust us to protect what's most important to them. In honoring that commitment, we announced our goal of being carbon neutral (for Scopes 1 and 2 emissions) by the end of 2025, and we are working to chart a course with the goal of being net-zero the following decade.

We expect that Progressive's plan to be net-zero will leverage the continued application of operational efficiencies and ongoing efforts to reduce emission outputs. We plan to continue to expand our virtual-based inspections, including photo estimation, and add more partners to the SWE program. We believe this will shift us toward operating our claims estimating process more efficiently.

# Appendix



## SASB Index

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE
Transparent Information & Fair Advice for Customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	While Progressive does not disclose this specific information, we disclose certain applicable material pending legal proceedings, other than ordinary routine litigation incidental to the business, as required by applicable Securities and Exchange Commission disclosure requirements in our <a href="#">Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q</a> (collectively, "SEC Filings").
	FN-IN-270a.2	Complaints-to-claims ratio	While Progressive does not calculate a complaints-to-claims ratio, the National Association of Insurance Commissioners (NAIC) publishes a <a href="#">Closed Complaint ratio</a> .
	FN-IN-270a.3	Customer retention rate	While Progressive does not disclose this specific metric, we disclose changes in policy life expectancy (PLE) in our <a href="#">SEC Filings</a> . PLE is our primary measure of customer retention in our Personal Lines and Commercial Lines businesses. Additionally, Progressive uses a variety of internal metrics to assess customer satisfaction, including surveys, customer focus groups, and Net Promoter Scores® (which tracks the likelihood of referrals from existing customers).
	FN-IN-270a.4	Description of approach to informing customers about products	See the <a href="#">Customer Experience and Communication</a> section of our 2021 Corporate Sustainability Report.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE
Incorporation of Environmental, Social, and Governance Factors in Investment Management	FN-IN-410a.1	Total invested assets, by industry and asset class	For information with respect to our investment activities, including disclosures on asset class and asset ratings, see section “IV. Results of Operations — Investments” under Management’s Discussion and Analysis of Financial Condition and Results of Operations in our <a href="#">2021 Annual Report on Form 10-K</a> .
	FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	See the <a href="#">Sustainability in Our Investment Portfolio</a> section of our 2021 Corporate Sustainability Report.
Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	Progressive is unable to measure or disclose this metric at this time.
	FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	See the <a href="#">ESG Product Features</a> section in our 2021 Corporate Sustainability Report.
Environmental Risk Exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	See the <a href="#">Risk Management</a> section of our 2021 Corporate Sustainability Report.  Additionally, see “Reinsurance” under Item 1. Business — Description of Business in our <a href="#">2021 Annual Report on Form 10-K</a> for a discussion of our reinsurance program.
	FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Progressive does not categorize catastrophic events as modeled versus non-modeled as we do not believe this categorization is meaningful to our business. For reporting purposes, Progressive defines a catastrophe as an event designated as a catastrophe by the Property Catastrophe Service (PCS), an industry organization that collects data on catastrophes. We report net catastrophe losses by segment in our <a href="#">SEC Filings</a> . The SEC Filings also include a discussion of reinsurance and the recoverables recorded.
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	See the <a href="#">Risk Management</a> and <a href="#">Climate Change</a> sections of our 2021 Corporate Sustainability Report.  See “Reinsurance” under Item 1. Business — Description of Business in our <a href="#">2021 Annual Report on Form 10-K</a> for a discussion of our reinsurance program.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE
Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	As of December 31, 2021, Progressive had no derivatives outstanding. For a discussion on the reporting of derivatives, how Progressive uses derivatives, and the maximum size of our derivative position in 2021, please refer to <i>Note 1 — Reporting and Accounting Policies</i> and <i>Note 2 — Investments</i> in our <a href="#">2021 Annual Report on Form 10-K</a> .
	FN-IN-550a.2	Total fair value of securities lending collateral assets	As of December 31, 2021, Progressive had no securities lending reinvested collateral assets per Schedule DL filed with the NAIC.
	FN-IN-550a.3	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	See section “II. Financial Condition” under Management’s Discussion and Analysis of Financial Condition and Results of Operations in our <a href="#">2021 Annual Report on Form 10-K</a> .

CODE	ACTIVITY METRIC	RESPONSE
FN-IN-000.A	Number of policies in force, by segment (1) property and casualty, (2) life, and (3) assumed reinsurance	See our <a href="#">2021 Annual Report on Form 10-K</a> . We also disclose policies in force in our monthly earnings releases and SEC Filings.

# TCFD Index

METRIC	RECOMMENDED DISCLOSURE	RESPONSE
<p><b>Governance:</b> Disclose the organization’s governance around climate-related risks and opportunities.</p>	<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>Our Board of Directors is ultimately accountable for overseeing Progressive’s strategic risk profile and its risk management processes. To facilitate these oversight responsibilities, the Board assigns certain risk oversight to each of its main committees. The Audit Committee oversees risks relating to financial statements, financial controls, internal and external audit functions, and external reporting. In addition, it monitors our Enterprise Risk Management (ERM) program.</p> <p>The Nominating and Governance Committee is responsible for overseeing and addressing with management risks relating to the Board’s governance practices, and environmental, including climate change, and social factors and initiatives. See our <a href="#">Nominating &amp; Governance Committee Charter</a> and the <a href="#">Board Oversight and Monitoring Process</a> section of our 2021 Corporate Sustainability Report.</p>
	<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>See the <a href="#">Risk Management</a> section of our 2021 Corporate Sustainability Report.</p>
<p><b>Strategy:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>See <i>Item 1A. Risk Factors</i> in our <a href="#">2021 Annual Report on Form 10-K</a> and the <a href="#">Climate Change</a> section of our 2021 Corporate Sustainability Report.</p>
	<p>b) Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning.</p>	<p>See <i>Item 1A. Risk Factors</i> in our <a href="#">2021 Annual Report on Form 10-K</a> and the <a href="#">Climate Change</a> section of our 2021 Corporate Sustainability Report.</p> <p>For information on our reinsurance program, refer to “Reinsurance” under <i>Item 1. Business</i> in our <a href="#">2021 Annual Report on Form 10-K</a>.</p>
	<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>See the <a href="#">Risk Management</a> section of our 2021 Corporate Sustainability Report.</p>

METRIC	RECOMMENDED DISCLOSURE	RESPONSE
<p><b>Risk Management:</b> Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>See the <a href="#">Risk Management</a> section of our 2021 Corporate Sustainability Report.</p>
	<p>b) Describe the organization’s processes for managing climate-related risks.</p>	<p>See the <a href="#">Risk Management</a> section of our 2021 Corporate Sustainability Report.</p>
	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>See the <a href="#">Risk Management</a> section of our 2021 Corporate Sustainability Report.</p>
<p><b>Metrics and Targets:</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>See the <a href="#">Environmental Stewardship</a> section of our 2021 Corporate Sustainability Report.</p> <p>For information on catastrophe losses incurred, refer to section “III. Results of Operations — Underwriting” under <i>Management’s Discussion and Analysis of Financial Condition and Results of Operations</i> in our <a href="#">2021 Annual Report on Form 10-K</a>.</p>
	<p>b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>See the <a href="#">Environmental Stewardship</a> section of our 2021 Corporate Sustainability Report.</p>
	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>See the <a href="#">Environmental Stewardship</a> section of our 2021 Corporate Sustainability Report.</p>

# Assurance Statement

## Report of Independent Accountants

To the Board of Directors of The Progressive Corporation

We have reviewed the accompanying The Progressive Corporation (“Progressive”) management assertion that the greenhouse gas (GHG) emissions metrics for the year ended December 31, 2021 in management’s assertion are presented in accordance with the assessment criteria set forth in management’s assertion. Progressive’s management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics. Our responsibility is to express a conclusion on management’s assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management’s assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an

opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Our firm applies the Statements on Quality Control Standards established by the AICPA and, accordingly, maintains a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we performed inquiries, performed tests of mathematical accuracy of computations on a sample basis, read relevant policies to understand terms related to relevant information about the GHG emissions metrics, reviewed supporting documentation in regard to the completeness and accuracy of the data in the GHG emissions metrics on a sample basis, and performed analytical procedures.

GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete

scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

As discussed in management’s assertion, Progressive has estimated GHG emissions for certain emissions sources for which no primary usage data is available.

Based on our review, we are not aware of any material modifications that should be made to Progressive’s management assertion in order for it to be fairly stated.

*PricewaterhouseCoopers LLP*



June 30, 2022

*PricewaterhouseCoopers LLP, 300 Madison Avenue New York NY 10017  
T: 646-471-3000, F: 813-286-6000, www.pwc.com*

# The Progressive Corporation Management Assertion (Dated: June 30, 2022)

With respect to the greenhouse gas (GHG) emissions metrics presented in the table below for the year ended December 31, 2021, management of The Progressive Corporation (“Progressive”) asserts that the GHG emissions metrics are presented in accordance with the assessment criteria set forth below. Management is responsible for the completeness, accuracy, and validity of the GHG emissions metrics and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics.

GHG EMISSIONS METRIC	DEFINITION OF METRIC AND ASSESSMENT CRITERIA <sup>[1][2][3][4]</sup>	METRIC QUANTITY <sup>[5]</sup>
Scope 1 GHG emissions	Scope 1 — Direct emissions from stationary and mobile fuels and refrigerants. <sup>[6]</sup>	26,992 tCO <sub>2</sub> e
Scope 2 GHG emissions (Location-based)	Scope 2 — Indirect emissions from purchased electricity (Location-based). <sup>[7]</sup>	54,328 tCO <sub>2</sub> e

[1] Progressive considers the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development’s (WBCSD) *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition* (GHG Protocol), to guide the criteria to assess, calculate, and report GHG emissions.

[2] Organizational boundary relates to owned or leased offices, data centers (including co-located facilities), tenanted facilities, and land parcels over which Progressive and its subsidiaries and affiliates had operational control during the year (collectively referred to as “sites”). Progressive does not operate in any international locations.

[3] Carbon dioxide equivalent (CO<sub>2</sub>e) emissions are inclusive of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>), where present, and have been determined on the basis of measured fuel consumption, purchased electricity or refrigerant gas loss, multiplied by the associated GHG emission factors and global warming potentials (GWPs) as follows:

■ **Scope 1 GHG Emission Factors and GWPs**

- » **Natural gas and corporate jet fuel:** Emission factors from the United States (US) Environmental Protection Agency (EPA) Center for Corporate Climate Leadership, Emission Factors for Greenhouse Gas Inventories (last updated April 2022) and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (Assessment Report 4–100 year).
- » **Diesel fuel used for backup generators:** Emission factors from the UK Government GHG Conversion factors for Company Reporting (2021) for 100% mineral diesel.
- » **Motor gasoline and diesel fleet fuel:** Emission factors from the US EPA Center for Corporate Climate Leadership, Emission Factors for Greenhouse Gas Inventories (last updated April 2022) and GWPs from the IPCC Fifth Assessment Report (Assessment Report 5–100 year).
- » **Refrigerants:** GWPs from the UK Department for Environment, Food & Rural Affairs and Environment Agency, published 31 December 2014.

■ **Scope 2 GHG Emission Factors and GWPs (location-based)**

- » **Electricity:** Emission factors from the US EPA Emissions & Generation Resource Integrated Database (“eGrid”) 2022 factors by sub-region and GWPs from the IPCC Fourth Assessment Report (Assessment Report 4–100 year).

Emissions data by individual gas is not disclosed as a majority of CO<sub>2</sub>e relates to CO<sub>2</sub>.

[4] GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

[5] tCO<sub>2</sub>e = Metric tons of carbon dioxide equivalent.

[6] Related to Scope 1 GHG emissions:

- Scope 1 emissions include (i) stationary fuels from natural gas used for heating at certain Progressive sites and diesel fuel used for backup generators at certain Progressive sites; (ii) mobile fuels from corporate jet fuel used for Progressive’s corporate aircraft operations, as well as motor gasoline and diesel fuel used for Progressive’s vehicle fleet, and (iii) refrigerants.
- For natural gas, Progressive used invoice data obtained from third parties to measure natural gas consumption where available. For sites where invoice data is not available, Progressive estimated natural gas consumption using the intensity method (usage/square foot) based on the 2012 Commercial Buildings Energy Consumption Survey, Table PBA5 — Natural consumption totals and intensities by building activity subcategories, published in December 2016 by the US Energy Information Administration for office buildings. These estimated emissions account for approximately 16% of reported Scope 1 GHG emissions.

- For diesel fuel used for backup generators, Progressive used invoice data obtained from third parties to measure diesel fuel consumption.
- For corporate jet fuel, consumption was measured based on Progressive’s pilot flight logs recording actual gallons of fuel consumed.
- For motor gasoline and diesel fleet fuel, Progressive employees purchase fuel with company fuel cards that measure mobile fuel consumption for their fleet vehicles. Fuel purchases for business miles on personal vehicles are self-reported by the vehicle driver throughout the reporting year, reimbursed, and converted to CO<sub>2</sub>e based on the GHG Emissions from a Typical Passenger Vehicle published in March 2018 by the US EPA, applied to total gallons of fuel consumed.
- Refrigerants include discharge and recharge of refrigerants at certain Progressive sites when there is leakage/loss as reported in maintenance logs by management and/or recharge invoices obtained from third parties.

[7] Related to Scope 2 GHG emissions (location-based):

- Scope 2 purchased electricity relates to electricity used at Progressive sites purchased from the grid.
- Progressive measured purchased electricity usage based on invoice data obtained from third parties where available. For sites where actual invoice data is not available, Progressive estimated purchased electricity using the intensity method (kWh/square foot) based on the 2012 Commercial Buildings Energy Consumption Survey, Table PBA4 — Electricity consumption totals and conditional intensities by building activity subcategories, published in December 2016 by the US Energy Information Administration for office buildings. These estimates account for approximately 30% of the reported location-based Scope 2 GHG emissions.
- This management assertion only includes Progressive’s location-based Scope 2 GHG emissions. Progressive considers the principles and guidance issued by the WRI and WBCSD in the *GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard* to guide the criteria to assess, calculate, and report Scope 2 GHG emissions.



### **The Progressive Corporation**

Investor Relations  
6300 Wilson Mills Road, Box W33  
Mayfield Village, Ohio 44143  
[investor\\_relations@progressive.com](mailto:investor_relations@progressive.com)

**Learn more about our ongoing  
environmental, social, and  
governance initiatives.**

[About Progressive](#)

[Corporate Governance](#)

[Corporate Responsibility](#)

[Diversity, Equity & Inclusion](#)

[Our Core Values](#)

