



CDP 2013 Investor CDP 2013 Information Request

The Travelers Companies, Inc.

Module: Introduction

Page: Introduction

0.1

Introduction

Please give a general description and introduction to your organization

The Travelers Companies, Inc. is a leading provider of property and casualty insurance for auto, home and business. The company's diverse business lines offer a wide range of coverage predominately through independent agents and brokers. A component of the Dow Jones Industrial Average, Travelers has more than 30,000 employees and operations in the United States and selected international markets.

0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Sun 01 Jan 2012 - Mon 31 Dec 2012

0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country

United States of America

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

0.6

Modules

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors, companies in the oil and gas industry and companies in the information technology and telecommunications sectors should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdproject.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

Module: Management [Investor]

Page: 1. Governance

1.1

Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a

Please identify the position of the individual or name of the committee with this responsibility

At the highest level, the Risk Committee of the Board of Directors of the company assists the Board in exercising its oversight of the operational activities of the company and the identification and review of those operating risks that could have a material impact on the company. In matters pertaining to climate and environmental risk, the Board of Directors and the Board's Risk Committee are advised by numerous management groups and committees, including the Catastrophe Strategy and Analysis group, the Enterprise Risk Committee, the Emerging Issues Committee and the Committee on Climate, Energy and the Environment.

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator
Other: Eligible employees	Monetary reward	Travelers' employees are eligible to receive performance-based compensation, including cash bonuses. Bonuses are based on upon individual performance of the employee as well as the company as a whole. Such bonuses are not formulaic and therefore the achievement of any one particular goal would be considered in a bonus decision but would not guarantee a bonus.

Page: 2. Strategy

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details

As an integral part of our business operations, we continually monitor, assess and respond to the risks and opportunities posed by evolving climate and “green” trends in order to provide insurance products and services that address our customers’ needs while allowing us to achieve appropriate financial returns.

As a large property and casualty insurance enterprise, the Travelers is exposed to many risks. These risks are a function of the environments within which the Travelers operates. Since certain risks can be correlated with other risks, an event or a series of events can impact multiple areas of the company simultaneously and have a material effect on the Travelers results of operations, financial position and/or liquidity. These exposures require an entity-wide view of risk and an understanding of the potential impact on all aspects of the Travelers’ operations. It also requires Travelers to manage its risk-taking to be within its risk appetite in a prudent and balanced effort to create and preserve value for all of the Company's stakeholders. This approach to Company-wide risk evaluation and management is commonly called Enterprise Risk Management (ERM). ERM activities involve both the identification and assessment of a broad range of risks and the execution of synchronized strategies to effectively manage such risks. Effective ERM also includes the determination of the Travelers’ risk capital needs, which takes into account regulatory requirements and credit rating considerations, in addition to economic and other factors.

ERM at the Travelers is an integral part of its business operations. All risk owners across all functions, all corporate leaders and the board of directors are engaged in ERM. ERM involves risk-based analytics, as well as reporting and feedback throughout the enterprise in support of the Travelers’ long-term financial strategies and objectives. In addition to the day-to-day ERM activities within the Travelers business units, other key internal risk management functions include the Management and Operating Committees (comprised of the Travelers Chief Executive Officer and the other most senior members of management), the Enterprise and Underwriting Risk Committees of management, the Credit Committee, the Chief Compliance Officer, the Business Conduct

Officer, the Corporate Actuarial group, the Corporate Audit group, the Accounting Policy group, the Enterprise Underwriting group and many others. A senior executive oversees the ERM process. The mission of this executive is to facilitate risk assessment and to collaborate in implementing effective risk management strategies throughout the Travelers. Another strategic ERM objective of this executive includes working across the Travelers to enhance effective and realistic risk modeling capabilities as part of the Travelers' overall effort to understand and manage its portfolio of risks to be within its risk appetite. Board oversight of ERM is provided by the Risk Committee of the board of directors, which reviews the strategies, processes and controls pertaining to the Travelers insurance operations and oversees the implementation, execution and performance of the Travelers ERM program.

Risk management and investment management related to climate and the environment are addressed within our established business model and Enterprise Risk Management function. Please refer to the Travelers 2012 Form 10-K (pages 33-34) filed with the Securities and Exchange Commission, for additional information related to this and other questions.

Risk management and investment management related to climate and the environment are addressed within our established business model and Enterprise Risk Management function.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes

As an integral part of both our short-term and long-term strategies, we continually monitor, assess and respond to the risks and opportunities posed by evolving climate and "green" trends in order to provide insurance products and services that address our customers' needs while allowing the company to achieve appropriate financial returns. Responsibility for executing our strategies related to climate and the environment continues to reside primarily in the business and corporate areas where there is applicable authority, expertise and execution capability.

The Enterprise Committee on Climate, Energy and the Environment facilitates coordination and supports the various climate-related initiatives and strategies across the enterprise. This cross-functional committee is a venue for sharing information and leveraging expertise across the organization. The CEE Committee is segmented into sub-groups aligned with four key areas of focus:

Risk Identification and Management: Supports business area activities related to monitoring and assessing climate-related risks. The sub-committee includes representatives from the Enterprise Risk Management group, the Emerging Issues group, the Catastrophe Strategy and Analysis group, Government Relations, Risk Control, Claim and Enterprise Underwriting.

Products, Market Development and Customer Services : Supports activities across the enterprise related to the development of new products, exploration of potential new markets, and expansion of service opportunities that help our customers prepare for and respond to the potential risks related to potential changing climate and "green" trends. This sub-committee includes representatives from Enterprise Product, Enterprise Underwriting, Risk Control, Claim, and all Business Units.

Public Policy and Industry Leadership: Supports and helps to coordinate externally focused activities across the enterprise related to climate, energy and the environment including supporting the public policy work of the Travelers Institute related to helping our customers and the communities we serve manage and mitigate the risks related to severe weather events through effective adaptation strategies This sub-committee includes representatives from The Travelers Institute, Government Relations, Corporate Communications, Catastrophe Strategy and Analysis, Enterprise Underwriting, Risk Control, Community Relations and Investor Relations.

Facilities and Operations Management: Coordinates Travelers initiatives and activities related to developing and implementing environmentally responsible corporate practices across the enterprise.

2.3

Do you engage in activities that could either directly or indirectly influence policy on climate change through any of the following? (tick all that apply)

Other

2.3g

Please provide details of the other engagement activities that you undertake

Leading the company's participation in public policy dialogue is the Travelers Institute. The Travelers Institute draws upon the industry expertise of Travelers' senior management and the technical expertise of its risk professionals and other experts to provide information, analysis and recommendations to policy makers and regulators. The Travelers Institute is led by a senior level executive who is a member of the company's Management Committee.

A current key initiative of the Travelers Institute is the Travelers Coastal Wind Zone Plan, our proposal to improve the availability and affordability of catastrophic wind coverage in communities along the Gulf and Atlantic coasts. This initiative promotes risk mitigation strategies such as better building codes and prudent land use planning and advocates for rating transparency and a consistent regulatory environment to address the insurance availability crisis in vulnerable coastal areas.

To advance the principles of the Travelers Coastal Wind Zone Plan and to raise awareness of the need to address the threats posed to coastal areas, the Travelers Institute has convened a series of coastal risk symposia since 2009. These policy discussions were conducted in collaboration with organizations such as Ceres and The Insurance Institute for Business and Home Safety and brought together business, government and community leaders to identify strategies and solutions to protect and insure hurricane prone coastal regions. The Travelers Institute hosted an additional symposium, "Kicking Off Hurricane Preparedness Season 2013", in New York City on May 31, 2013. Please refer to the "Highlights and Lessons Learned from a National Symposium Series on Coastal Insurance Issues" paper (pdf file attached) for additional information pertaining to the Travelers symposium series on coastal insurance.

Travelers also partners with a number of external organizations around building stronger more resilient homes and businesses including advocating for stronger building codes to support risk mitigation and reduced loss costs.

These organizations include:

- Building Science: Insurance Institute for Business and Home Safety
 - One of a kind research lab researching construction techniques to reduce loss costs for residential and commercial risks
- Practical Application: Habitat For Humanity
 - Travelers funding of the practical application of the building science for IIBHS leveraged to build FORTIFIED homes in coastal areas
- Economic Analysis: Wharton Risk Center
 - Prominent higher learning institution with an internal risk management department conducting financial analysis of the cost benefit of stronger building codes
- Building Code Advocacy: Buildstrong Coalition
 - Public policy advocate of stronger building codes with consistent minimum statewide codes predicted on position that stronger codes lead to more resilient homes and businesses and reduced loss costs

2.3h

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

not applicable

3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

No

3.1e

Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

Travelers established a reduction goal in 2007 for attainment in 2011 with 2006 as a base year. Between the start of 2006 and the end of 2011 we achieved a 7.5% reduction in emissions, exceeding our original goal of 7%. In 2012, after verifying that we had exceeded our goal we commenced discussion of a new goal for 2020. We expect to formalize the plan in 2013.

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

No

3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and implementation phases)

Yes

3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*		
Implemented*		
Not to be implemented		

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in Q0.4)	Investment required (unit currency - as specified in Q0.4)	Payback period
Energy efficiency: Building fabric	Multiple building improvements/upgrades. Example is exterior restoration of two of our buildings to include all new windows. Costs of just those two projects are between \$30-40M. We do not however break out every project in the format provided.				
Energy efficiency: Building services	Mutiple upgrades/replacement of pumps, chillers and lighting systems throughout the portfolio. Example is replacement of task lights throughout one campus to LED lights.				
Energy efficiency: Processes	Continue in rollout of computer desktop power management system to shut down other devices when computer goes into sleep mode.				
Transportation: fleet	Ongoing movement of fleet to more efficient vehicles/engines upon replacement				
Behavioral change	Increase in number of employees working from home on a full time or part time basis				

3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Other	After making sure we are in compliance with all regulatory requirements/standards individual projects are reviewed based upon their overall impact on future operating costs, future carbon counts, potential for overall building deterioration if delayed, and relationship to other capital investments. We do not separately track the costs and returns of these types of projects from all of the others that we are doing in maintaining and improving our ongoing operations.

Page: 4. Communication

4.1 Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section reference	Attach the document
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Publication	Page/Section reference	Attach the document
In mainstream financial reports (complete)	47-48; 112-113	https://www.cdproject.net/sites/2013/77/19377/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifyAttachment/10K - 2012.pdf
In voluntary communications (complete)	Highlights and Lessons Learned from a National Symposium Series on Coastal Insurance Issues	https://www.cdproject.net/sites/2013/77/19377/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifyAttachment/Coastal Paper FINAL 3 19 12.pdf

Module: Risks and Opportunities [Investor]

Page: 5. Climate Change Risks

5.1

Have you identified any climate change risks (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
Risk1	Uncertainty surrounding new regulation	Increased regulation adopted in response to potential changes in climate conditions may impact Travelers and its customers. For example, state insurance regulation could impact Travelers ability to manage property exposures in areas vulnerable to significant climate driven losses. If Travelers is unable to implement risk	Other: Decreased Revenue	Unknown	Direct	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		based pricing, modify policy terms or reduce exposures to the extent necessary to address rising losses related to catastrophes and smaller scale weather events (should those increased losses occur), our business may be adversely affected.					
Risk2	Other regulatory drivers	States have from time to time passed legislation, and regulators have taken action, that have the effect of limiting the ability of insurers to manage catastrophe risk, such as legislation prohibiting insurers from reducing exposures or withdrawing from catastrophe-prone areas or mandating that insurers participate in residual markets. Participation in residual market mechanisms has resulted in, and may continue to result in, significant losses or assessments to insurers, including Travelers, and, in certain states, those losses or assessments may not be commensurate with our direct catastrophe	Other: Increased assessment costs; decreased revenue	Unknown	Direct	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		exposure in those states. If our competitors leave those states having residual market mechanisms, remaining insurers, including Travelers, may be subject to significant increases in losses or assessments following a catastrophe.					
Risk3	Other regulatory drivers	Following catastrophes, there are sometimes legislative and administrative initiatives and court decisions that seek to expand insurance coverage for catastrophe claims beyond the original intent of the policies or seek to prevent the application of deductibles. Also, our ability to adjust terms, including deductible levels, or to increase pricing to the extent necessary to offset rising costs of catastrophes, particularly in the Personal Insurance segment, requires approval of regulatory authorities of certain states.	Other: Increased assessment costs; decreased revenue	Unknown	Direct	Unknown	Unknown
Risk4	Uncertainty surrounding	Climate change regulation could	Reduced demand for	Unknown	Indirect (Client)	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	new regulation	increase Travelers customers' costs of doing business. For example, insureds faced with carbon management regulatory requirements may have less available capital for investment in loss prevention and safety features which may, over time, increase loss exposures. Also, increased regulation may result in reduced economic activity, which would decrease the amount of insurable assets and businesses.	goods/services				

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk and (iii) the costs associated with these actions

Risk1,2,3,4:

(i) The potential financial implications of regulation-driven risks are uncertain at this time and include, among other things, decreased revenue for Travelers and/or increased costs and other exposures.

(ii) Risk management related to climate and the environment is addressed within our established business model and Enterprise Risk Management (ERM) function. ERM activities involve both the identification and assessment of a broad range of risks and the execution of synchronized strategies to effectively manage such risks. The Enterprise Committee on Climate, Energy and the Environment facilitates coordination and supports the various climate-related initiatives and strategies across the enterprise. Within the framework of this Committee, our approach is segmented into four key areas of responsibility and focus:

- Risk Identification and Management
- Products, Market and Services Development
- Public Policy and Industry Leadership
- Facilities and Operations Management

Through the Travelers Institute and our Government Relations group, we engage with regulators, industry trade associations, public policy advocacy groups and other organizations to promote education and, when appropriate, legislation that supports solutions and strategies that we believe are in the best interests of our shareholders, customers, agents, brokers and other constituents.

We support public and private policy actions to address the issues of insurance affordability and availability in areas susceptible to catastrophic climate events, including those that support better and enforced building codes and prudent land use planning. Examples of these initiatives include our sponsorship of the Travelers Coastal Wind Zone Plan and the Resilient Coasts Initiative.

In addition, we participate in forums and workshops and draw upon the knowledge and resources of internal and external experts, consultants and academics to better understand the nature of the risks associated with changing climatic conditions and to identify and implement solutions to address these risks.

(iii) Costs associated with these actions may vary. For example, as part of \$500,000 in grants provided by the Travelers Foundation in 2012, Travelers sponsored eight pilot Habitat for Humanity builds, which are now underway in Alabama and Mississippi. These homes were constructed in accordance with the Insurance Institute for Business & Home Safety (IBHS) FORTIFIED construction standards and additional fortified builds are planned in various coastal markets through 2013 and beyond. These construction practices provide practical, meaningful upgrades to strengthen new, as well as existing, structures. Travelers is also funding the development of IBHS training programs and materials to support Habitat affiliates' efforts to build safer, wind-resistant homes in partnership with low-income families.

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
Risk1	Uncertainty of physical risks	As noted in Travelers Form 10-K (p. 47, 48 and p. 112 and 113), the geographic distribution of our business subjects Travelers to catastrophe exposures in the United States, which include, but are not limited to: hurricanes from Maine through Texas, tornadoes throughout the Central, Mid-Atlantic and Southeastern regions of the United States and wildfires, particularly in the Southwest. In addition, our international operations subject us to catastrophe exposures in the United Kingdom, Canada and the Republic of Ireland, as well as to a variety of world-wide catastrophe exposures through our Lloyd's operations, and in	Other: Catastrophe losses	Unknown	Direct	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		Brazil through our joint venture investment. Risks related to catastrophes are described in more detail in the Form 10-K.					
Risk2	Uncertainty of physical risks	Increases in the value and geographic concentration of insured property and the effects of inflation could increase the severity of claims from catastrophic events in the future. For example, the specific geographic location impacted by tornadoes is inherently random and unpredictable and the specific location impacted by a tornado may or may not be highly populated and may or may not have a high concentration of Travelers-insured exposures.	Other: Catastrophe losses	Unknown	Direct	Unknown	Unknown
Risk3	Change in precipitation extremes and droughts	Increasingly unpredictable and severe weather conditions could result in increased frequency and severity of claims under policies issued by Travelers. Catastrophe losses in 2012 primarily resulted from Storm Sandy, as well as multiple tornado, wind and hail storms in several regions of the United States.	Other: Catastrophe losses	Unknown	Direct	Unknown	Unknown
Risk4	Snow and ice	Increasingly unpredictable and severe weather conditions could	Other: Catastrophe losses	Unknown	Direct	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		result in increased frequency and severity of claims under policies issued by Travelers. Catastrophe losses in 2011 primarily resulted from Hurricane Irene and Tropical Storm Lee, multiple tornadoes and hail storms in the Midwest and Southeast regions of the United States and severe winter storms throughout the United States.					

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

Risk 1,2,3,4:

(i) Catastrophe losses could materially and adversely affect our results of operations, and our financial position or liquidity, among other potential impacts.

(ii) We employ the following methods, among others, to manage identified risks related to potential changing climate trends although there can be no assurance that these efforts will be successful.

Computer Modeling

As discussed in our 2012 Form 10-K under "Catastrophe Modeling" (pp.110-112). Travelers uses various analyses and methods, including proprietary and third-party computer modeling processes, to analyze catastrophic events and the risks associated with them. Travelers uses these analyses and methods to make underwriting and reinsurance decisions designed to manage Travelers exposure to catastrophic events. There are no industry-standard methodologies or assumptions for projecting catastrophe exposure. Accordingly, catastrophe estimates provided by different insurers may not be comparable. Travelers actively monitors and evaluates changes in third-party models and, when necessary, calibrates the catastrophe risk model estimates delivered via Travelers own proprietary modeling processes. We consider historical loss experience, recent events, underwriting practices, market share analyses and various other factors to account for non-modeled losses to refine our proprietary view of catastrophe risk. These proprietary models are continually updated as new information emerges. All of the catastrophe modeling tools that we use, or that we rely on from outside parties, to help manage certain of our catastrophe exposures are based on assumptions and judgments that are subject to error and mis-estimation and may produce estimates that are materially different than actual results. In addition, compared to models for hurricanes, models for earthquakes are less reliable due to there being a more limited number of significant historical events to analyze, while models for tornadoes and hail storms are newer and may be even less reliable due to the highly random geographic nature and size of these events. As a result, models for earthquakes and especially for tornado and hail storms may have even greater difficulty predicting risks and estimating losses.

Enterprise Risk Management

In addition to catastrophe modeling and analysis, Travelers also models and analyzes its exposure to catastrophic events. These analytical techniques are an integral component of our Enterprise Risk Management (ERM) process to further support Travelers long-term financial strategies and objectives. ERM at Travelers is an integral part of our business operations. All risk owners across

all functions, all corporate leaders and the board of directors are engaged in ERM. ERM involves risk-based analytics, as well as reporting and feedback throughout the enterprise in support of Travelers' long-term financial strategies and objectives. In addition to catastrophe modeling and analysis, Travelers also models and analyzes its exposure to other extreme events. Travelers also utilizes proprietary and third-party computer modeling processes to evaluate capital adequacy. These analytical techniques are an integral component of Travelers ERM process and further support Travelers long-term financial strategies and objectives. In addition to the ERM activities within Travelers business units, other key internal risk management functions include the Management and Operating Committees (comprised of Travelers Chief Executive Officer and other most senior members of management) the Enterprise & Underwriting Risk Committees of management, the Credit Committee, the Chief Compliance Officer, the Business Conduct Officer, Corporate Actuarial, Corporate Audit, Accounting Policy, Enterprise Underwriting groups and many others. A senior executive oversees the ERM process. The mission of this executive is to facilitate risk assessment and to collaborate in implementing effective risk management strategies throughout Travelers. Another strategic ERM objective of this executive includes working across Travelers to enhance effective and realistic risk modeling capabilities as part of Travelers' overall effort to understand and manage its portfolio of risks to be within its risk appetite. Board oversight of ERM is provided by the Risk Committee of the board of directors, which reviews the strategies, processes and controls pertaining to Travelers' insurance operations and oversees the implementation, execution and performance of Travelers' ERM program. Travelers' ERM efforts build upon the foundation of an effective internal control environment. ERM expands the internal control objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, to fostering, leading and supporting an integrated, risk-based culture within Travelers that focuses on value creation and preservation. However, Travelers can provide only reasonable, not absolute, assurance that these objectives will be met.

Reinsurance

Travelers has geographic exposure to catastrophe losses, which can be caused by a variety of events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis and volcanic eruptions. The incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes and earthquakes may produce significant damage in larger areas, especially those areas that are heavily populated. Travelers generally seeks to mitigate its exposure to catastrophes through individual risk selection and the purchase of catastrophe reinsurance. Travelers utilizes general catastrophe reinsurance treaties with unaffiliated reinsurers to manage its exposure to losses resulting from catastrophes. In addition to the coverage provided under these treaties, Travelers also utilizes a catastrophe bond program and a Northeast catastrophe reinsurance treaty to protect against losses resulting from catastrophes in the Northeastern United States. Travelers evaluates and monitors the financial condition of its reinsurers under voluntary reinsurance arrangements to minimize its exposure to significant losses from reinsurer insolvencies. Travelers use of catastrophe reinsurance is described in our 2012 Form 10-K (attached) under "Catastrophe Reinsurance" (pp.19-22).

Property Insurance Risk Management

As permitted by state regulators, we have adopted the following strategies designed to help Travelers remain a financially sound and stable provider of property insurance in areas vulnerable to significant climate related losses:

- Developing risk-based rates that contemplate potential changing climate trends, catastrophic losses and reinsurance costs;
 - Refining underwriting requirements to address the correlation of risks related to construction, occupancy and protection in geographical areas susceptible to significant climate related losses;
 - Adjusting policy terms and conditions to adequately reflect underlying risks associated with potentially changing climate trends; and
 - Encouraging efforts to improve building resiliency by providing pricing incentives for properties identified as having favorable risk characteristics relative to mitigation of climate related losses.
- In addition, our strategies to manage property risks include:
- Risk management services to assist our customers with loss prevention and mitigation strategies related to severe weather events;
 - Support for public and private policy actions to address the issues of insurance affordability and availability in areas susceptible to catastrophic climate events, including those that support improved and better enforced building codes and prudent land use planning; and
 - Participation in forums and workshops and use of the knowledge and resources of internal and

external experts, consultants and academics to better understand the nature of the risks associated with changing climatic conditions and to identify and implement solutions to address these risks. (iii) As an integral part of our business operations, we continually monitor, assess and respond to the risks and opportunities posed by evolving climate and “green” trends in order to provide insurance products and services that address our customers’ needs while allowing us to achieve appropriate financial returns. Responsibility for executing our strategies pertaining to climate related risks continues to reside primarily in the business and corporate areas where there is applicable authority, expertise and execution capability. Costs associated with these actions are considered in ongoing operational expense.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
Risk1	Other drivers	As noted in our Form 10 K, "Changing Climate Conditions" (pp.112-113), the full range of potential liability exposures related to climate change continues to evolve. Severe weather events over the last several years have underscored the unpredictability of future climate trends and created uncertainty regarding insurers' exposures to financial loss as a result of catastrophes and other weather-related events. Some scientists believe that, in recent years, changing climate conditions have added to the unpredictability, frequency and severity of natural disasters. For example, in recent years hurricane activity has impacted areas further inland than previously experienced, thus expanding Travelers potential for losses from hurricanes. Additionally, both the frequency and severity of tornado and hail storms in the United States have been greater in recent years. Further, any reduction in arctic sea ice may contribute to rising sea levels that could impact flooding in coastal areas. Accordingly, if climate conditions are changing, Travelers may	Other: Unknown	Unknown	Indirect (Client)	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		be subject to increased losses from catastrophes and other weather-related events. Additionally, Travelers' catastrophe models may be less reliable due to the increased unpredictability, frequency and severity of severe weather events. Potentially changing climate conditions may present other issues for Travelers. For example, among other things:					
Risk2	Other drivers	Increasingly unpredictable and severe weather conditions could result in increased frequency and severity of claims under policies issued by Travelers.	Other: Unknown	Unknown	Indirect (Client)	Unknown	Unknown
Risk3	Other drivers	Changing climate conditions could also impact the creditworthiness of issuers of securities in which Travelers invests. For example, water supply adequacy could impact the creditworthiness of bond issuers in the Southwestern United States, and more frequent and/or severe hurricanes could impact the creditworthiness of issuers in the Southeastern United States, among other areas.	Other: Unknown	Unknown	Indirect (Client)	Unknown	Unknown
Risk4	Other drivers	Increased regulation adopted in response to potential changes in climate conditions may impact Travelers and its customers. For example, state insurance regulation could impact Travelers' ability to manage property exposures in areas vulnerable to significant climate driven losses. If Travelers is unable to implement risk based pricing, modify policy terms or reduce exposures to the extent necessary to address rising losses related to catastrophes and smaller scale weather events (should those	Other: Unknown	Unknown	Indirect (Client)	Unknown	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		increased losses occur), its business may be adversely affected.					
Risk5	Other drivers	The full range of potential liability exposures related to climate change continues to evolve. Through Travelers' Emerging Issues Committee and its Committee on Climate, Energy and the Environment, Travelers works with its business units and corporate groups, as appropriate, to identify and try to assess climate change-related liability issues, which are continually evolving and often hard to fully evaluate. Climate change regulation also could increase Travelers' customers' costs of doing business. For example, insureds faced with carbon management regulatory requirements may have less available capital for investment in loss prevention and safety features which may, over time, increase loss exposures. Also, increased regulation may result in reduced economic activity, which would decrease the amount of insurable assets and businesses. Travelers regularly reviews emerging issues, such as changing climate conditions, to consider potential changes to its modeling and the use of such modeling, as well as to help determine the need for new underwriting strategies, coverage modifications or new products.	Other: Unknown	Unknown	Indirect (Client)	Unknown	Unknown

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

Risks 1,2,3 4 and 5:

(i) The potential financial implications are uncertain at this time and may include, among other things, decreased revenue for Travelers and/or increased costs and other exposures.

(ii) As noted in our Form 10 K “Changing Climate Conditions” (p 113), through Travelers Emerging Issues Committee and our Committee on Climate, Energy and the Environment, Travelers works with its business units and corporate groups as appropriate to identify and try to assess climate change-related liability issues, which are continually evolving and often hard to fully evaluate. As a large property and casualty insurance enterprise, the Travelers is exposed to many risks. These risks are a function of the environments within which the Travelers operates. Since certain risks can be correlated with other risks, an event or a series of events can impact multiple areas of the company simultaneously and have a material effect on the Travelers results of operations, financial position and/or liquidity. These exposures require an entity-wide view of risk and an understanding of the potential impact on all aspects of the Travelers operations. It also requires Travelers to manage its risk-taking to be within its risk appetite in a prudent and balanced effort to create and preserve value for all of the Company's stakeholders. This approach to Company-wide risk evaluation and management is commonly called Enterprise Risk Management (ERM). ERM activities involve both the identification and assessment of a broad range of risks and the execution of synchronized strategies to effectively manage such risks. Effective ERM also includes the determination of the Travelers' risk capital needs, which takes into account regulatory requirements and credit rating considerations, in addition to economic and other factors. ERM at the Travelers is an integral part of its business operations. All risk owners across all functions, all corporate leaders and the board of directors are engaged in ERM. ERM involves risk-based analytics, as well as reporting and feedback throughout the enterprise in support of the Travelers' long-term financial strategies and objectives. In addition to the day-to-day ERM activities within the Travelers business units, other key internal risk management functions include the Management and Operating Committees (comprised of the Travelers Chief Executive Officer and the other most senior members of management), the Enterprise and Underwriting Risk Committees of management, the Credit Committee, the Chief Compliance Officer, the Business Conduct Officer, the Corporate Actuarial group, the Corporate Audit group, the Accounting Policy group, the Enterprise Underwriting group and many others. A senior executive oversees the ERM process. The mission of this executive is to facilitate risk assessment and to collaborate in implementing effective risk management strategies throughout the Travelers. Another strategic ERM objective of this executive includes working across the Travelers to enhance effective and realistic risk modeling capabilities as part of the Travelers' overall effort to understand and manage its portfolio of risks to be within its risk appetite. Board oversight of ERM is provided by the Risk Committee of the board of directors, which reviews the strategies, processes and controls pertaining to the Travelers insurance operations and oversees the implementation, execution and performance of the Travelers ERM program.

(iii) Costs associated with these actions may vary.

Page: 6. Climate Change Opportunities

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
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ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
REG1	General environmental regulations, including planning	Types of legislation such as the NYC Energy Efficiency Legislation (Greener, Greater Buildings Plan) drives renovation work that could lead to increased construction activity that may create opportunities to grow our contractors book of business in impacted states.	Increased demand for existing products/services	1-5 years	Indirect (Client)	Unknown	Unknown
REG2	General environmental regulations, including planning	State and local regulatory requirements for "green" buildings could lead to expanded opportunities to market our portfolio of green building coverage products.	Increased demand for existing products/services	1-5 years	Indirect (Client)	Unknown	Unknown
REG3	Fuel/energy taxes and regulations	Regulatory requirements related to carbon reduction, such as the California Renewables Portfolio Standard (RPS), among other effects, may spur growth in the renewable and clean energy industry segments	New products/business services	1-5 years	Indirect (Client)	Unknown	Unknown

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		providing opportunities to market insurance products that serve these industries.					
REG4	Fuel/energy taxes and regulations	Auto emissions regulations may lead to an increase in production of and availability of hybrid automobiles which could lead to increased sales of Travelers Automobile insurance products for hybrid autos.	Increased demand for existing products/services	1-5 years	Indirect (Client)	Unknown	Unknown

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity and (iii) the costs associated with these actions

REG 1, 2, 3 & 4

(i) Legislation such as the NYC Energy Efficiency Legislation, State and local regulatory requirements for "green" buildings, the California Renewables Portfolio Standard and auto emissions regulations could lead to an increase in demand for Travelers products that respond to customer's needs pertaining to these regulations. Increased demand for these products may result in an increase in net written premiums for Travelers. For example, in 2011 Travelers launched the Clean Energy and Technology practice. Growth in the renewable energy and clean technology industry segments, as a result of regulatory incentives, could result in increased sales of insurance products that serve these industries and a potential increase in Business Insurance net written premiums. Another example is Travelers Hybrid Auto product which is available to Personal Insurance Customers. An increase in the number of hybrid autos in the marketplace could result in increased sales of Travelers insurance product for hybrid auto owners and potentially an increase in automobile net written premiums for our Personal Insurance division.

(ii) As an integral part of our business operations, we continually monitor, assess and respond to the risks and opportunities posed by evolving climate and "green" trends in order to provide insurance products and services that address our customers' needs. The development of products that are responsive to climate and green trends, and the management of production and profitability of these products occur within our established business model.

(iii) Our hybrid auto, green building, and clean technology products are filed and available in most states. We would therefore anticipate minimal additional costs associated with product development and/or marketing related to these products.

6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
PHYS1	Other physical climate opportunities	SAME	New products/business services	1-5 years	Indirect (Client)	Unknown	Unknown

6.1d

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity and (iii) the costs associated with these actions

PHYS1

(i) Travelers provides property and casualty insurance for autos, homes and businesses. Evolving risks related to changing climate trends provide a potential opportunity to develop new insurance products designed to help our customers manage these risks. Our business areas, supported by the Climate, Energy and Environment Committee, identify and assess the feasibility of new product opportunities and examine the impact of climate and green trends on current product offerings. Potential new insurance products could result in an increase in net written premiums.

(ii) As an integral part of our business operations, we continually monitor, assess and respond to the risks and opportunities posed by evolving climate and “green” trends in order to provide insurance products and services that address our customer’s needs. The development products that are responsive to climate and green trends occurs within our established business model.

(iii) New product development is an integral part of our normal business operation. Minimal additional costs are anticipated.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
OTHR1	Other drivers	Climate-related events and green trends provide an opportunity for Travelers Risk Control department to offer/develop services to help current and potential customers mitigate the risks associated with changing climate and green trends.	New products/business services	1-5 years	Indirect (Client)	Unknown	Unknown
OTHR2	Other drivers	Federal and state financial	Increased demand for existing	1-5 years	Indirect (Client)	Unknown	Unknown

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		incentives related to clean and renewable energy projects may provide an opportunity to increase sales of Travelers insurance products tailored for these industries.	products/services				

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

OTHR1

(i) Risk control services designed to help customers mitigate the risks related to changing climate and green trends may help strengthen relationships with existing customers and bring new customers to Travelers resulting in a potential increase in net written premiums.

(ii) Development of Risk Control services to assist customers in managing risk is an integral part of the Risk Control function. No separate methodology would be used to manage this opportunity.

(iii) Minimal additional costs are anticipated.

OTHR2

(i) In 2011 Travelers launched the Clean Energy and Technology practice. Growth in the renewable energy and clean technology industry segments as a result of Federal and State financial incentives, could result in increased sales of insurance products that serve these industries and a potential increase in Business Insurance net written premiums.

(ii) As an integral part of our business operations, we continually monitor, assess and respond to the risks and opportunities posed by evolving climate and "green" trends in order to provide insurance products and services that address our customers' needs. The development of products that are responsive to climate and green trends, and the management of production and profitability of these products occur within our established business model.

(iii) Minimal additional costs are anticipated.

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]

Page: 7. Emissions Methodology

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
US EPA Climate Leaders: Direct Emissions from Stationary Combustion
US EPA Climate Leaders: Indirect Emissions from Purchases/Sales of Electricity and Steam

7.2a

If you have selected "Other", please provide details below

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
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7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
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Page: 8. Emissions Data - (1 Jan 2012 - 31 Dec 2012)

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Financial control

8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO₂e

35633

8.3

Please provide your gross global Scope 2 emissions figures in metric tonnes CO₂e

48175

8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

No

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
	Data Management	Largest component is gasoline used in fleet cars. While the data component is accurate over time, there are always some delays with individuals reporting each month and thus a small variation.		Metering/ Measurement Constraints	Largest risk that that the meters and measurements from the various third parties are off at any given time. We conduct an on-going review of figures obtained and report errors when found but there is then a time delay in getting corrected figures.

8.6

Please indicate the verification/assurance status that applies to your Scope 1 emissions

No third party verification or assurance

8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

No third party verification or assurance

8.8

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

Page: 9. Scope 1 Emissions Breakdown - (1 Jan 2012 - 31 Dec 2012)

9.1

Do you have Scope 1 emissions sources in more than one country?

No

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

Page: 10. Scope 2 Emissions Breakdown - (1 Jan 2012 - 31 Dec 2012)

10.1

Do you have Scope 2 emissions sources in more than one country?

No

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

Page: 11. Energy

11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

11.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	141108
Electricity	66621
Heat	10532
Steam	10300
Cooling	19075

11.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Motor gasoline	123478
Jet gasoline	16868
Diesel/Gas oil	762

11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comments
No purchases or generation of low carbon electricity, heat, steam or cooling		

Page: 12. Emissions Performance

12.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

12.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	3	Decrease	Reductions driven actions taht have been taken to reduce power, cooling, and heating loads
Divestment			
Acquisitions			
Mergers			
Change in output			
Change in methodology			
Change in boundary			
Change in physical operating conditions			
Unidentified			
Other			

12.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
.00000326	metric tonnes CO2e	unit total revenue	4.01	Decrease	Decrease in both Scope 1 & 2 emissions with small increase in revenue

12.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
2.79	metric tonnes CO2e	FTE employee	1	Decrease	Emissions decrease and a small employee decrease

12.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
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Page: 13. Emissions Trading

13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

13.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

No

Page: 14. Scope 3 Emissions

14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
Purchased goods and services					
Capital goods					
Fuel-and-energy-related activities (not included in Scope 1 or 2)					
Upstream transportation and distribution					
Waste generated in operations					

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
Business travel					
Employee commuting					
Upstream leased assets					
Investments					
Downstream transportation and distribution					
Processing of sold products					
Use of sold products					
End of life treatment of sold products					
Downstream leased assets					
Franchises					
Other (upstream)					
Other (downstream)					

14.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

No third party verification or assurance

14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

No, we don't have any emissions data

14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

No, we do not engage

14.4d

Please explain why not and any plans you have to develop an engagement strategy in the future

We have not been measuring any scope 3 emissions.

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title