

## **Amended and Restated Governance Guidelines**

### **Introduction**

The Board of Directors (the “Board”) of The Travelers Companies, Inc. (the “Company”), acting on the recommendation of its Nominating and Governance Committee, has developed and adopted a set of governance guidelines to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

### **I. Board Composition**

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully.
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company’s business.
- No more than two members of the Board may concurrently serve as officers of the Company.

### **II. Selection of the Chairman of the Board, the Chief Executive Officer and Lead Director**

The Board shall at its regular meeting each year immediately following the regular annual shareholders meeting elect from one of its members a Chairman of the Board who shall serve until the next regular meeting of the Board immediately following the next annual shareholders meeting, unless otherwise determined by the Board. The Board is free to select its Chairman of the Board and the Company’s Chief Executive Officer (“CEO”) in the manner it considers in the best interests of the Company at any given point in time. These positions may be filled by one individual or by two different individuals.

Whenever the Chairman of the Board is the CEO or a director who does not otherwise qualify as an “independent director” under the Company’s Governance Guidelines, the independent directors will elect from among themselves a Lead Director of the Board. Following the nomination by the Nominating and Governance Committee, each independent director will be given the opportunity to vote in favor of a Lead Director nominee or to write in a candidate of his or her own. The Lead Director will be elected by a plurality and will serve until the Board meeting immediately following the next annual meeting of shareholders, unless otherwise determined by the Board.

A description of the duties of the Lead Director or a Chairman of the Board who is a director who qualifies as an independent director is set forth in Attachment 1 to these guidelines.

The independent Chairman of the Board or a Lead Director, as the case may be, will perform such other duties as may be reasonably assigned or delegated from time to time by the Board.

### **III. Selection of Directors**

*Nominations.* The Board is responsible for selecting, on behalf of the Company, the nominees for election to the Company's Board of Directors. The Company's Nominating and Governance Committee is responsible for recommending to the Board a slate of directors or one or more nominees to fill vacancies occurring between annual meetings of shareholders.

*Criteria.* The Board should, based on the recommendation of the Nominating and Governance Committee, select new nominees for the position of director considering the following criteria:

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Current knowledge and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business;
- Ability and willingness to commit adequate time to Board and committee matters;
- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company; and
- Diversity of viewpoints, background, experience and other demographics.

*Invitation.* The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and the CEO of the Company, together with the Chair of the Nominating and Governance Committee.

*Orientation and Continuing Education.* Management, working with the Board, will provide an orientation process for new directors, including background material on the Company, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional educational sessions for directors on matters relevant to the Company, its business plan and risk profile.

### **IV. Election Term**

Each director is elected to serve until the next annual meeting of shareholders.

### **V. Majority Vote**

In an uncontested election of directors at which a quorum is present, if any nominee for director receives a greater number of votes "against" his or her election than votes "for" such

election, such person shall promptly tender his or her resignation to the Board following certification of the shareholder vote.

The Nominating and Governance Committee will consider the tendered resignation and make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken (e.g., maintain the director but address what the Committee believes to be the underlying cause of the against votes). The Board will act on the tendered resignation, taking into account the Nominating and Governance Committee's recommendation, and publicly disclose its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The Nominating and Governance Committee in making its recommendation, and the Board in making its decision, each may consider any factors or other information that it considers appropriate and relevant.

Any director who tenders his or her resignation under such circumstances will not participate in the deliberations of either the Nominating and Governance Committee or the Board with respect to his or her resignation. If each member of the Nominating and Governance Committee receives a greater number of votes "against" his or her election than votes "for" such election at the same election, however, then the independent directors who did receive a greater number of votes "for" such election shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. If only three or fewer such independent directors received a greater number of "for" votes than votes "against", then all of the independent directors, excluding the director whose particular resignation is being considered, shall constitute a committee to consider such resignation and recommend to the Board whether to accept it.

If a director's tendered resignation is not accepted by the Board under these circumstances, the director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier death, resignation or removal. If such a director's resignation is accepted by the Board, however, then the Board, in its sole discretion, may fill any resulting vacancy or may decrease the size of the Board.

This governance guideline will be summarized or included in each proxy statement relating to an election of directors of the Company.

## **VI. Age Limit**

Each director who will have reached the age of 74 on or before the date of the next annual shareholders' meeting shall not stand for re-election at that annual meeting of the shareholders without an express waiver by the Board.

## **VII. Board Meetings**

Regular meetings of the Board will be held at such times and with such frequency as is determined by the Board, in accordance with the Company's Bylaws.

Management will seek to provide to all directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible.

Materials presented to the Board or its committees should be as concise as possible, while still providing the desired information needed for the directors to make an informed judgment.

### **VIII. Executive Sessions**

To ensure free and open discussion and communication among the non-management directors of the Board, the non-management directors will meet in executive session at most Board meetings, with no members of management present. The independent Chairman or Lead Director, as the case may be, will preside at the executive sessions. Independent directors will meet in a private session that excludes management and affiliated directors at least once a year.

### **IX. The Committees of the Board**

The Company shall have at least the committees required by the rules of the New York Stock Exchange, Inc. Currently, these are the Audit Committee, the Compensation Committee and Nominating and Governance Committee. Each of these committees must have a written charter satisfying the rules of the New York Stock Exchange.

All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee's activities to the Board.

Each of the Compensation Committee, the Nominating and Governance Committee and the Audit Committee shall be composed of at least three directors. In addition, the Board must have determined that all members of those committees meet the "independence" and other requirements for such committee membership established by the New York Stock Exchange and the Securities and Exchange Commission and that they are "independent" directors as defined in these Governance Guidelines.

In addition to those committees, the Company also has a Risk Committee, an Investment and Capital Markets Committee and an Executive Committee.

A director may serve on more than one committee for which he or she qualifies.

### **X. Management Succession**

At least annually, the Board shall review a succession plan, developed by management and reviewed by the Nominating and Governance Committee. The succession plan should include, among other things, an assessment of the experience, performance and skills for possible successors to the CEO.

### **XI. Executive Compensation and Timing of Equity Awards**

1. *Evaluating and Approving Compensation for the CEO.* The Board, acting through the Compensation Committee, evaluates the performance of the CEO and the Company against goals and objectives, and approves the compensation level of the CEO.

2. *Evaluating and Approving the Compensation of Management.* The Board, acting through the Compensation Committee, also evaluates and approves the proposals for overall compensation policies applicable to executive officers.

3. *Timing of Equity Awards.* All grants (i) of options to purchase shares of common stock of the Company and (ii) of other equity and equity-related awards, in each case under any Company stock incentive plan (other than (x) the regularly scheduled annual grants of stock options and equity-related awards (which are generally awarded in February each year), (y) stock option grants and equity-related awards made at any regularly scheduled meeting of the Board or of the Compensation Committee of the Board and (z) the grants made in connection with new hires and/or promotions (which are made on, or within 15 days, of the first day of employment or of such other personnel change)), shall be made on the next succeeding 15<sup>th</sup> day of the calendar month; *provided*, that if ever the 15<sup>th</sup> day is not a business day, then the award shall be made on the business day immediately preceding the 15<sup>th</sup> day of the relevant month. Stock option grants shall not be timed in connection with the release of material, non-public information; *provided, however*, that any option grant made under the circumstances and on the dates prescribed in this paragraph 3 above, shall not be deemed to have been made in violation of this prohibition.

## **XII. Board Compensation**

The Board, acting through the Nominating and Governance Committee, should conduct a review at least once every two years of the components and amount of compensation for non-management members of the Board, including the independent Chairman or Lead Director, as the case may be, in relation to other similarly situated companies. Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity.

## **XIII. Expectations of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Minnesota and other applicable laws and regulations. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

1. *Commitment and Attendance.* All independent and management directors are expected to make every effort to attend all meetings of the Board, meetings of committees of which they are members and the annual meeting of shareholders. Members may attend Board meetings and meetings of committees of which they are members by telephone or video conference, only when necessary, to mitigate conflicts or when approved in advance by the Chairman of the Board or the Chair of the relevant committees, as appropriate.

2. *Participation in Meetings.* Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics.* In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interests possessed by a director.

The Company has adopted a Code of Business Conduct and Ethics (the "Code"), including a compliance program to enforce the Code. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's legal counsel in the event of any issues.

4. *Other Directorships.* The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Other directorships and commitments should not interfere with a director's obligations to the Board, and no director of this Company may simultaneously serve as a director of more than five additional public companies; *provided, however*, that any director who is a chief executive officer of a public company shall not serve simultaneously as a director of more than two additional public companies. No member of the Board shall become a director on any other public company board without the prior approval of the Nominating and Governance Committee. No member of the Board shall (i) become a member of the board of any private or non-profit company with which the Company has any substantial relationship or (ii) accept any affiliation with any other business or governmental unit with which the Company has any substantial relationship, in the case of either clause (i) or clause (ii), without (a) the prior approval of the Chair of the Nominating and Governance Committee or (b) ratification by the Nominating and Governance Committee. Approval under this paragraph 4 generally will be granted so long as the relationship does not compromise a director's independence or pose any anti-trust or other regulatory issues. Directors should advise the Chair of the Nominating and Governance Committee, the Chairman of the Board and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses, non-profit entities or governmental units.

5. *Change in Primary Responsibility.* When a non-management director's principal occupation or business association changes substantially during his or her tenure as a director, that director shall tender his or her resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee shall then recommend to the Board the action, if any, to be taken with respect to the resignation.

6. *Contact with Management.* All directors are invited to contact the CEO at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and committee meetings and in other formal or informal settings.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

7. *Contact with Other Constituencies.* It is important that the Company speak to employees and outside constituencies with a single voice and that the CEO serve as the primary spokesperson for the Company.

8. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

9. *Affiliation with Competitors.* In no event may any director serve as a director or employee of, or otherwise provide services to, any competitor of the Company or its subsidiaries, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, during his or her term as director of the Company and, with respect to each non-employee director for one year after ceasing to be a director of the Company.

#### **XIV. Director Independence**

The Board must determine, based on all of the relevant facts and circumstances, whether each director satisfies the criteria for independence, which include that a director must not have a material relationship with the Company, either directly, or indirectly as a partner, shareholder or officer of another organization, that has a relationship with the Company. The Board has established the following guidelines to assist it in making independence determinations:

1. A director will not be independent if currently, or within the preceding three years: (i) the director is or was employed by the Company or any of its subsidiaries; (ii) an immediate family member (as defined in NYSE rules) of the director is or was employed by the Company or any of its subsidiaries as an executive officer; (iii) (a) the director is a current partner or employee of a firm that is the Company's internal or external auditor; (b) the director has an immediate family member who is a current partner of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or (d) the director or an immediate family member was within the last

three years a partner or employee of such a firm and personally worked on the Company's audit within that time; (iv) the director is or was part of an interlocking directorate in which an executive officer of the Company serves or served on the compensation committee of another company that concurrently employs or employed such a director or an immediate family member of the director, as an executive officer; or (v) the director or his or her immediate family member receives or received from the Company any compensation, fees or benefits in an amount greater than \$120,000 during any twelve-month period, other than (a) pursuant to standard compensation arrangements applicable to non-employee directors generally; or (b) compensation paid to an immediate family member of a director who is a non-executive employee of the Company.

2. The following commercial relationships will be considered to be material relationships that would impair a director's independence until three years after such relationships cease: a director is a current employee, or the director's immediate family member is a current executive officer, of a company that does business with the Company and the payments to, or payments from, the Company for property and services are, in any single fiscal year, more than the greater of \$1 million or 2% of the consolidated gross revenues of the other company, in each case measured by the last completed fiscal year of the other company. Any such commercial relationship involving payments of less than the greater of such amounts will be considered to be a relationship that does not impair independence.

3. The following charitable relationships will be considered to be material relationships that would impair a director's independence until three years after such relationships cease: a director serves as an officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization exceed 5% of that organization's total annual operating expenses (the Company's matching of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose). Any such charitable relationship not involving contributions exceeding the 5% test described above will be considered to be a relationship that does not impair independence.

## **XV. Evaluating Board Performance**

The Board, acting through the Nominating and Governance Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Nominating and Governance Committee should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the Nominating and Governance Committee. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter.

## **XVI. Reliance on Management and Outside Advice**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

#### **XVII. Director Stock Ownership Target**

The target for ownership of the Company's common stock for each non-management director shall be a value equal to four times the director's most recent annual deferred stock award. Each new non-management director will be asked to meet or exceed that target within four years of his or her initial election to the Board provided however, if the annual deferred stock award for any of such four years is less than the most recent annual deferred stock award, such non-management director will be asked to meet or exceed the target within five years of his or her election to the Board.

**POSITION DESCRIPTION FOR THE INDEPENDENT CHAIRMAN OR LEAD DIRECTOR**

The independent Chairman or Lead Director, as the case may be, shall help coordinate the efforts of the independent and non-management directors in the interest of ensuring that objective judgment is brought to bear on sensitive issues involving the management of the Company and, in particular, the performance of senior management, and shall have the following authority:

- To convene, set the agendas for, and chair the regular executive sessions of the independent and non-management directors and provide any input to the CEO resulting from those sessions;
- To convene and chair other meetings of the independent and non-management directors as may be necessary from time to time, including in times of crisis;
- To provide direction regarding the meeting schedule and information to be sent to the Board and to communicate to the CEO any input from the other directors with respect to agenda items they wish to add for meetings of the Board;
- To act as a liaison among the independent directors, committee chairs and the CEO and other members of senior management;
- In concert with the Chairs of the respective Board Committees, to recommend to the Board the retention of consultants and advisors who directly report to the Board, including such independent legal, financial or other advisors as he or she deems appropriate, without consulting or obtaining the advance authorization of any officer of the Company;
- To communicate to the CEO the results of the Board's evaluation of the CEO's performance;
- To receive and review correspondence sent to the Company's office and addressed to the Board of Directors or to the Independent Directors and, together with the CEO, determine appropriate responses, if any;
- To exercise such additional powers as may be conferred from time to time upon the office of independent Chairman or Lead Director, as the case may be, by resolution of the Board or the Nominating and Governance Committee; and
- To fulfill the responsibilities set forth above, the independent Chairman or Lead Director, as the case may be, will serve as a member of the Executive Committee and may attend all meetings of all of the standing committees of the Board.