ABOUT THIS REPORT

This report includes financial and nonfinancial information from The Progressive Corporation and its subsidiaries (collectively referred to as Progressive) about certain environmental, social, and corporate governance activities for the 2019 calendar year, unless otherwise noted.

This report is guided by certain elements from various reporting frameworks, namely the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures. An internal Steering Committee oversaw this report’s preparation with guidance from the Nominating and Governance Committee of Progressive’s Board of Directors, executive leadership, and various subject matter experts.

Forward-looking information: Investors are cautioned that certain statements in this report 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.
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MESSAGE FROM OUR CEO
I’m thrilled to share our inaugural public Corporate Sustainability Report. Internally, we’ve been making considerable progress over the years, and we believe now is the time to share what we’ve accomplished and the work that lies ahead of us. I look forward to providing updates as our efforts in this area unfold.

We drive social good through transparency, efficiency, innovation, and empowerment. We use Core Values like the Golden Rule, Integrity, and Excellence as a foundation for how we support our employees, customers, agent partners, communities, and stakeholders. Whether we’re advancing our diversity and inclusion initiatives, joining efforts with a nonprofit to help the homeless, providing vehicles for veterans, or volunteering in our communities, doing the right thing for our stakeholders is a part of our long-standing DNA.

This past year, I will say, has been extremely challenging for so many, and we worked tirelessly to try and help reduce the burden where we could. In response to COVID-19, we took additional steps, including providing more than $1 billion in credits to our customers and donating to causes to combat hunger and homelessness and promote better health. We supported our employees by providing grants and extra vacation time for those experiencing hardships. To stand in solidarity with our Black colleagues during times of racial unrest, we instituted important changes to advance our diversity and inclusion objectives, used our influence to effect change, and provided monetary support to those fighting for racial equality.

I will close by saying that we know that we have more work to do, and we strive to be better each day. Our Core Value of Excellence demands that. We’re committed to doing the right thing, always, and we will continue to expand our efforts outlined in this report day by day and year by year. Personally, I’ve invested my time to join with other corporations to keep our public and private sectors moving forward through my work on the Business Roundtable and the CEO Action for Diversity & Inclusion.

And while we know our core business is to protect what’s most important to the customers we’re privileged to serve, we’re keenly aware that our responsibility is so much greater, and our commitment will remain unwavering.

Tricia Griffith
President & Chief Executive Officer
2020 INITIATIVES
**EXTRA SUPPORT AND PROTECTION DURING TRYING TIMES**

**Apron Relief Program**

With the emergence of COVID-19, we understand the changing needs for all during these uncertain times. At Progressive, we provided extra support to our customers, employees, agents, and communities with our Apron Relief Program.

To us, the apron represents progress and protection. That’s why we committed over $1 billion to these four important groups.

**BRINGING RELIEF TO OUR CUSTOMERS**

Perhaps the most noteworthy part of the Apron Relief Program is something we put together to help our customers. As an insurance company, we want to guarantee that we’re there for our customers during both the good and bad times.

Therefore, our personal auto customers received a credit of 20% of their monthly premiums for April and May, providing substantial financial assistance at a time when many of our customers needed it most. The credits were applied automatically to the customers’ policies, and customers who paid in full received a refund of the credited amounts.

Additionally, for our customers, the Apron Relief Program included the following:

- Beginning April 1, 2020, we waived late fees, paused collections, and suspended canceling or nonrenewing any active policies due to nonpayment through May 15, 2020. Some states issued different leniency guidelines, and we met all state-specific requirements.

- We provided a full-service claims experience for first responders and health care workers who experienced car accidents. This included transportation to work or home from the accident, expedited tow service and vehicle repairs, and pickup and delivery of the repaired vehicle, all while deferring deductibles and providing a rental vehicle if needed.

- We expanded coverage for personal auto customers temporarily delivering food or medicine and allowed customers additional coverage options for delivery.

- We deferred deductibles to help customers who were unable to pay out of pocket to get their cars repaired.

- We offered vouchers for delivered meals for our for-hire trucking customers, first responders, and health care providers.

**BRINGING RELIEF TO OUR PEOPLE**

We care for our employees so they’re able to care for our customers. Here’s how we’re helping our people during these unprecedented times:

- Providing work-from-home capabilities for most employees across the country.

- Providing financial relief, including advances on a portion of our annual bonus program, vacation days, and paid time off for those who are unable to work.
2020 INITIATIVES

- Easing the burden of health care costs by covering copays for telemedicine visits and covering costs of COVID-19 medical treatments.

- Establishing the Progressive Employee Relief Fund that grants up to $2,500 per year to employees facing unforeseen personal hardship.

- Enabling our people to donate their vacation days to their co-workers in need, and providing additional paid time off for employees who need to care for themselves or their families.

**BRINGING RELIEF TO OUR COMMUNITIES AND AGENTS**

For our communities:
- Donated $8 million via The Progressive Insurance Foundation to charities focused on hunger, health, and homelessness, including Feeding America, the American Red Cross, and the National Alliance to End Homelessness.

**EQUAL JUSTICE INITIATIVE DONATION**

Diversity, equity, and inclusion are fundamental to our Core Values at Progressive. We strive to create an environment where all people can bring their authentic selves to work and feel valued, safe, and—most importantly—respected.

In June 2020, we donated $1 million through The Progressive Insurance Foundation to the Equal Justice Initiative in support of the organization’s goals to end mass incarceration, excessive punishment, and racial injustice.

We know our words and actions aren’t enough to bring about a broader change, so we are working to help enact change at a higher level through my involvement with the Business Roundtable and as a member of the CEO Action for Diversity & Inclusion. We know that much work lies ahead in our communities. We must and will do more.

TRICIA GRIFFITH
President & Chief Executive Officer
OUR PURPOSE
OUR PURPOSE

TRUE TO OUR NAME. PROGRESSIVE.
We strive to remain true to our name by taking a forward-thinking approach to everything we do, from the products we offer to the way we interact with the world around us. We’re dedicated to creating a better future for our shareholders, employees, agents, communities, and the millions of customers who trust us to protect what’s most important to them. And we use our Core Values to guide that dedication.

GUIDED BY OUR CORE VALUES
Our Core Values demand that we take sustainability efforts seriously, which is why many of our programs and initiatives have been around for years (and even decades). In many cases, these efforts have risen organically from making decisions guided by our Core Values.

THE FUTURE OF SUSTAINABILITY AT PROGRESSIVE
Our Core Values are ordered intentionally. We believe that adherence to the first four values will drive sustainable profit and other long-lasting sustainability initiatives. We measure ourselves in several areas: corporate governance, business model and innovation, human capital, social capital, and environment. As we consider and evaluate sustainability initiatives, we seek to maximize Progressive’s value for our stakeholders. Through this lens, we measure our success. We make decisions that are the right thing to do for our stakeholders and the right thing to do for our company’s bottom line.

As we evolve and change with the world around us, we expect Progressive will adapt its reporting on sustainability. As we introduce our formal sustainability report, which reports on our progress in 2019 (unless otherwise stated), we’ve chosen to reveal publicly what we’ve already been doing and the way we evaluate ourselves. As we look toward the future, we may seek to align reporting more closely with common standards that emerge as stakeholders drive companies toward a consistent way to report progress.
OUR CORE VALUES

INTEGRITY
We revere honesty. We adhere to high ethical standards, provide timely, accurate, and complete financial reporting, encourage disclosing bad news, and welcome disagreement.

GOLDEN RULE
We respect all people, value the differences among them, and deal with them in the way they want to be dealt with. This requires us to know ourselves and to try to understand others.

OBJECTIVES
We strive to communicate clearly Progressive’s ambitious objectives and our people’s personal and team objectives. We evaluate performance against all these objectives.

EXCELLENCE
We strive constantly to improve in order to meet and exceed the highest expectations of our customers, agents, shareholders, and people. We teach and encourage our people to improve performance and to reduce the costs of what they do for customers. We base their rewards on results and promotion on ability.

PROFIT
We seek to earn a profit by offering consumers products and services they want. Profit is how the free-enterprise system motivates investment and rewards companies that consistently create 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 2020 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 and to monitor progress on those objectives.

While the Board’s structures and policies and the communication lines with management are critical to our efforts, there is an added ingredient that must be present for an effective relationship to exist: a culture that commits to transparency between the Board and management and an openness to two-way feedback. It starts with the ‘tone at the top.’ If you have ever watched one of the Progressive investor relations presentations, you likely have seen Tricia Griffith highlight Progressive’s Core Values of Integrity, Golden Rule, Objectives, Excellence, and Profit. As chairperson, I have seen that Tricia strongly believes in these values and models them in her relationships with us and with others.

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LAWTON FITT
Chairperson of the Board, Letter to Shareholders, March 2019
CORPORATE GOVERNANCE

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.

Of equal importance is this Code’s message about the manner in which we conduct our business and how 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.

Progressive’s Core Values serve as the foundation for this 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

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 at progressive.com/governance.

Complaint procedures
We take complaints very seriously, and remarks will be addressed in a proper and timely manner. To access information on how individuals and various parties can file a complaint about Progressive, click on the applicable link below:

- 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
We take our responsibilities as directors seriously, focusing on the creation of long-term value for our shareholders. Whether we are engaging in strategy discussions with management, reviewing financial statements, evaluating risk assessments, making capital allocation decisions, discussing employee engagement and diversity efforts, determining executive compensation, considering succession, or pursuing any of the myriad of other topics that we regularly address, the question of what is in shareholders’ best interests is foremost in our minds, together with the interests of other stakeholders, notably our customers and employees.

LAWTON FITT
Chairperson of the Board, Letter to Shareholders, March 2019

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 allocates and coordinates risk oversight among the Board and its committees. This model helps ensure there is effective risk oversight coverage, depth of inquiry, efficient coordination of oversight responsibilities, and broad engagement by directors in overseeing risk and capital management activities.

Board risk oversight
The assignment of the Board’s risk oversight function enables the Board to function more effectively, because the whole Board is required to focus only on those risk issues deemed most critical by the Audit Committee or the other committees. On the other hand, the committees provide a deeper focus on overseeing management with respect to the full range of risks we confront. Significant areas of risk exposure are expected to be discussed by the full Board of Directors. Other than the Executive Committee, each committee’s specific risk oversight responsibilities are summarized below.
Audit Committee
The Board assigns the bulk of its risk oversight responsibilities to the Audit Committee, which oversees our Enterprise Risk Management (ERM) program. The Audit Committee’s responsibilities with respect to risk oversight include reviewing 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 risk assessment.

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 Investment and Capital Committee is also responsible for ensuring we have a capital plan that takes risk factors into consideration. In 2020, the Board added strategy and strategic investments oversight to the Committee’s responsibilities.

Compensation Committee
The Compensation Committee regularly reviews the risks of our compensation plans and programs, including, without limitation, executive and director compensation plans and programs, as well as the risks relating to the company’s diversity and inclusion programs.

Nominating and Governance Committee
The Nominating and Governance Committee is responsible for considering the qualifications of individuals proposed as possible nominees for election to the Board and makes recommendations to the Board with respect to such potential candidates. The Committee monitors corporate governance matters, and in 2019, the Board added the oversight of environmental and social matters to the Committee’s responsibilities.

Technology Committee
The Technology Committee was formed in 2020 and oversees the overall role of technology in executing our business strategy, as well as the oversight of related risks. These risks include but are not limited to technology strategies such as digital platforms, major technology investments, our cybersecurity program, operational performance, business continuity, and technology trends.
Recent Board oversight enhancements

Corporate environmental and social responsibility oversight added to Nominating and Governance Committee

Due to the growing importance of corporate sustainability, the Board added environmental and social oversight to our Nominating and Governance Committee Charter in 2019. The Committee already owned parts of this oversight responsibility, including governance matters, shareholder relations, and political activities, and the Board determined that this additional oversight would be a logical extension of this committee’s responsibilities. The Board expects this committee will bring detailed attention to sustainability topics that are important to Progressive and its shareholders, employees, customers, and communities.

New Technology Committee

The Board recognizes that Progressive’s information technology (IT) systems and related investments and initiatives are central to Progressive’s success and future opportunities. In February 2020, given both the critical nature of the risks and opportunities in technology and the size of the investments in this area, the Board decided that enhanced oversight would be appropriate and might be best accomplished through the creation of a new committee that will deal specifically with these important issues on a deeper level.

Board diversity

The Nominating and Governance Committee evaluates each director candidate when considering whether they should be nominated to serve on the Board. The Committee looks for candidates who have demonstrated the ability to satisfy the fundamental criteria set forth in the Nominating and Governance Committee Charter—integrity, judgment, commitment, preparation, participation, and contribution—and who possess the general qualities required to serve successfully as a director, including intelligence, thoughtfulness, and diligence.

The Board’s policy is to include director nominees with a wide variety of talents, skills, experiences, and perspectives, in addition to considering demographic criteria such as gender, race, sexual orientation, ethnicity, and age, whenever possible. When the Nominating and Governance Committee seeks candidates for the Board, it evaluates the capabilities of current Board members and makes a list of the backgrounds, talents, experiences, personal characteristics, and skills it wants to add, making sure the candidate group includes a diverse slate of leaders who can contribute to its work. The Committee utilizes a wide range of approaches, including formal search processes, personal networks, and professional connections. The Board then selects the best person for the role, taking into account its commitment to diversity.

*Based on 13 Board members, as of November 9, 2020
CORPORATE GOVERNANCE

As of November 9, 2020, we have 13 Board members. 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.

Our directors have strong operating experiences in a wide variety of industries, such as financial services, social media, emerging technologies, telecommunications, retail, consulting, and higher education, and substantial experience working in a variety of functions, including consumer marketing, technology, cybersecurity, investments, capital management, finance, accounting and control, and risk analysis. They have a wealth of diverse professional experience serving on an array of public, private, governmental, and nonprofit boards, and serving in various business roles as corporate executive officers, as well as in nonexecutive corporate positions.

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  
Executive Vice President and Chief Financial Officer, L Brands Inc. and Interim Chief Executive Officer of VS NewCo (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 Johnson  
Chief Operating Officer, SpringHill Company (global consumer and entertainment)

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

Patrick H. Nettles, Ph.D.  
Executive Chairman of the Board, Ciena Corporation (telecommunications)

Barbara R. Snyder  
President, Association of American Universities (higher education)

Jan E. Tighe  
Retired Vice Admiral, United States Navy (military)

For a summary of director qualifications and experiences, review our 2020 Proxy Statement.

Based on 13 Board members, as of November 9, 2020
We seek to be diverse in our demographics, our experience, and our thinking, with each Board member bringing a broad range of skills. While we are delighted that we have strong gender balance on our Board, we continually seek to diversify further to strengthen engagement with other sectors of the population that are not yet adequately represented on our Board.

LAWTON FITT
Chairperson of the Board, August 2020

Board independence
As described in our 2020 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 Compensation Committee also satisfies the additional requirements for independence of a compensation committee member under NYSE rules.

Moreover, Lawton Fitt currently serves as chairperson of the Board. 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 Griffith serves. To further ensure effective independent oversight, our nonmanagement 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 2020 Proxy Statement.

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 consider the interests of other stakeholders, including Progressive’s customers, employees, and suppliers, as well as those of the broader communities in which Progressive operates.
CORPORATE GOVERNANCE

Other corporate governance practices
The following chart highlights a few additional corporate governance practices utilized by our Board.

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<th>Ongoing director education</th>
<th>Annual Board evaluations</th>
<th>Other directorships</th>
<th>Director stock ownership guidelines</th>
<th>Mandatory director retirement policy</th>
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<td>The Board receives presentations on matters relevant to Progressive and participates in an annual multiday meeting with Progressive’s senior leaders focused on strategies, industry developments, business plans, and related risks.</td>
<td>The Board reviews director engagement, preparation, and contribution and conducts a robust evaluation process prior to nominating a director for reelection to the Board.</td>
<td>Directors are limited in the number of other public company boards on which they can serve, with the number depending on whether the director is an active executive of a public company.</td>
<td>Directors are subject to minimum stock ownership requirements; stock is included in each director’s annual compensation to support this goal.</td>
<td>The Board values director experience and therefore does not have term limits. Instead, it has a retirement policy in place.</td>
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Shareholder rights
Progressive’s Articles of Incorporation and Code of Regulations, together with our Corporate Governance Guidelines, as well as the Ohio General Corporation Law, define our shareholders’ rights, including through:

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<th>Annual director election</th>
<th>Single class voting</th>
<th>Shareholder right of proxy access</th>
<th>Uncontested director election majority vote standard</th>
<th>No poison pill</th>
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<td>The annual election of directors reinforces the Board’s accountability to shareholders.</td>
<td>Progressive’s common stock is the only class of shares outstanding with general voting power.</td>
<td>Shareholders may include director nominees in our proxy statement if certain conditions are met.</td>
<td>In this instance, nominees are elected only if they receive a majority of the votes cast.</td>
<td>Progressive does not have a poison pill plan.</td>
</tr>
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RISK MANAGEMENT

At Progressive, we rely on four cornerstones to inform our thinking and actions: 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.

These cornerstones guide our internal environment, risk management philosophy, risk appetite and tolerance, and key strategic activities.
Enterprise Risk Management (ERM) program overview

Progressive’s ERM program includes formal processes to identify, catalog, prioritize, and communicate risk exposures across the organization. The company’s clear vision, values, and objectives empower our people to take the right steps to protect our company and execute our strategy. Using our risk framework, we have well-defined risk appetite and tolerance statements, identified roles and responsibilities, and a risk review and reporting structure that ensures all Progressive people understand and are committed to share in the responsibility of managing the risks we face to ensure our continued success.

We use a taxonomy of risk to classify risks into five broad categories, including insurance, operating, market, liquidity, and credit. We also use the taxonomy of risk to assist in identifying areas of risk that require model development to quantify the amount of economic capital required. We review each risk and, where possible, estimate its impact on Progressive’s capital.

Formal risk appetite and tolerance statements have been developed through a collaborative effort with our business units and are aligned with strategy and key activities. The risk tolerance and limit guidelines assist line managers in day-to-day decision-making and include profitability targets, investment policy guidelines, operating and financial leverage limits, and loss reserving variation tolerances. Adherence to established risk tolerances is monitored and reported to the Executive Team and Board of Directors. Risk appetite and tolerance statements are reviewed and updated at least annually or as needed to keep up with our evolving business.

We complete business unit risk assessments annually as part of the strategic planning process. The objective is to identify risks that have the potential to impede strategic priorities or significantly impact operating results. The enterprise risk assessment is completed after the business units assess and identify risks that have the potential to alter Progressive’s strategic objectives, impede strategic activities, or materially impair capital.

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

Risk governance

The Executive Team and the Board have established clearly defined accountabilities and a culture that supports risk-based decision-making. The Audit Committee of the Board has primary responsibility for oversight of the company’s risk management function, and monitors the integrity of our financial statements, internal controls over financial reporting, and our internal and external auditing procedures.

The Management Risk Committee (MRC), comprised of senior members of management representing a cross section of business units and functions, has primary responsibility for coordinating risk management activities, including risk assessments, and oversight of key initiatives. Co-chairs include the audit business leader, treasurer, and Corporate Ethics & Compliance officer. The MRC conducts an annual enterprise risk assessment and, with input from executive management, identifies the most critical risks facing the company. The MRC coordinates recommendations for managing those risks, which it presents to the Audit Committee for review. The Executive Team reviews the risk assessment process, approves and ensures execution of action plans, and defines strategic initiatives. The CFO, chief legal officer, and chief investment officer are the executive sponsors of the MRC.

The treasurer and audit business leader provide an annual overview of the ERM program and progress against key risks to the Audit Committee and, additionally, to the full Board of Directors.
Group assessment of risk capital
Progressive balances operating risk with the risk of investing and financing activities to ensure we have sufficient capital to support all the insurance we can profitably underwrite and service. Risks arise in all operational and functional areas and, therefore, must be assessed holistically, accounting 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 to estimate our potential capital needs. We assess and model our capital in terms of three layers, each with a specific size and purpose:

1. Regulatory capital base
   - 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, consistent with our underwriting discipline of achieving an underwriting margin of at least 4%.

2. Extreme contingency capital
   - The second layer of capital is called extreme contingency. While our regulatory capital is, by definition, a cushion for absorbing financial consequences of adverse events, we hold additional capital for even more extreme conditions. The modeling used to quantify capital needs for these conditions is extensive and includes tens of thousands of simulations that are reevaluated monthly with current financials and help create our best estimates of such events.

3. Additional capital
   - The third layer is additional capital in excess of the sum of the first two layers and provides maximum flexibility to fund other business opportunities, repay debt and other financing obligations, repurchase stock or other securities, satisfy acquisition-related commitments, and pay dividends to shareholders, among other purposes.
INVESTING STRATEGY

We have a conservative investing strategy, which is comprised of a passive replication of the Russell 1000 Index for our common equity portfolio and an actively managed fixed-income portfolio. Within the common equity portion of our portfolio, we don't screen out any securities for valuation or any other purpose. In our fixed-income portfolio, we aim to maximize our risk-adjusted total return. While we don’t screen specifically for risks related to environmental, social, or governance issues in our portfolio, we find that our investment analysis tends to line up with those goals.

We believe that we need to have a strong understanding of the long-term risks associated with investments that score low on dimensions of corporate sustainability. For example, we believe that companies with strong, diverse management teams tend to produce better returns over the longer term. As the investing landscape continues to change, we'll ensure that Progressive's investment portfolio continues to reflect the values of the broader organization.

PURCHASING/PROCUREMENT

Progressive’s Procurement function efficiently works to deliver best-in-class supply chain solutions to maximize quality and value, while limiting risk through an organizational model designed to support our evolving business needs.

CONTRIBUTE
We aspire to cultivate a supplier network that adheres to the highest standards of cost, quality, and customer orientation. We focus procurement capability on deriving financial value that enables us to maintain our competitive cost structure and focus on our vision to become the No. 1 choice and destination for auto, home, and other insurance.

INNOVATE
We leverage supplier partnerships to uncover new business opportunities. By cultivating win-win relationships with our key suppliers, we’re able to yield mutual benefits through the exchange of ideas and product offerings that enable us to have competitive advantages in the insurance marketplace.

MITIGATE
In order to improve the ability to forewarn business of emerging risk, we strive to ensure confidence and reliability of third-party services in a manner that supports the continuity of our critical business operations and servicing of our insurance products.

COLLABORATE
Progressive’s Procurement function operates as a cohesive system through aligned goals, application of best practices, and sustained working relationships. Through this approach, we’re able to confidently deliver on the business’s procurement needs through an intuitive, measured, and value-driven support model executed by trained professionals, leveraging best-in-class processes and outcomes that optimize technological capability.
BUSINESS MODEL
AND INNOVATION
LONG-LASTING RELATIONSHIPS BUILT ON TRANSPARENCY, INNOVATIVE THINKING, AND POSITIVE EXPERIENCES

Our business requires us to develop and maintain large and complex computer systems to run our operations and to store the significant volume of data that we acquire. This data includes the personal, confidential information of our customers and employees and 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.

Our information security team works to safeguard data through our information security program, designed to protect and preserve the confidentiality, integrity, and availability of all information owned by or in the care of Progressive.

In 2020, we added a Technology Committee to our Board to provide a more focused oversight of our technology, digital, and cybersecurity risks.

Cybersecurity

Our efforts to protect our systems and sensitive or confidential information include internal processes and technological defenses that are preventative or detective, plus other controls designed to provide multiple layers of security protection. We leverage the ISO 27002 Security Framework for the body of security control requirements and the National Institute of Standards and Technology Cybersecurity Framework to report the strength of our processes and defenses. Together, these efforts create a holistic approach to the protection of data and systems. They’re also built into Progressive’s project management, development, and operations.

In addition, we seek to protect the security and confidentiality of information provided to our vendors under cloud computing or other arrangements through appropriate risk evaluation, security and financial due diligence, contractual requirements, and, where appropriate, review of third-party compliance with the required standards.

Through user awareness training, we teach our employees to spot and appropriately respond to security threats. Progressive has an incident response program to mitigate and recover from suspected and actual security incidents.

To evaluate the effectiveness of our program and compliance with applicable rules, regulations, and laws, we perform internal and external assessments of our environments, systems, and processes.
BUSINESS MODEL AND INNOVATION

Data privacy
Our business requires us to obtain personal information from insurance applicants, policyholders, claimants, employees, and others. This information includes dates of birth, Social Security numbers, driver’s license numbers, credit card and other financial account numbers, and medical information. Federal and state laws require us to notify customers of our information practices, respect our customers’ privacy preferences, and take measures to ensure the security and confidentiality of this personal information.

Unlike other developed countries, the U.S. does not have a comprehensive data protection and consumer privacy rights law. The federal government does regulate certain business sectors like health care and finance, types of information (such as financial or driving data), and certain kinds of activities (such as telemarketing). Vulnerable individuals like children and students may also receive special protections. State legislation often mimics the federal laws but can vary significantly from state to state. For example, the passage of the California Consumer Privacy Act has afforded consumers in that state greater transparency and control over their personal information.

We’re committed to ensuring that personal information entrusted to us is kept confidential and used only for legitimate business purposes. We restrict access to this information to our employees and others who we feel must use it to provide our products and services or otherwise run our business.

Their use of the information is limited by our customer privacy policies, our Code of Business Conduct and Ethics, written agreements (where appropriate), and applicable law. We also maintain physical, electronic, and procedural safeguards to protect this information. We reinforce these efforts through employee training, our workplace policies, data transfer monitoring, and enforcement.

For more information on cybersecurity and data privacy, read the applicable risk factors in Progressive’s Form 10-K.

INNOVATION OF PRODUCTS AND SERVICES
Innovation is a defining part of our business. From the start, we’ve always felt differently about what we do and how we do it. Our innovative spirit has served us well, as we’ve become the third-largest U.S. personal auto insurer and, in recent years, expanded our footprint in home insurance with the acquisition of American Strategic Insurance, known now as Progressive Home®.

Through our commitment to innovation and our always-growing mindset, we strive to create long-term value for our stakeholders.

We believe that investing concurrently in our core business and future opportunities will ensure that we create and sustain an enduring business. We leverage a framework—Three Horizons—to categorize our investments by their proximity to our core. Through investments across the Three Horizons, our goal is to meet our customers’ broad needs. Ultimately, as our customers need different solutions over their lifetimes, we want to be there to help.
BUSINESS MODEL AND INNOVATION

Horizon one: **EXECUTE**

Investing in our core business to gain a larger share of both the auto and home insurance markets, as well as creating more Robinsons (bundled auto and home customers).

Horizon two: **EXPAND**

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

Horizon three: **EXPLORE**

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

**Snapshot® program**

We’re proud to have been an early innovator in the usage-based insurance space. While usage-based insurance has gained more attention in recent years, we’ve been refining our capabilities for decades, and we’re now known for our **Snapshot® program**. By using actual driving behavior to determine rates, Snapshot encourages customers to improve their driving to save money. Our customers can either use the Snapshot mobile app or a plug-in device to participate (in available states). We offer the ability to view progress to help customers understand how they’re driving and ways to drive more safely.

During 2019, more than a million new customers enrolled in our Snapshot program. We continue to invest in Snapshot and other telematics products, such as **Smart Haul®** and **Snapshot ProViewSM** in Commercial Lines. Our telematics products are examples of innovation, increasing our pricing accuracy while also encouraging customers to drive safely.

**Question everything + Always grow mindset = Enduring business**

This equation fits nicely whether we are thinking about our current business or future opportunities. The wonderful part of having a highly tenured senior leadership team is that we have a depth of historic knowledge that helps to guide us about possible next steps and choices to make for a successful outcome. Where that becomes difficult is when we don’t challenge ourselves to think differently as the world around us evolves. It’s imperative that we feel comfortable questioning ourselves and the way we approach the business. Even if the conclusion is the same, the exercise of questioning nearly always adds value.

**TRICIA GRIFFITH**

President & Chief Executive Officer

*Letter to Shareholders from 2019 Annual Report*
BUSINESS MODEL AND INNOVATION

CUSTOMER EXPERIENCE AND COMMUNICATION

It’s important for our customers to know that we’re ready to help them with their current insurance needs and that we’re here for them as their life grows and changes. This is how we build and maintain trusting relationships that last for decades.

To enhance our ability to meet the broader needs of our customers, we invest heavily in providing an excellent customer experience: being available where, when, and how people want to interact with us.

Where
We know people may look to address and adjust their insurance needs in a variety of settings throughout their lives.

When
We’re available when customers need us. We also offer important services, like flexible payment plans based on when our customers are able to pay. We take an always-on approach, offering support and communication channels 24/7, including a self-service option.

How
We offer choices, giving customers the ability to connect with us whichever way they prefer—whether it’s online, by phone, or on mobile devices—and to receive information from us in a timely manner. We utilize various methods to communicate updates, changes, or important information to customers, such as emails, SMS texts, mobile app push notifications, outbound calls, and mail. We leverage these methods to address any outstanding needs that may impact coverage, communicate changes that occur on customers’ policies, and share other relevant policy information.

We’ve also found great success in the chatbots available on our website, through our mobile app, and in our Direct auto quoting platform. These chatbots help our customers find answers to common questions quickly and easily, and if the question can’t be readily answered, customers can connect directly with a Progressive representative or with a local independent agent to receive personalized, expert advice.

Progressive Answers
Speaking of how we’re available where, when, and how people want to interact with us, anyone shopping for insurance can learn about insurance basics and our products by visiting Progressive Answers.

Through this online tool, consumers and our customers can find easy explanations for questions about coverages, pricing, and more, at any time. We designed the Progressive Answers experience to make insurance less complicated and address questions often asked by people looking to purchase insurance.
HUMAN CAPITAL
HUMAN CAPITAL

THE PEOPLE OF PROGRESSIVE MAKE OUR COMPANY TRULY SPECIAL

At Progressive, we understand that investments in our people are investments in our business. We invest in hiring new talent and in our people by ensuring they’re engaged, have opportunities to develop, and are well-equipped to meet the demands of change in the workplace. We have an award-winning work environment where all Progressive people are encouraged to bring their authentic selves to work.

ATTRACT AND HIRE

Applicants are drawn in by our “Rethink Progressive” employer brand that urges talent to reconsider common misperceptions about working in insurance. The diversity of our people, commitment to our Core Values, and innovative spirit are often unexpected—and delightful—discoveries for job seekers. Much like Flo and our cast of characters on TV, our recruitment marketing efforts show the culture and people behind the brand. We’re fortunate to attract over 500,000 diverse and highly qualified applicants in a typical year.

DEVELOP

Training and development programs
Continuous learning is a hallmark of our culture. We dedicate approximately 300 people to support all aspects of technical and competency-based training. Learning solutions are available for both new and tenured employees, and for both individual contributors and leaders.

Leadership development programs
Progressive offers leadership development programs for high-potential leaders from across the company. These programs are highly selective, 12 to 18 months long, and involve a mix of development activities like assessments and debriefs, custom workshops, team-based projects, and mentoring/accountability coaching groups.

Many business areas and functions also offer local development programs primarily focusing on aspiring and emerging leaders. They follow a similar format and offer a mix of development activities.

Ethics and compliance seminars
We’re committed to our ethical and legal responsibilities, which are aligned with our Core Values that guide everything we do. Our work requires us to make choices about how we treat our customers and each other, and how we conduct our business. We provide ethics training and required reading to ensure every Progressive person understands what’s expected of them.

Our people and culture are our greatest competitive advantages. We seek to hire the right talent, with the right raw materials, but the real advantage comes from our ability to develop, retain, and promote our people.

LORI NIEDERST
Chief Human Resources Officer
HUMAN CAPITAL

RETAI N
Candidates come to Progressive for a job, but they stay for a career. Our 89% annual employee retention rate is one piece of evidence, and the almost 15,000 Progressive people with over 10 years of tenure are success stories.

Employee engagement
We know that engaged employees are great for our customers and our business, and we leverage Gallup’s Q12 Engagement Survey as our scorecard. Our score in 2019 placed Progressive in the top decile of all companies using Gallup’s survey.

Progressive ranks in the top decile of all companies that use Gallup’s Q12 Engagement Survey.

Gallup called Progressive a “world leader in engagement and culture.”

Per Gallup’s results, more than twice the number of Progressive employees are engaged at work compared to the number of employees who consider themselves engaged at other U.S. companies.

Progressive scored in the top decile on every question in Gallup’s survey.

A world leader in engagement and culture
DIVERSITY AND INCLUSION
Being Progressive means moving forward, promoting change, and constantly improving. We live up to our name, not just by being an innovator, but by embracing our different backgrounds, cultures, experiences, and ways of thinking. Diversity is all the obvious and not-so-obvious things that make us unique. We recognize that any dimension of diversity—including our backgrounds, cultures, and experiences—influences who we are (our identity), the ways we view the world, and the ideas we bring to our work.

Inclusion is the daily commitment we make to consciously and actively exhibit behaviors that ensure the people around us feel valued, welcomed, celebrated, and respected for who they are as individuals. Our top five inclusive behaviors guide us to be more inclusive in our interactions with each other and our customers:

1. Ask questions and actively listen to better understand different points of view. Pay attention to what surprises you—it often points to a blind spot.

2. Seek diverse perspectives when solving problems, making decisions, and gathering feedback.

3. Make sure all voices are heard and give credit where it’s due. Challenge yourself and others on noninclusive behaviors.

4. Embed inclusion into your work product and assess how well you leverage diversity for better outcomes.

5. Cultivate inclusive habits by asking for feedback, reflecting on your experiences, pushing beyond your comfort zone, and making intentional changes.
HUMAN CAPITAL

Goals

Reflect the customers we serve
To serve our customers, we must understand them. We seek to be diverse in our demographics, our experiences, and our perspectives at all levels of our company.

Maintain a fair and inclusive work environment
We focus on creating an environment where people can bring their authentic selves to work and feel welcomed, valued, and respected.

Increase leadership diversity
We aspire to have our leaders represent the people they lead. We recognize this as an opportunity, and we're investing more to accelerate our progress.

Employee Resource Groups (ERGs)
ERGs are an important part of diversity and inclusion at Progressive.

An ERG is a voluntary community of people with common interests, backgrounds, life experiences, and desires to learn about others. They're designed to enhance personal and professional development by providing an opportunity to network, share ideas, and gain a better understanding of each other. They also act as a resource for the business, providing insights on our customers and the marketplace. These insights help us attract and retain customers and employees.

Although each ERG is focused on a specific group of people, they're open to all employees.

- African American Network
- Asian American Network
- Disabilities Awareness Network
- Latin American Networking Association
- LGBT+
- Military Network
- Network of Empowered Women
- Parent Connection
- Young Professionals Network

We continue to grow as Progressive people
Opportunities to grow
In 2019, we hired more than 8,400 people, promoted more than 800 new managers, and filled 80% of our jobs above the entry level by promoting our own talent. The growth in our business has created tremendous opportunity for advancement, and 38% of Progressive people moved into a new position.
**HUMAN CAPITAL**

**Equal pay**
Our commitment to pay equity is straightforward—we demand it of ourselves. 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.* 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, and job responsibilities, and nothing else.

**Multicultural Leadership Development Program**
As we develop and promote our own employees, we’ll continue to make progress in diversifying our leadership. We recognize this as an opportunity, and we’re investing in development programs and on-the-job experiences to accelerate our progress.

Our Multicultural Leadership Development Program is one very successful example of these efforts. More than 60% of graduates of this 18-month program have been promoted and are advancing their Progressive careers.

**Courageous Conversations**
Our Courageous Conversations workshops provide safe and inclusive environments to have discussions about racism, biases, micro-inequities, and other challenging topics, as well as to develop our skills as allies and create a community where employees and customers feel welcomed, valued, and respected.

**CEO Action for Diversity & Inclusion**
Progressive was an early signatory to the [CEO Action for Diversity & Inclusion](#), the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. To date, more than 1,300 CEOs of the world’s leading companies and business organizations have signed on. As part of our commitment, we take part in opportunities to share best practices and actions we’re taking at Progressive to further diversity and inclusion.

*In evaluating pay equity companywide, we use a regression model that considers the following components of compensation: annual salary, bonus, and stock awards. These are point-in-time measures that include all Progressive employees other than our CEO and the corporate executives, whose compensation is approved by the Board of Directors’ Compensation Committee.
**HUMAN CAPITAL**

**BENEFITS**
Our employee benefits are intended to support the needs of Progressive people and their families. Employees can decide what works best for them and their lifestyle, choosing from a variety of medical benefits (including on-site health centers), a 401(k) retirement plan with up to a 6% company match, and more.

**Paid parental leave**
Progressive provides four weeks of parental leave following the birth, adoption, or foster care of a child. We pay new parents 100% of their salary for four weeks.

**HEALTH AND WELLNESS**
We offer affordable, comprehensive health and wellness benefits that promote healthy lifestyles for our people and their families.

Our offerings include on-site fitness centers, medical clinics, farmers markets, and health seminars at our larger locations. Our Employee Assistance Program provides 24-hour support to help our employees with the demands of work, life, and personal issues.

The Employee Assistance Program provides 24-hour support to help our employees
**HUMAN CAPITAL**

**2019 AWARDS AND RECOGNITION**

It’s an honor to be one of Fortune’s best companies to work for and their No. 3 best workplace for diversity. Our continued success is a testament to the strength of Progressive people and culture.

We humbly celebrate the awards we receive before getting back to the work it takes to continue elevating our industry, company, and communities.

<table>
<thead>
<tr>
<th>Award Category</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Best Companies to Work For—FORTUNE*</td>
<td></td>
</tr>
<tr>
<td>Best Workplaces for Women—Great Place to Work</td>
<td></td>
</tr>
<tr>
<td>50 Out Front: Best Places to Work—Diversity MBA Magazine</td>
<td></td>
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<tr>
<td>Best Workplaces for Diversity—Great Place to Work</td>
<td></td>
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<tr>
<td>Military Friendly Company—Military Friendly</td>
<td></td>
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<tr>
<td>Best for Vets—Military Times</td>
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<tr>
<td>Best of the Best: Top Insurance Companies—Professional Woman’s Magazine</td>
<td></td>
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<tr>
<td>Best of the Best: Top Insurance Companies—Hispanic Network Magazine</td>
<td></td>
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<tr>
<td>Best of the Best: Top Insurance Companies—Black EOE Journal</td>
<td></td>
</tr>
<tr>
<td>50 Out Front: Best Places to Work—Diversity MBA (ranked No. 43)</td>
<td></td>
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</tbody>
</table>

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Making a positive and lasting impact on communities and people’s lives is an expression of our values and something we care deeply about as a company, as teams, and as individuals. We’re committed to investing in the success of our communities in a number of ways. We help Progressive people give their time and resources for the greater good, and we support our community outreach programs designed to help people overcome barriers so they can make progress and move forward in life.

Community outreach
When Progressive people have a chance to make a difference in their communities, they jump into action. In 2019, Progressive people in at least 46 states gave back to their communities in various ways, including: participating in at least 640 local events countrywide, collecting and donating thousands of needed items, and raising money for multiple causes, as well as giving to causes they care about with matched donations through The Progressive Insurance Foundation.

<table>
<thead>
<tr>
<th>2019 events by category</th>
<th>31</th>
<th>30</th>
<th>68</th>
<th>26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blood drives with 622 donations collected</td>
<td>Charitable walks, runs, or rides</td>
<td>Food bank support events or collections</td>
<td>Community festivals or parades</td>
<td></td>
</tr>
<tr>
<td>Clothing, hygiene item, and toy drives</td>
<td>Pet-related events</td>
<td>Vehicle giveaway events (105 vehicles and one boat donated)</td>
<td>Military support events or collections</td>
<td></td>
</tr>
<tr>
<td>Education and safety-related events</td>
<td>Community projects</td>
<td>Recreation site, beach, or environmental cleanups</td>
<td>Sport/recreational events</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 2019 events by state

<table>
<thead>
<tr>
<th>State</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>4</td>
</tr>
<tr>
<td>Georgia</td>
<td>23</td>
</tr>
<tr>
<td>Maryland</td>
<td>4</td>
</tr>
<tr>
<td>New Jersey</td>
<td>8</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>4</td>
</tr>
<tr>
<td>Alaska</td>
<td>1</td>
</tr>
<tr>
<td>Idaho</td>
<td>1</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>4</td>
</tr>
<tr>
<td>New Mexico</td>
<td>5</td>
</tr>
<tr>
<td>South Carolina</td>
<td>18</td>
</tr>
<tr>
<td>Arizona</td>
<td>12</td>
</tr>
<tr>
<td>Illinois</td>
<td>5</td>
</tr>
<tr>
<td>Michigan</td>
<td>5</td>
</tr>
<tr>
<td>New York</td>
<td>16</td>
</tr>
<tr>
<td>Tennessee</td>
<td>2</td>
</tr>
<tr>
<td>Arkansas</td>
<td>1</td>
</tr>
<tr>
<td>Indiana</td>
<td>7</td>
</tr>
<tr>
<td>Minnesota</td>
<td>28</td>
</tr>
<tr>
<td>North Carolina</td>
<td>19</td>
</tr>
<tr>
<td>Texas</td>
<td>33</td>
</tr>
<tr>
<td>California</td>
<td>27</td>
</tr>
<tr>
<td>Iowa</td>
<td>21</td>
</tr>
<tr>
<td>Mississippi</td>
<td>7</td>
</tr>
<tr>
<td>North Dakota</td>
<td>2</td>
</tr>
<tr>
<td>Utah</td>
<td>3</td>
</tr>
<tr>
<td>Colorado</td>
<td>31</td>
</tr>
<tr>
<td>Kansas</td>
<td>6</td>
</tr>
<tr>
<td>Missouri</td>
<td>12</td>
</tr>
<tr>
<td>Ohio</td>
<td>139</td>
</tr>
<tr>
<td>Vermont</td>
<td>2</td>
</tr>
<tr>
<td>Connecticut</td>
<td>6</td>
</tr>
<tr>
<td>Kentucky</td>
<td>11</td>
</tr>
<tr>
<td>Nebraska</td>
<td>5</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>2</td>
</tr>
<tr>
<td>Virginia</td>
<td>11</td>
</tr>
<tr>
<td>Delaware</td>
<td>1</td>
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<tr>
<td>Louisiana</td>
<td>12</td>
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<tr>
<td>Nevada</td>
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<tr>
<td>Oregon</td>
<td>13</td>
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<tr>
<td>Washington</td>
<td>7</td>
</tr>
<tr>
<td>Florida</td>
<td>76</td>
</tr>
<tr>
<td>Maine</td>
<td>1</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>4</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>10</td>
</tr>
<tr>
<td>West Virginia</td>
<td>2</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>14</td>
</tr>
</tbody>
</table>

*Note: The map shows the number of events per state, with darker shades indicating more events.*
The Progressive Insurance Foundation

The Progressive Insurance Foundation was established in 2001 as part of our company’s overall charitable efforts. Our goal is to give back to local communities by supporting charities Progressive people support.

The heart of the Foundation is our matching gift program. The Progressive Corporation contributes annually to The Progressive Insurance Foundation. When an employee gives any amount from $20 to $3,000 to a qualified 501(c)(3) charity and requests a matching gift, the Foundation commits to matching those dollars up to 100%, depending on the number of requests and the company’s profitability that year.

2019 breakdown of spend and employee match program

More than 3,700 charities received a matching gift of $20 to $3,000 from the Foundation based on 2019 employee donations that totaled more than $4.7 million.

$9.4M
Employee contributions
(employee + 100% company match*)

4,096
Employees who contributed

3,706
Charitable organizations supported

Percentage of match paid out by organization type:

- Religious: 64%
- Humanities: 18%
- Education: 10%
- Civic/Cultural: 6%
- Environmental: 2%

*Company match is provided through The Progressive Insurance Foundation.
Our Keys to Progress community outreach platform currently includes two programs designed to help people move forward in life and align with two of our key business products: Auto and Home.

The Keys to Progress vehicle giveaway program honors veterans with reliable transportation. The Keys to Progress homelessness transition program, in partnership with Humble Design, honors individuals, families, and veterans with newly furnished homes.

Helping veterans get on the road safely
Our Keys to Progress veteran vehicle giveaway program is a one-day vehicle giveaway event that happens every November and is a strong source of pride for our Progressive people. Employees across the country volunteer to find vehicles to donate, organize fundraising activities to collect money or goods to provide to recipient families, and plan memorable vehicle giveaway events for the veterans. In 2019, we donated 105 vehicles to veterans and veteran organizations across the U.S. Since 2013, we’ve gifted more than 700 vehicles to veterans in need through our Keys to Progress program.

By providing transportation support, our hope is to offer a little relief and improve the lives of service members facing tough circumstances—from difficult personal and family health needs to excessive rent burdens, unemployment, and homelessness.

Furnishing homes for the homeless
In 2019, we added homelessness as a new area of focus by providing $450,000 in funding and joining efforts with Humble Design, a nonprofit group that serves individuals, families, and veterans emerging from homelessness. Humble Design transforms their sparsely furnished houses into warm, welcoming, and uplifting homes with donated furniture and household goods.
EDUCATION AND ENGAGEMENT EFFORTS
In 2019, we taught 203 crash courses to more than 5,400 students. Since 2013, we’ve taught courses to more than 33,000 elementary, middle, and high school students across the country. To support education and our communities, we’ve also donated PC equipment, laptops, desktop monitors, and office supplies valued at more than a half-million dollars to educational institutions and nonprofits.

PUBLIC ADVOCACY AND PUBLIC POLICY
Public policy issues have the potential to impact Progressive’s business, its employees, business partners, shareholders, and the communities in which we operate. We believe that 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 feel we must be involved in initiatives and proposals that could affect our industry or our business. 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 actions in the public policy arena are guided by our Policy Statement on Political Contributions, Trade Groups, and Lobbying and our Code of Business Conduct and Ethics, which require every political contribution to be preapproved by our Legal department. The policy is intended to ensure that 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 this policy statement at least once a year and receives annual reports from management on our compliance with the policy. We comply with all applicable laws and regulations governing political contributions and expenditures.
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, sometimes we 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. Progressive does not have a political action committee.

Our annual Report on Involvement in Public Policy provides additional information about our related expenditures. During 2019, we spent approximately $7.9 million of corporate funds in these areas, which represents less than one-tenth of 1% of our consolidated revenues for 2019. Some, but not all, of these expenses are deductible for federal income tax purposes.
Organizations and initiatives we support

Research
Progressive supports research that provides information used to shape public policy and inform consumers and businesses about key issues affecting insurance consumers. In 2019, Progressive provided $3.1 million to the Insurance Institute for Highway Safety, an independent, nonprofit, and nonpolitical organization whose mission is to reduce losses, including deaths, injuries, and property damage, from crashes on the nation’s roads.

National and state trade associations and lobbyists
Progressive contributes to groups that advocate for meaningful change for the insurance industry—nationally and in individual states. We work with advocacy professionals, along with trade associations and others, on these efforts, including:

- Membership in the American Property Casualty Insurance Association, the largest national property and casualty insurance trade association in the U.S.
- Relationships with lobbyists in 19 states

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.

Political contributions
Political contributions represent a very small portion of the funds we expend in this area. Progressive does not provide funds that are prohibited by law for U.S. federal elections. Special approvals are required for any legally permissible contributions for federal elections such as “independent expenditures.” On occasion, we support individual state candidates and engage on issues at the state level that affect our business.
ENVIRONMENT
RESPONDING TO CLIMATE CHANGE, REDUCING OUR ENVIRONMENTAL FOOTPRINT, AND PROTECTING OUR BOTTOM LINE

Climate change
Becoming consumers’ and agents’ No. 1 choice and destination for auto, home, and other insurance requires us to proactively monitor and manage a variety of risks and uncertainties, including those arising from climate change and severe weather. Unpredictable natural events such as hurricanes, windstorms, floods, earthquakes, hailstorms, severe winter weather, and fire may affect our financial results by increasing catastrophe losses, disrupting our physical assets, and affecting the cost and availability of reinsurance.

We monitor changes in severe weather and climate conditions such as event frequency, severity, and geographic location to understand developing weather pattern changes and the implications for our business. In response, we identify and leverage appropriate tools to reduce exposure to the related risks and price for them when we can. This includes the use of catastrophe models to understand the potential for weather-related losses. We incorporate this information when making product, pricing, and underwriting decisions.

In addition to the use of reinsurance to mitigate the impact of extreme catastrophe losses on our Property business, we leverage territory-level underwriting and product features (such as deductible and coverage limits) to manage our underlying exposure.

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

- Giving discounts to 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.

- Providing a discount in many states to policyholders who have installed water leak detection devices designed to mitigate the risk of water damage in their home.

- Informing policyholders who sign up for hail alerts about approaching hail 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.

We believe that successful management of these risks can help us reduce the costs we face, supporting our ability to offer competitive rates and remain a financially strong insurer ready to protect the things that matter most to our customers.

For more information on how climate change and severe weather can affect our business results, refer to Progressive’s Form 10-K.
ENVIRONMENT

ENVIRONMENTAL STEWARDSHIP

We continue to seek increased operational efficiency by reducing our dependence on natural resources, which supports better environmental outcomes. In our view, reducing our environmental footprint—and pursuing energy and resource savings in the process—is the right thing to do for our stakeholders.

From the way we manage our buildings, equipment, sales, and service fleet to how we design our business processes, we engage and encourage our employees, agents, customers, and vendors to participate in our environmental stewardship efforts.

Energy and carbon emissions management

Over a decade ago, we embarked on an ambitious journey to maximize the use of our office space. We invested in building automation that adjusts heating, cooling, and lighting based on occupancy, and we replaced building infrastructure with more energy-efficient equipment.

Since then, we’ve lowered carbon emissions per million policies in force (PIFs) by 61%. In 2018, we reduced carbon emissions per million PIFs by 58% compared to 2008 levels, and subsequently introduced our goal of achieving an additional 10% reduction by 2022. We believe we’re on track to achieve this goal in advance of our stated timeline.

We’ll continue to invest in facilities, equipment, and company vehicles that are increasingly energy- and fuel-efficient. All these actions support our goal to reduce carbon emissions while also reducing the costs that our customers ultimately bear.

*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. Starting in 2015, business airline and rental car travel has been included, using data provided by our contracted vendors.
ENVIRONMENT

Fleet operations
We maintain a fleet of vehicles for our employees who frequently drive for work-related purposes. In 2019, to continue reducing our carbon footprint, we implemented a multiyear plan to replace the vehicles in our fleet. One of the determining factors in this decision was improved fuel economy. We expect each new vehicle in our fleet to contribute to our carbon footprint reduction efforts.

Responsible waste management
Our campus locations have robust recycling programs for office paper, cardboard, aluminum cans, and plastic and glass bottles. Today, approximately 22% of the waste collected is diverted from landfills to recycling centers. In 2019, we eliminated the use of polystyrene from our Progressive Café operations by removing plastic straws and utensils. We also continue to research compostable alternatives to replace recyclable plastic containers.

We regularly encourage awareness of our consumption and disposal of resources through our annual Environmental Awareness Week and America Recycles Day campaigns. In 2019, the items we collected included old cell phones, batteries, eyeglasses, plastic grocery bags, and unneeded keys.

IT ASSET DISPOSITION PROGRAM
As a data-driven company, we rely heavily on technology to operate our business. We also recognize that electronic waste, or e-waste, has become a bigger environmental concern as larger amounts of discarded IT equipment are showing up in landfills. Through our IT Asset Disposition program, we focus on the full life cycle of laptops, desktops, monitors, and other IT equipment, and how we can mitigate our environmental impact by redefining an asset’s useful life.

Zero e-waste
Refreshing technology at Progressive enables us to deliver on our value proposition: fast, fair, better. As new tools and capabilities emerge out of the technology realm, we must also consider how to retire existing technology. Through Progressive’s partnership with an e-Stewards certified recycler, IT assets are either remarketed for reuse, donated, or recycled based on a grading process of the materials. Our recycling partner scrubs all data from repurposed assets and securely destroys assets that aren’t repurposed to recover raw materials. Because our recycling partner has a zero landfill policy, our IT Asset Disposition program combats rising e-waste environmental concerns.

For more information on how we’ve been able to help schools and nonprofits through IT equipment donations, see the Social Capital section of this report.
LEARN MORE ABOUT OUR ONGOING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INITIATIVES.

About Progressive

Corporate Governance

Corporate Responsibility

Diversity & Inclusion

Our Core Values