



Living our Values

Making an impact

2020 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REVIEW

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United Nations Sustainable Development Goals

Stakeholders increasingly expect global businesses to address global development challenges. The United Nations Sustainable Development Goals (SDG's) provide a blueprint for achieving a more sustainable future. Learn more about the SDG's [here](#).




 Reference the [GRI Standards Index](#) and the [TCFD Report](#) for a detailed overview of disclosures.

About this report

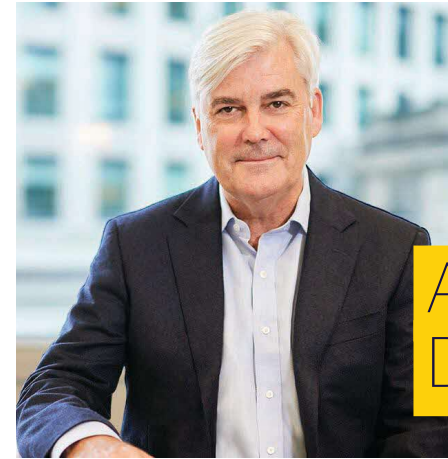
At Liberty Mutual, we believe progress happens when people feel secure.

As one of the largest global property and casualty insurers, we operate according to high standards of governance and behavior. Underpinned by our conviction that insurance is a force for social good, we are well positioned to address environmental and social challenges and deliver security for employees, customers, businesses, communities and the environment.

This is Liberty Mutual's second annual Environmental, Social and Governance (ESG) report, and was published in April 2021. As our ESG strategy and approach matures and develops, so does the evolution of our reporting approach. In 2020, we conducted our first formal ESG materiality assessment, and this report discloses how our key stakeholders rated ESG topics relevant to our business. It documents Liberty Mutual's activities and impact in calendar year 2020, unless otherwise noted, and is

prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and contains select indicators from the Sustainability Accounting Standards Board (SASB) framework.

This year, for the first time, we have also begun reporting on our climate change approach with reference to guidance from the Task Force on Climate-related Financial Disclosures (TCFD). Please email us your thoughts, questions and feedback at Sustainability@LibertyMutual.com.



A message from David Long

2020 was a year of remarkable challenges, but it was also a year of resilience and strength for Liberty Mutual.

Guided by our Identity & Values, we focused on putting people first when they needed us most. I have never felt prouder of this company, our people and the countless ways we came together to be there for our customers, our partners and each other — even when we were physically apart.

Even in the face of these unprecedented challenges, our commitment to ESG did not waver. This report reflects how our Values guided our ESG journey and highlights how we advanced efforts to support our customers, employees, partners and communities where we live and work. It demonstrates how we responded to the COVID-19 pandemic; supported

racial equity; built on our Diversity, Equity and Inclusion (DEI) foundation by announcing our multi-year DEI plan; continued to innovate to meet our customers' needs; and furthered our commitment to addressing climate change.

I'm proud of what we accomplished in 2020 and I'm thankful to every Liberty Mutual employee who helped us get to where we are today. As we embrace this next decade, we are more motivated than ever to ensuring Liberty Mutual continues to make a difference as we tackle the world's most pressing environmental, social and economic challenges.

David H. Long
Chairman & CEO



A discussion with Francis Hyatt

Since taking the helm as Liberty Mutual's first Chief Sustainability Officer in December 2019, Francis Hyatt reflects on progress made, lessons learned and how Liberty Mutual continues to evolve its ESG journey.

Q. How would you summarize Liberty Mutual's ESG efforts in 2020?

Listening, alignment and integration were core priorities in 2020. We worked with business leaders across the enterprise to promote a better understanding of what ESG means to our business. We laid the foundation to formalize our ESG strategy and began developing a framework to further address the most complex issues facing our stakeholders. I'm proud of the progress we made, and I look forward to being an agent for change as we move the needle on our ESG priorities.

Q. How has Liberty Mutual prioritized social efforts in 2020?

From the COVID-19 pandemic's disparate impact on communities of color, particularly Pan-Asian, Black and Latinx communities, to events of racial injustice, last year put a spotlight on many of the social issues the world is still grappling with at a macro and individual level. As a CSO with a background in human capital management, this weighed on me. I believe that agility, humanity and compassion are foundational for my role, especially regarding the "S". Our priority must be the wellbeing of our employees, customers and communities.

In the summer of 2020, when we were reminded of the painful bigotry and racial inequities that continue to exist in our society, we acted quickly to support the Black community — from our employees, families and friends to our customers

and philanthropic partners. We announced a US\$1 million grant to the Equal Justice Initiative, doubled employee donations to nonprofits committed to advancing human rights, and introduced our multi-year Diversity, Equity & Inclusion plan, which builds on our DEI foundation and has accountability and measurement as markers for our success. We also rolled out an eight-week program for U.S. employees to help disrupt bias and increase their skill collaborating across race and ethnicity.

Q. How has Liberty Mutual innovated to meet customer needs?

At Liberty Mutual, we view every aspect of our business through the lens of innovation to better support our customers. In 2020, we remained focused on innovating and designing products to respond to new and emerging risks. This included the expansion of our ByMile program that incentivizes individual policyholders to drive fewer miles and continuing to pursue new ways of applying parametric insurance, which covers a variety of potentially disastrous natural occurrences. We also deployed technology and digital advances such as drones and satellite images in ways we never have before to support customers affected by the wildfires.

Q. How has Liberty Mutual addressed the climate crisis?

Being in the insurance industry, we have long understood the risk the climate crisis poses to our planet. We see the impact of climate change firsthand and how extreme weather events are affecting our policyholders around the world. Climate action remains a steady priority for Liberty Mutual and we're taking action in three areas: 1) systemic discovery and mitigation of risk; 2) supporting a low-carbon future; and 3)

investing in enhanced data and analytics. We know the role we play in supporting climate resiliency and a low-carbon economy through our risk management, underwriting and investment practices. For example, we're reducing the share of fossil fuel investments within our total investment portfolio, while simultaneously doing our due diligence to expand and improve our positions with alternative energy sources and other energy transition opportunities.

In 2020 alone, we financed Sunnova Energy International Inc. (Sunnova), a U.S. solar and energy storage service provider, [divested](#) our remaining thermal coal royalties and partnered with [Jupiter Intelligence Inc.](#) (Jupiter) to better identify, measure, manage and mitigate climate-related risks. These efforts are part of our journey and are aligned with our [coal policy](#) introduced in December 2019, and they demonstrate our commitment to supporting a just transition to a low-carbon economy.

We also engaged in innovative partnerships to offer new climate resilience-focused products and to apply state-of-the-art risk analysis for weather to our decision-making. We became the first U.S. property and casualty insurer to join the United-Nations supported Principles for Responsible Investment (PRI) as a signatory. We're committed to continuing to take steps toward our overall energy transition goals with the aim of achieving a low-carbon future.

Q. Did you have to adjust your 2020 priorities due to COVID-19?

Our response to the pandemic was shaped first and foremost by our Values, and also driven by input from employees, policyholders and community partners who let us know what mattered most to them. We quickly adjusted to

reimagine many aspects of our operations to deliver on our mission, and we did not let up on our commitment to continuing to develop the foundations of our core ESG strategy.

We supported our employees, customers and communities throughout the pandemic, including shifting approximately 44,000 employees to work from home, while also providing support for employees juggling caregiving responsibilities. We gave more than US\$15 million through emergency grants to global non-profit organizations to support immediate COVID-19 relief efforts. In response to COVID-19 lockdowns, we helped our customers safely adapt, shut down and reopen their operations by providing resources and regular communications.

No one could have predicted the events of 2020. Without our strong foundation in ESG and our collaboration with stakeholders, our ESG journey could have come to a disruptive halt. But despite these unpredictable events, we continued with the same level of intensity. We stayed our course and remained dedicated to living our Values and working towards a more sustainable and just world.

In 2020, we ensured that the strongest voice of influence was our motivation to do what we know is right. I'm proud to have been at the helm of our newly formed Office of Sustainability during this unforgettable year and I'm proud of the difference we all made together.

Our Identity & Values

A shared identity – belief, purpose, promise – and a single set of values unites us in our aspiration to become a top-three global property and casualty company.

Our Identity: Why we do what we do

Our belief

We believe progress happens when people feel secure

Our purpose

We exist to help people embrace today and confidently pursue tomorrow

Our promise

We promise protection for the unexpected, delivered with care

Our Values: How we do what we do

Act responsibly

Do what's right and follow through

Be open

Engage with all people and possibilities



Keep it simple

Be clear and transparent

Make things better

Be proactive and challenge the status quo

Put people first

Act with empathy, dignity and respect

Our business

Since our founding in 1912, Liberty Mutual has grown to become the world's sixth largest¹ global property and casualty insurance company and the fourth largest² in the U.S.

In 2020:

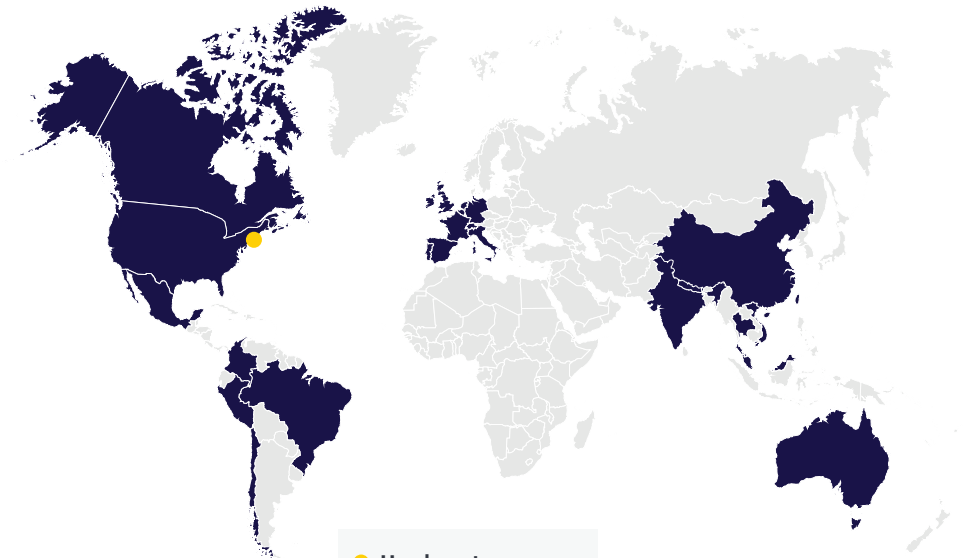
- We employed more than 45,000 people.
- We reported US\$43.8 billion in annual consolidated revenue.
- We generated US\$40.6 billion in net written premium.
- We held US\$145.4 billion in assets.
- We ranked 77th on the Fortune 500 list of largest U.S. corporations based on 2019 revenue and 278th on the Fortune Global 500 list.

¹ Based on 2020 gross written premium, excluding state owned companies.

² Based on 2020 direct written premium.

Liberty Mutual operates in 29 countries and economies around the globe.

Americas	Europe	Asia/Pacific
<ul style="list-style-type: none"> • U.S. • Bermuda • Brazil • Canada • Chile • Colombia 	<ul style="list-style-type: none"> • Ecuador • Mexico • Peru • Belgium • France • Germany • Ireland • Italy • Luxembourg 	<ul style="list-style-type: none"> • Netherlands • Portugal • Spain • Switzerland • U.K. • Australia • China • Hong Kong • India • Malaysia • Singapore • Thailand • UAE • Vietnam



● **Headquarters**
Boston, Massachusetts

Our products and services

We offer a wide range of insurance products and services, including personal automobile, homeowners, specialty, reinsurance, commercial multiple-peril, workers compensation, commercial automobile, general liability, surety and commercial property.

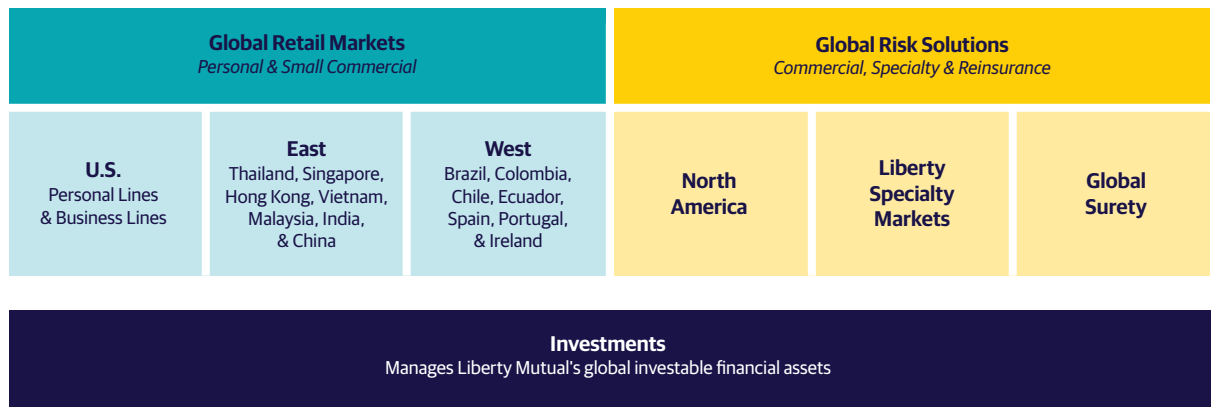
Liberty Mutual substantially conducts its business through two business units:

- Global Retail Markets (GRM):** combines Liberty Mutual's local expertise in growth markets outside the U.S. with strong and scalable U.S. capabilities to take advantage of opportunities to grow its business globally.
- Global Risk Solutions (GRS):** offers a wide array of property, casualty, specialty and reinsurance products and services distributed through brokers and independent agents globally.

Internally, Liberty Mutual Investments is the group that oversees and manages our investment portfolio.



Helping people embrace today and confidently pursue tomorrow



Living our Values

History

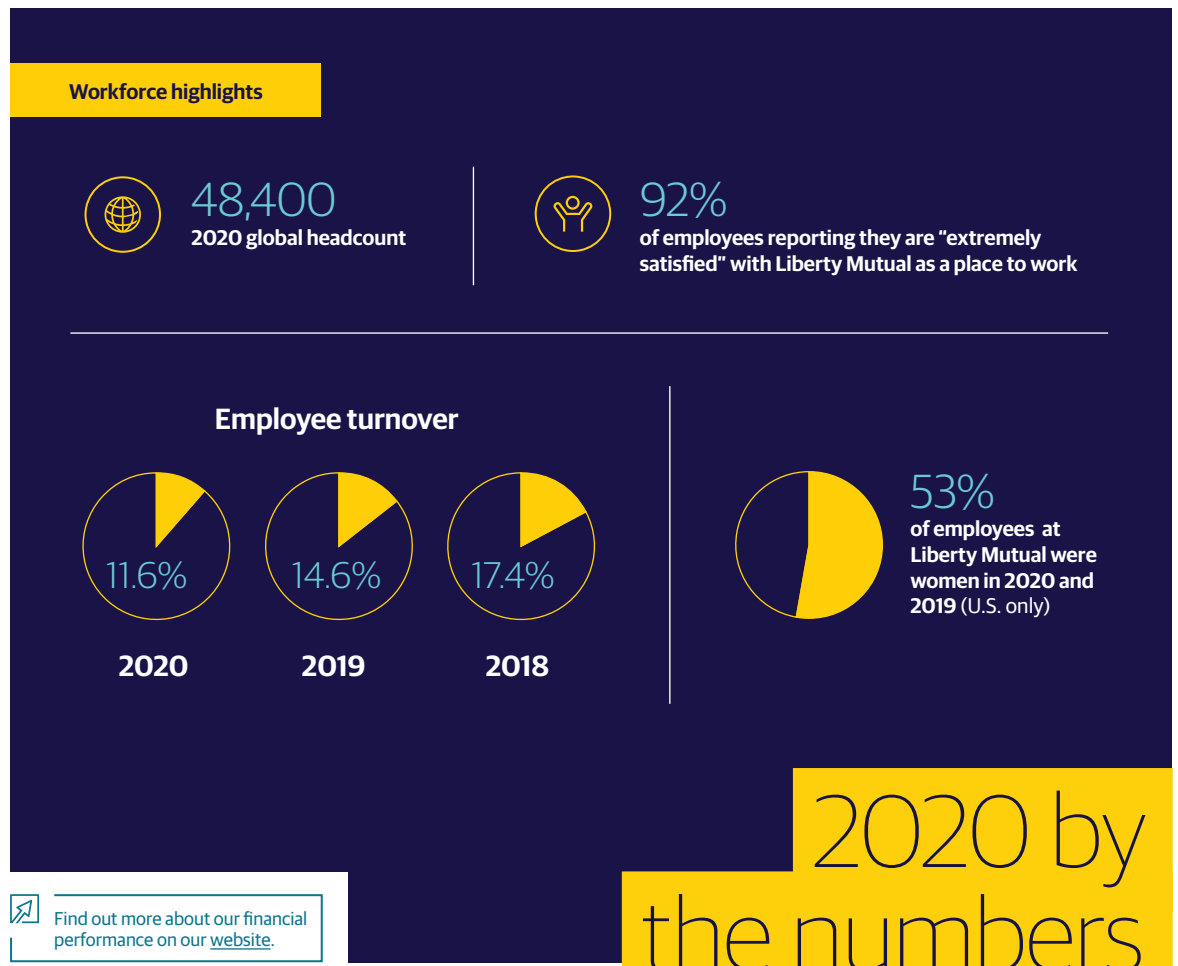
We were established in Boston in 1912 as the Massachusetts Employers Insurance Association. In 1917 we renamed ourselves as Liberty Mutual Insurance Co. From the start, our goals were to provide low-cost compensation and accident prevention insurance and to promote better relations between employers and employees through the humane and generous treatment of claimants. Our first insurance policy was issued to the Everett Mills Company in Lawrence, Massachusetts.

Highlights of our awards and recognitions in 2020

<p>100% in the Human Rights Campaign's Corporate Equity Index</p>	<p>America's Best Employers for Women by Forbes</p>	<p>Best for Vets Employer by Military Times</p>	<p>One of America's Best Employers for New Graduates by Forbes</p>
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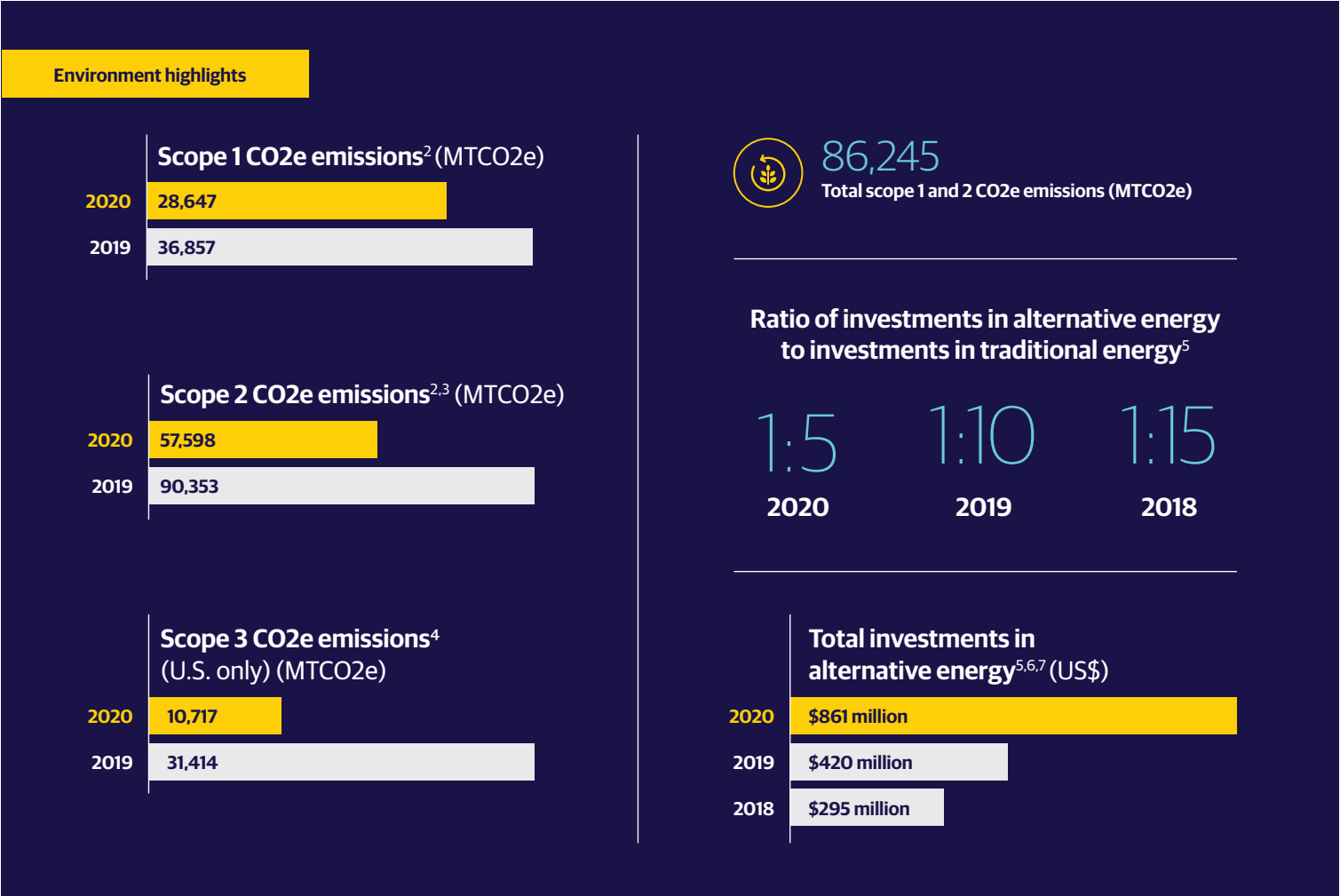


¹ 2019 amount were restated due to a pension accounting policy change, which is described further in the Q4 2020 Management's Discussion and Analysis.
² Excludes unamortized discount and debt issuance costs.





¹ 2020 volunteerism was impacted by COVID-19 related restrictions.
² Previous reporting for CO2e emissions included U.S. operations only. 2020 figures now include our global operations, and we have recalculated 2019 to reflect this as well.
³ Scope 2 emissions are calculated using location-based methods.
⁴ Scope 3 includes commercial, air and ground travel, including employee mileage reimbursement.
⁵ In 2020, Liberty Mutual modified its definition of alternative/renewable energy to only include energy derived from solar, wind and hydro sources.
⁶ 2020 Includes LP, LLC and other equity method investments value of US\$288 million, fixed maturities of US\$180 million and unfunded commitments of US\$393 million. 2019 includes LP, LLC and other equity method investments value of US\$254 million, fixed maturities of US\$22 million and unfunded commitments of US\$144 million. 2018 includes LP, LLC and other equity method investments value of US\$226 million, fixed maturities of US\$6 million and unfunded commitments of US\$63 million. 2019 and 2018 figures have also been restated to reflect this new definition of alternative/renewable energy.
⁷ The increase in 2020 was primarily driven by: (1) investments in solar asset-backed securities and (2) a combination of solar and hydro investments in LP, LLC and other equity method investments.



Approach to ESG

Liberty Mutual's purpose to help people embrace today and confidently pursue tomorrow extends to all our stakeholders — customers, employees, investors, regulators and the communities where we work and live. To fulfill this purpose, we rely on a thoughtful and thorough approach to managing ESG issues.

Liberty Mutual employees in the Plano, Texas office; 2019

Approach to ESG

Based on our Identity & Values, this past year we articulated five principles that codify our approach to ESG. We are applying these principles as we continue to embed ESG across our operations, businesses and our investments.

Liberty Mutual ESG principles



Principle 1:
We view ESG as integral to our company's purpose.
 We believe that ESG is integral to our company's purpose and we strive to foster a sustainability mindset across our global enterprise. Our company Values are at the core of all that we do; they inform and drive our sustainability activities and programs.



Principle 2:
We strive to balance different stakeholder needs to deliver results.
 Our approach to ESG seeks to balance the interests of our key stakeholders – customers, employees, investors, regulators and the community – while maintaining our financial strength so that we can deliver on our purpose and promises.



Principle 3:
We view ESG as an opportunity.
 We believe that ESG ultimately creates strategic opportunities for our company, in spite of short-term challenges to our operations and business.



Principle 4:
Our ESG journey is informed by research, data and outcomes.
 Our views and approach to material ESG topics are evidence-based and are informed by the availability of credible data, ESG research findings and outcomes. We are committed to transparency and work to measure, quantify and report the outcomes of our ESG activities and decisions.



Principle 5:
We strive to develop a consistent approach to ESG across the enterprise.
 While we seek to align our activities across all dimensions of our global enterprise – including operations, underwriting and investment – our program is flexible and accommodates differences in business demands and regional expectations.

Liberty Mutual ESG governance structure



ESG governance

The Liberty Mutual Board of Directors has oversight over Liberty Mutual's ESG approach. The Executive Leadership Team, chaired by the CEO, has management-level oversight and accountability for Liberty's ESG efforts.

The Liberty Mutual ESG Operating Committee – a management-level body – is responsible for driving the implementation of our ESG approach across the enterprise. Chaired by the Chief Sustainability Officer, the Committee includes subject matter experts from across the business and liaises with all business units and corporate functions. The Chief Sustainability Officer gives regular updates to both the Executive Leadership Team and the Board. The ESG Operating Committee also works in close partnership with

the Enterprise Risk Management (ERM) Emerging Risks Committee to catalog and understand ESG-related risks and coordinate appropriate monitoring and mitigation activities.

In 2020, we established an enterprise-level Climate Council, reporting to the ESG Operating Committee. The Council's mission is to ensure consideration of climate-related risks and opportunities throughout the business and see to it that climate-related risks and opportunities inform strategy, financial planning, underwriting and investment decisions and product development.

On a day-to-day basis, business unit and corporate function leaders are responsible for implementing ESG initiatives, monitoring progress and reviewing and applying stakeholder feedback and insights.



Insights from stakeholder engagement and Materiality Assessment


We maintain ongoing dialogue with our stakeholder groups – including employees, consumers, investors, brokers, agents and non-governmental organization (NGOs). This past year, as part of our overall stakeholder engagement approach, we conducted our first materiality assessment exercise to better understand how our stakeholders prioritize the environmental, social and governance topics that underpin our ESG approach.

Prior to engaging our stakeholders in a materiality exercise, we reviewed ESG reporting frameworks and ratings, regulatory requirements and industry peer materiality assessments to define a list of Liberty Mutual's 14 most material ESG topics. We then consulted with our stakeholders, through surveys and focus groups, to better understand how each group prioritized the 14 topics identified.

The exercise provided extremely valuable stakeholder insights that will inform our ESG journey, as well as our communications with stakeholders, moving forward.

Key insights included the following:

- **There are central topics:** Nearly all stakeholders agreed that a core set of topics were central to Liberty Mutual's ESG approach. These included global compliance and ethics; customer satisfaction; risk and crisis management; purpose and culture; innovation; diversity, equity and inclusion; and human capital management.
- **Stakeholders had interest-aligned concerns:** Stakeholder groups prioritized topics that were most relevant to their roles and vantage points.
- **Climate change is a top-of-mind priority:** While climate change only appeared among the top priorities for investors and non-governmental organizations, interest in climate change echoed across stakeholder groups through verbal and written responses, signaling both a need to continue our work in this area and to increase our engagement with and communication to stakeholders on the subject.


[Click here to read more about our Materiality Assessment.](#)



Our customers

2020 was an unprecedented year. We remained resilient and rose to the challenge to meet our customers' needs and maintain business continuity.

Our customers

Against a backdrop of COVID-19, we found new ways to work, connect and serve our customers, relying on our Identity, Values and enterprise strategy to guide us.

For example:

- Our claims team transitioned to remote operations while still providing safe, socially distanced support at customer sites.
- When we couldn't safely access areas affected by natural disasters fast enough, we used satellite imagery to confirm losses and accelerated payments to customers.
- We developed new capabilities to help our customers respond to the impacts of the pandemic on their operations.
- We adapted to a changed marketplace by distributing approximately US\$300 million in premium relief to nearly six million customers in the U.S.

 Find out more about our financial performance on our [website](#).

¹ 2020 consolidated net written premium includes (US\$123) million of "Corporate and Other" not represented in the pie chart or business detail.



"It's relatively easy to be there for customers in regular times. Consistently delivering outstanding service, compassion and flexibility during a long-term, global crisis is harder. I couldn't be prouder of how Liberty, Global Risk Solutions, and our employees have stepped up and shown what it means to represent Liberty Mutual throughout this pandemic. The feedback from our broker partners and customers has been very positive."



Dennis Langwell
President,
Global Risk Solutions



Supporting our customers during COVID-19

COVID-19 has had profound impacts on how our customers live and what they expect: many people were driving less and spending more time at home, while some businesses were shrinking, repurposing or closing entirely. These changes resulted in fewer claims in some areas, and increased claims in others, including general liability, workers compensation and event cancellation.

In 2020, we quickly adapted to the new reality: from issuing refunds to customers, to helping businesses shift their assets, to providing payment flexibility and grants for community partners during the pandemic, we were prepared to help customers persevere through the tough times.

Digitization: In 2020, we made great progress in leveraging digital tools to communicate with our

customers and accelerated our digital-first efforts to settle claims swiftly and remotely without requiring in-person claims assessments.

Refunds and pricing: When many economies went into lockdown in 2020, we supported individual policyholders in the U.S. by providing a 15% refund on two months of their auto premium. We also provided a 15% refund on two months of premium for Business Owners' Policies (BOP), and we automatically stopped charging late fees, paused personal auto and home coverage cancellations, and waived late fees for business owners.

Business customer support: We developed a three-pronged approach to provide risk control support for our business partners, particularly those in sectors most affected by lockdowns, including manufacturing, construction, grocery delivery, restaurants and hospitality sectors.

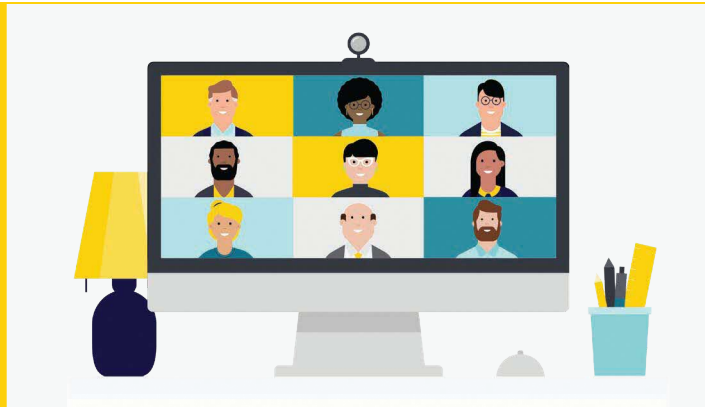
We engaged large and medium-sized business customers through multiple channels including:

- Onsite service
- [SafetyNet Portal](#)
- Telephone Center

In response to COVID-19 lockdowns, we helped our customers to safely adapt, shut down and reopen their operations by informing them about the Liberty Mutual resources at their disposal, which included playbooks and roadmaps. Additionally, we hosted industry-specific webinars focused on helping customers reopen operations while managing risk.

Launched the Risk Control Advisory Council

During the early stages of the pandemic, we stood up and facilitated a virtual forum for 22 of our largest and most engaged customers across our Helmsman Management Services, Risk Management and Large Construction sectors including Costco, The Home Depot and Brown-Forman. The forum enabled customers to network, engage, discuss sound advice, as well as share tips and best practices regarding COVID-19.



Our Risk Control Services' COVID-19 response



6 Liberty Mutual Foundation partners

were assisted by risk control services to support customers with access to sophisticated risk control resources.



10 industry forums

brought together 10 - 15 clients, including those in the manufacturing, financial and construction sectors, to help customers reopen operations while managing risk.



22 risk control service-focused

articles and corresponding policyholder/broker emails served as resources for customers responding to COVID-19 lockdowns.



Bringing a socially responsible approach to insurance

We believe progress happens when people feel secure. This belief underpins our conviction that insurance is an inherently socially responsible product. Insurance delivers security to individuals, families, and businesses so they can pursue their plans, ideas and ambitions with confidence, without being immobilized by risk or the fear of catastrophic events.

We've continued to evolve and integrate this thinking into our underwriting and investment decisions since formally declaring ESG and sustainability as strategic imperatives.

For example, this mindset guides the role we are playing in supporting the energy industry and a range of clients that are driving societies' transition to a low-carbon economy. At the same time, we are also investing in companies that show proven potential in this evolution.

As commercial insurance evolves, we remain committed to playing a key role in driving improvements and increasing investments in innovation through digital solutions, automation and artificial intelligence.

Our five ESG principles guide our journey to integrate sustainable practices across our businesses, investments and operations. We offer a variety of products that provide social good to our customers and the societies we serve. Some examples include, Aliro, Liberty Safeguarding and partnership with the International Finance Corporation.

Advancing responsibility through underwriting

Our ESG strategy increasingly informs our risk selection decisions and is a natural evolution of our core underwriting philosophy. Our energy underwriting portfolio seeks to balance the needs for the transition to a low-carbon economy with energy's role in human wellbeing. In 2020, we

defined and aligned on a proactive approach and narrative for our Global Risk Solutions business with executive leadership sponsorship, launched an internal awareness and communications campaign and established an initial sustainable underwriting framework that will evolve to include metrics to help us monitor our performance over time.

Reducing risk and potential losses through virtual risk assessments

We implemented a new technology solution, Mirror, to conduct customer site assessments and provide access to operations exposed to COVID-19 risks. The platform enables customers to make requests for a customized virtual risk control assessment and collaborate with risk control consultants. Through the Mirror platform, we have completed 316 assessments and plan on completing 500 more in 2021.



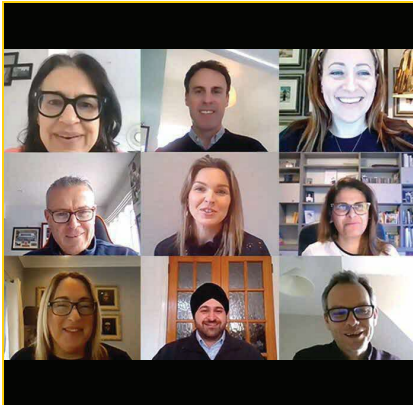
Aliro Seguro

Aliro, which means "accessible" in Esperanto, is providing affordable vehicle coverage for many Brazilians who might otherwise be uninsured (63% of Aliro customers were previously uninsured). In 2020, we re-launched part of our Aliro product, Aliro P, which offers customers third party liability and physical damage protection, and roadside assistance for a reduced price. We are selling this product through our Independent Agent channel and offering customers a completely digital post-sales experience through the Aliro app, helping to better meet the needs of our customers and reach even more Brazilians.



Liberty Safeguarding

Liberty Specialty Markets worked exclusively with the U.K.'s leading children's charity National Society for the Prevention of Cruelty to Children (NSPCC) to develop *Liberty Safeguarding*, an innovative insurance product designed to help organizations minimize risks to children and vulnerable adults by assessing each organization's operations and providing them with resources to help raise safeguarding.



Living our Values

Liberty Virtual Rooms digital communications platform

The nationwide U.K. lockdown in March 2020 presented a major challenge for the London insurance market, which trades primarily through face-to-face meetings. This short-term issue also created a longer-term challenge: underwriters and brokers were increasingly meeting in smaller groups, which meant that junior underwriters and brokers were missing out on the learning experiences they would normally get through observing senior team members during negotiations.

Liberty Specialty Markets (LSM) created *Liberty Virtual Rooms*, a proprietary platform that gives brokers and clients access to LSM underwriters' and employees' schedules online, so they can schedule video calls to discuss and place risks. Virtual Rooms has the functions of a traditional broker lounge, and additional technology features to enhance the experience and make it more efficient. The innovative browser-based solution includes a concierge service that is available to support and coordinate meetings.

"We want to be the easiest insurer to do business with – and known for a portfolio with smart, innovative pricing and products that meet our customers' constantly evolving needs. The core foundation for this will always be our people. We have never been more focused on building inclusive teams with the diversity of perspective that will enable us to listen, think differently and stay ahead in a changing world. As we work hard to foster a courageous environment in which ideas can flourish, we will continue to match that with investment in digital, data, analytics and technology capabilities so we are there for our customers how, when and where they need us."



Tim Sweeney
President,
Global Retail Markets

Driving innovation in insurance

Innovation is a core part of our culture. It is central to progress, and our goal is to constantly push ourselves to imagine new and bold possibilities. To succeed, we need to continue to build a diverse, future-ready team, equipped with skillsets that range from technology and data analytics, to marketing, development and creative design.

We are working to deliver a full range of innovative risk solutions to businesses around the world. This includes:

- Introducing new technology and digital advances, such as surety e-bonding and remotely adjusting commercial property claims.
- Working with partners, such as with Insurance Institute for Business and Home Safety (IBHS) and the Massachusetts Institute of Technology (MIT), to accelerate and broaden innovation in insurance.

- Providing low-mileage customers with ByMile, an innovative program which can create an average of 25% in cost savings compared to a traditional auto policy.
- Providing parametric insurance to help close the protection gap against environmental triggers and enhanced resilience to better manage crisis events via quick liquidity.
- Investing in Jupiter, a leading data and analytics provider of hyper-local current-hour-to-50-plus-year probabilistic risk analysis for weather in a changing climate.
- Expanding approaches to claims through satellite, drone and other aerial photography for quicker evaluation of weather-related damages. For example, following wildfires we sourced clear and accurate images before and after fires to confirm total losses working with our aerial imagery partner, GIC.

- Deploying dedicated claims adjusters to impacted wildfire areas in Oregon near Safeco agents' offices where they could quickly issue payments to help customers in immediate need of funds for emergency necessities.

Responding to and recovering from COVID-19 will continue to propel innovation for Liberty Mutual and the insurance industry.

Our partnership with Insurance Institute for Business and Home Safety (IBHS)

Liberty Mutual and industry peers are driving building safety research to deliver solutions to home and business owners and to create more resilient communities. This important work was brought to life in 2020 when 16,000 homes in Alabama, which had been built with IBHS's FORTIFIED roofs, withstood the impact of Hurricane Sally – a Category 2 storm.



The fortified roof in Orange Beach, Ala. (bottom right, without a tarp) was not damaged by Hurricane Sally. Photo credit: Insurance Institute for Business and Home Safety



Living our Values

Liberty Mutual Strategic Ventures (LMSV) invests in Realm

Since 2016, we have used our venture capital fund, [LMSV](#), to invest in emerging businesses that will help meet the needs of our Liberty Mutual customers. LMSV is a US\$150 million corporate venture fund that primarily invests in Seed to Series B stage startups with US\$750,000 to US\$5 million in initial investments. Through LMSV we focus on four areas: the future of mobility, the future of shelter, the future of commerce and insurance innovation. By the end of 2020, we had invested in 14 startups that align with these four areas.

One of our underlying strategies is to identify and invest in businesses with founders from diverse and underrepresented backgrounds, who are often best positioned to identify and serve the needs of their customers and communities. Systemic barriers frequently make it much more difficult for underrepresented founders to access initial venture funding. For example, according to [Crunchbase](#), in 2020 only 2.3% of funding went to all-female founder-led startups. Yet two decades of [data](#) suggests companies with diverse or underrepresented founders ultimately outperform others by 30% when they go public or are acquired.

A recent example of LMSV funding is our 2020 investment in Realm, a New York-based startup. Aligning with Liberty's focus on the future of shelter, Realm was set up to provide data solutions and insights to homeowners so they can make informed decisions about the home improvements that will unlock and increase their property values, which represent approximately 62% of Americans' net worth. The relationship between LMSV and Realm was built entirely virtually due to the pandemic. In addition to funding, LMSV conducts quarterly reviews with Realm and identifies ways it can leverage the resources, network and expertise of Liberty Mutual to help the business grow.

Promoting responsible investments

We believe that ESG factors should inform investment decision-making and risk management practices, and that the identification, understanding and management of material ESG factors can enhance our ability to meet our long-term investment objectives. As such, in 2020, Liberty Mutual Investments (LMI) developed an ESG Framework to drive the overall integration of material ESG factors into our investment process for all assets and partnerships where Liberty Mutual Investments is deploying capital.

To drive our ESG integration efforts in 2021, we have also established a Liberty Mutual Investments ESG Steering Committee, which enables senior leaders to guide strategic decisions pertaining to ESG, as well as an ESG Operating Committee, which is responsible for ongoing management of the ESG integration efforts.

Liberty Mutual Investments directly manages over US\$70 billion in fixed income investments for Liberty Mutual. Our investment analysts and portfolio managers responsible for these assets leverage a combination of quantitative and qualitative ESG insights to amplify their overall credit assessment.

Liberty Mutual Investments also oversees over US\$9 billion in private investments in asset classes such as private equity, real estate and direct lending funds and co-investments. Through our ESG Framework, we have begun to incorporate ESG factors more formally into our evaluations of prospective investment partners and underlying investments and are developing a methodology for ongoing ESG performance assessment.

We are also reviewing solutions for ESG integration within our public equity portfolio, which is primarily managed via passive ETF instruments today. While ESG ETF offerings and data continue to surge in numbers and gain popularity among investors, Liberty Mutual Investments will carefully assess and adopt an ESG integration strategy that is aligned with Liberty Mutual's ESG principles and vision for a low-carbon economy.

In December 2020, Liberty Mutual became a signatory of the United Nations-supported Principles for Responsible Investment (PRI) as part of our ongoing commitment to ESG. We're proud to be the first U.S. P&C insurer to take this important step, demonstrating our support for the organization's mission to promote ESG integration among asset owners and asset managers.

"I believe we are in a unique position to make lasting change for our industry and our communities. We are joining the PRI and its network of signatories in addressing some of the most pressing ESG issues facing the world, and our goal is to help create prosperous and inclusive societies for generations to come. We are proud to make this commitment to play an active role through responsible investing."



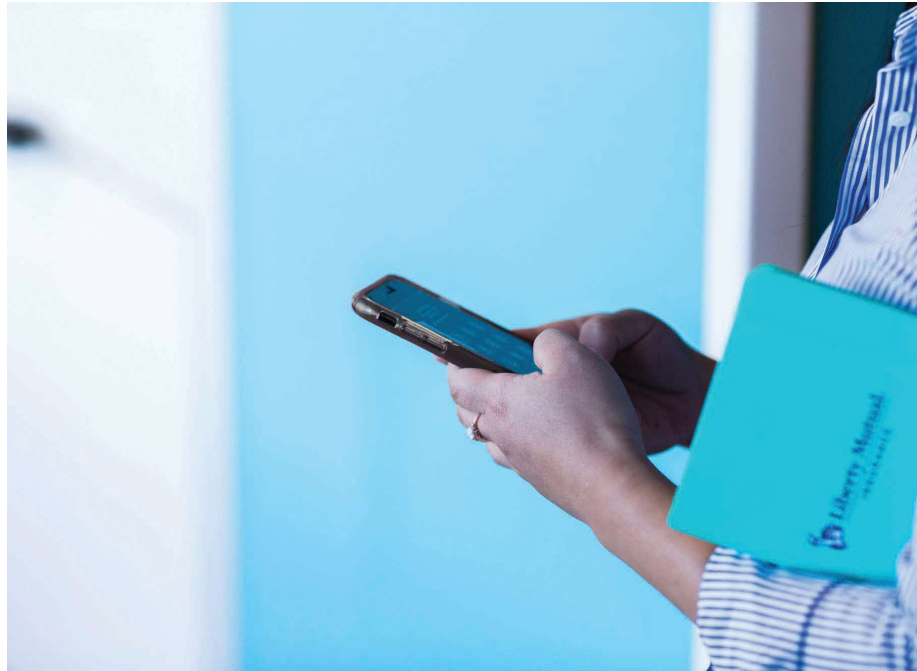
Neeti Bhalla Johnson

Chief Investment Officer

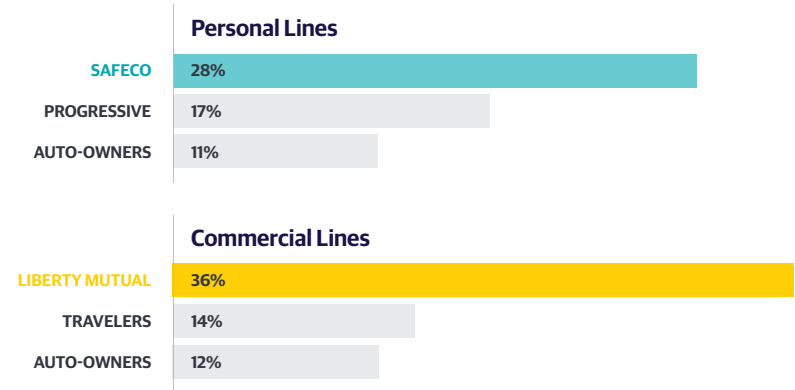
Engaging customers responsibly

We work hard to provide fair, accessible and transparent products and services to our customers and policyholders, while managing our wider social and environmental impacts. We deliver transparent communications and marketing of our products through a range of product and policy scope information; clear terms and conditions; information about the suitability of product for the customers' needs; and transparent billing and claims information. We also use a variety of languages, so our products and services are accessible to different populations. Our suite of customer tools also aim to make customer engagement as smooth and easy as possible. For example, we offer:

- Liberty Mutual and Safeco Insurance mobile apps for iOS and Android operating systems.
- Liberty Mutual eService and Safeco eService customer portals.
- Liberty Mutual Coverage Customizer Tool and Policyholder Toolkits.
- Risk Control Services via [Liberty Mutual SafetyNet™](#), [Liberty Mutual Industrial Fire Lab](#), [Liberty Mutual Industrial Hygiene Laboratory](#) and [Severe Weather Resources](#).
- Advanced paperless and digital-first initiatives and policies in key markets, improving customer communication, reducing waste, conserving resources and supporting our low-carbon transition efforts.
- Protection for customers against fraud through a range of digital mechanisms, including two-factor authentication.



 **#1 Champion of the independent agent**
Participating agents named Liberty Mutual their champion more than any other carrier.



Source: <https://channelharvest.net/2020-survey-highlights/>



Awarded Marsh's 2020 Broker Experience Awards for UL & Excess, GL & Auto



In 2020, Liberty Mutual and Safeco were named carrier champions by independent agents in the Channel Harvest Survey



Liberty Mutual was named 2nd in Agent SAT in JD Power



Our people

For more than a century, Liberty Mutual has been there for people when they needed us most. This starts with our more than 45,000 employees around the world.

Liberty Mutual employee in the Plano, Texas office; 2019

In 2020, we were recognized among the Best Workplaces in Financial Services & Insurance and Best Workplaces for Parents by *Great Places to Work*.

Despite the challenges posed by COVID-19, we maintained our commitment to developing our people. We continued to focus on leadership and capability growth and transitioned our Leading at Liberty module online with 1,602 managers participating in this 8-week leadership development program designed to help managers become effective leaders in a rapidly changing global landscape.

We also made progress toward our goals of attracting and hiring new talent by shifting talent sourcing and recruiting programs to a fully virtual environment. We maintained critical talent programs such as our annual internship program, with over 500 interns participating, and development and training programs for hires new to the insurance industry.

Employee experience

We established our first-ever Global Employee Experience function aimed at taking a more holistic, inclusive and data-driven approach to understanding what matters to employees and working with them to co-create exceptional experiences.


This team launched *Moments that Matter*, a new initiative to identify and map the most important moments that impact employee experiences at Liberty Mutual. As we responded to COVID-19, the *Moments that Matter* concept was used to understand our employees' greatest needs and concerns pertaining to the pandemic, and to inform solutions around important issues like caregiver support, mental health and bringing employees back to the office.

Recently we've used this concept to develop a framework to prioritize all employee experiences based on the moments that are the most meaningful to our people.

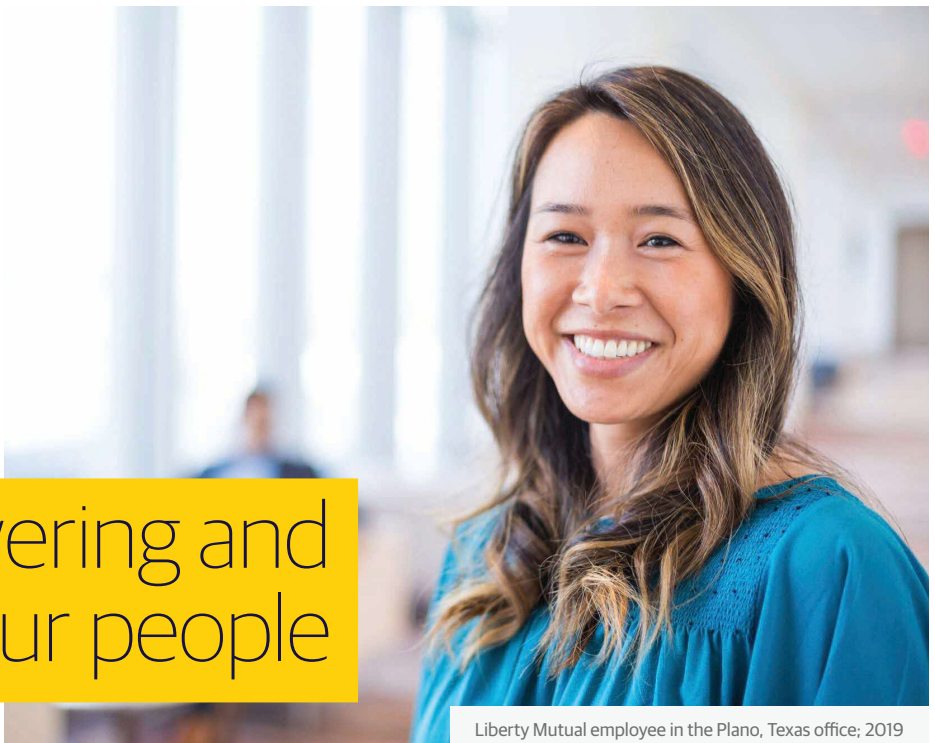
More than 1,200 global employees participated in over 200 workshops to inform this initiative, which will direct our revamped employee experience strategy.

Our monthly Employee Net Promoter Score (eNPS), Annual Employee Opinion Survey and regular pulse surveys of our global employees help us to stay informed about changing employee attitudes, as well as measure sentiment about their work and about the company. Through these surveys, we can analyze and communicate results to managers so they can better understand the sentiment of their teams. Additionally, the results contribute to our long-term strategic planning processes. Listening to our employees has been more important than ever, particularly during COVID-19. We launched opinion and pulse surveys to our employees across the globe to understand their concerns, how they are feeling and how they are adjusting to the working and personal environment created by the pandemic. We also gathered employee opinions to gauge sentiment on some 'new normal' decisions.

"Our data-driven approach to employee experience centers around listening to employees and using insights to inform our decision-making at every level."



Enrique Huerta
Global Employee Experience Officer



Empowering and engaging our people



92% of employees are extremely satisfied with Liberty Mutual as a place to work.



94% of employees received job-specific development training.

Liberty Mutual employee in the Plano, Texas office; 2019

 **90%**
of employees are satisfied with COVID-19 communications.

 **90%**
feel that Liberty Mutual supports their overall health and wellbeing, a top driver of employee engagement in 2020.

Living our Values

Mental health first aiders support employees during COVID-19

In the U.K., select employees completed training from Mental Health First Aid England to become Mental Health First Aiders. In this role, employees serve as a first point of contact for colleagues who are experiencing mental health issues or distress by offering a safe space for conversation or helping to find professional help or additional support, when needed.



Feeling secure

When the scale of COVID-19 became clear, our priority was the health and wellbeing of our employees, who expressed the need to feel secure in terms of physical, emotional and financial wellbeing. Guided by our Values to put people first and act responsibly, we took quick and decisive action to transition our global workforce to be fully remote. We also restricted business travel and implemented safety protocols like health screenings for employees who needed to enter our offices or continue to work in the field.

In March 2020, we launched a dedicated COVID-19 hub to provide employees with the most up-to-date information, policies and resources to support their physical wellbeing, mental health and financial wellness.

Some of our signature policy changes and resources included introducing a COVID-19 paid

time off policy for employees who were impacted by the pandemic. We accelerated the launch of our Employee Assistance Programs globally, including providing a 10-session mental health visit model for all employees, and launched a digital sleep-improvement program for employees globally.


We supported the move to a virtual work environment by providing managers with resources for engaging remote teams and rolling out an ergonomics program that allows employees to conduct their own assessments through providing additional technology capabilities and resources.

Recognizing the importance of building community and keeping spirits up, we also increased our communications cadence with more frequent touchpoints with leaders, ongoing pulse surveys and activities and initiatives to keep employees connected and engaged.

Shifting our global workforce to work from home

In response to COVID-19, we shifted approximately 44,000 employees globally to work from home and we ensured that staff providing critical business support from our global partners could also work remotely and interact with us in a secure manner. To coordinate this massive shift, Mark Cressey, Liberty Mutual's General Manager, Global Digital Services drew on previous experience handling smaller scale work-from-home situations and worked with his team to make sure back-end technology pieces – including VPN, network connectivity, internet gateways, firewalls and more – were in place while providing employees with laptops, monitors, keyboards and other necessary technology. The help desk and crisis management team also worked around the clock to handle any hiccups, from getting equipment through customs to helping employees get set up at home.


Staying connected and engaged



Fireside chat with Chief Talent & Enterprise Services Officer Melanie Foley and CEO David Long.


Humans of Liberty

Our Liberty & Values are foundational to helping our customers, partners and communities address today and tomorrow's challenges. With the goal of the stories we tell, we hope to inspire and empower those who are bringing our Liberty & Values to life during this unprecedented time.



Putting construction workers' mental health first

Mark Cressey



Helping a customer with a disability feel secure

Thais Silva de Alencar

Taking Care of Ourselves and Each Other





Photo Contest: Drink More Water

Making Things Better in our Communities



Through Humans of Liberty, employees share real stories of how they're living our Values.

Some Good Liberty News showcases feel-good stories of how employees are connecting and engaging across the globe.



Diversity, Equity & Inclusion

Living our Values
Adding Equity to our name
 In 2020, we changed our name to the Global Office of Diversity, Equity & Inclusion (DEI) to include Equity and represent the important role that it plays in our DEI strategy.

Liberty Mutual employee in the Boston, Massachusetts office; 2018

At Liberty Mutual, we're committed to creating an environment where all employees can bring their full selves to work and feel they belong.

Delivering on our commitment

Last year we advanced our multi-year plan to increase diversity, equity and inclusion for all employees. The plan provided accountability and transparency by setting and publicly reporting on long-term goals to increase representation of women and people of color at all levels of the business in the U.S.

To accomplish these goals, we're working to further increase diversity in all senses, as well as ensure all employees feel valued and have equitable opportunities for success. We are doing this by reviewing each stage of the talent lifecycle, from recruiting and hiring, to retaining and advancing our employees. One step we've taken includes expanding a leader recruitment effort

we began in 2019 to ensure we are considering candidates from diverse backgrounds for open leadership positions by requiring all hiring managers to include at least one woman and at least one person of color in the interview process for every senior leadership role.

Additionally, we are continuing our Men as Allies initiative, which recognizes the critical role our White male employees have in helping to strengthen inclusion and advance our DEI plan. This includes a discussion forum, council and resources to support them in building their collaboration skills across differences.

We will continue to analyze our progress and make necessary adjustments to our plans until our workforce reflects the customers and communities we serve. We know that people are multidimensional, which is why longer term, we will also explore how we can expand representation to account for other dimensions of diversity such as people with disabilities, veterans and people who identify as LGBTQ+.

Liberty Mutual employees



Living our Values

Recognizing inclusion in successful enterprise program

Newly accepted MBA students from various business schools across the country participated in a formal mentorship program. Students kicked off the program with a two-day summit.

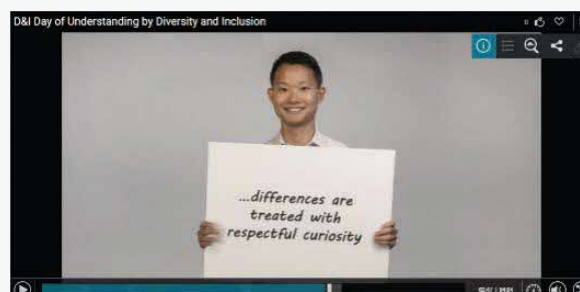
"Diversity is about all of us and equity is for all of us. We are working to ensure equity and inclusion for all employees across the company so we can fully leverage the wealth of our unique backgrounds, strengths and experiences."



Dawn Frazier-Bohnert
 Global Diversity, Equity & Inclusion Officer

As part of our commitment to advocate for inclusion, in 2020 we recommitted to the CEO Action for Diversity & Inclusion pledge by hosting our first-ever Global Day of Understanding where we held deeper conversations with employees about how we can further embrace differences and include others. We also became signatories of the [Ascend Together Pledge](#), advocating for a diverse and inclusive post-COVID future, [Hispanic Promise](#) and the [Catalyst CEO Champions for Change](#), committing to advance more women in leadership.

We know DEI is a continuous learning journey with opportunities beyond our U.S. operations, which is why we offered opportunities for employees around the world to expand their DEI capabilities. This included a virtual version of our DEI Global Fundamentals which helps provide a common understanding of DEI. Additionally, we launched Aperia GlobeSmart®, a tool to help employees apply a global mindset to their work and better understand cultural differences and similarities to improve their business interactions.



Employees celebrate our Day of Understanding by sharing what makes them feel included.



Jaya won the D&I Champion of the Year Award at Reactions London Market and was listed on [Yahoo Finance Empower 100 Ethnic Minority Role Model List](#).

Living our Values

Supporting women in business in Brazil

In 2020, we celebrated the five-year anniversary of Mulheres Seguras, a program led by Liberty Mutual in Brazil that provides women with trainings, webinars and videos on topics including business, financial management, insurance and negotiation. Since it began, more than 400+ women have participated in the program.



Jaya Handa
Privacy Director,
Liberty Specialty Markets

"Many of my accomplishments have only occurred because of inspirational women who broke down barriers before me to make such achievements possible. To successfully compete in the current and future global economy we need to harness different perspectives and build a representative leadership to change the perception of who can effectively lead and to continue paving the way for future generations to thrive."



Liberty Mutual employee in the Portsmouth, New Hampshire office; 2017



Living our Values

Advancing women in technology

Within Liberty Mutual, our Women in Technology employee-affinity group focuses on creating an inclusive environment for our global community of technologists. Internally, we host an annual Hackathon and a Women in Tech Summit to celebrate and empower a multi-dimensional technology workforce.

To improve the numbers of underrepresented communities in highly skilled roles in Boston, we've established and grown partnerships with organizations including:

- **Hack.Diversity:** A workforce development non-profit who partners with Boston's tech teams to identify, develop and equip high-performing talent — who predominantly identify as Black or Latinx — to launch careers as Software Engineers, IT Professionals and Data Analysts within the innovation economy.
- **Resilient Coders:** A Boston-based organization that provides code literacy to adults from traditionally underserved communities and aims to bring people of different backgrounds into the tech sector through placement within high-growth, software engineering jobs.
- **National Society of Black Engineers (NSBE) Boston Chapter:** NSBE supports and promotes the aspirations of collegiate and pre-collegiate students and technical professionals in engineering and technology, offering its members leadership training, professional development activities, mentoring, career placement services, community service opportunities and more.

Through scholarships, Youth STEM Outreach Programs, mentorships, internships and by sitting on advisory boards of these organizations, we continue our commitment to supporting equity-led workforce development.



Human Rights Campaign's Best Places to Work for LGBTQ Equality



Forbes' The Best Employers for Women



Military Friendly Employer 2020



Great Place to Work's 2020 Best Workplaces for Parents

Supporting racial equity

As a global organization, we play an important role in supporting our employees, customers and communities of color and in ensuring racial equity.

In 2020, we hosted open and honest dialogues across our organization. We launched Eight Weeks of Action to Disrupt Racial Bias, a new initiative aimed at providing employees with resources, virtual sessions and a discussion guide to help increase understanding across differences. We also held an open forum with employees across the U.S. to discuss race and ethnicity in the workplace, featuring our Global Diversity, Equity & Inclusion Officer, Dawn Frazier-Bohnert, and our CEO, David Long. Additionally, all managers and employees were invited to participate in a virtual session focused on how race and ethnicity affect us differently at work. This session was offered on a recurring basis and was hosted by an external consultant and DEI author. This year, we reached over 50% of our manager population and are working to have more managers complete it in 2021.

In the U.S., employees observed Juneteenth to reflect, connect and learn as we continue to confront painful racial injustices of the past and present.



A conversation on racial injustice and its impact on society and the workplace, LEADA@Liberty virtual event

Our employee resource groups

From coming together to hold meaningful conversations about COVID-related bias against the Pan-Asian community and racial inequities in the Black community, to seeking more inclusive restrooms at Liberty Mutual's Boston campus, our [employee resource groups](#) (ERGs) played an important role in driving DEI across Liberty Mutual in 2020.

Last year, we focused on continuing to expand our ERG footprint in other countries, launching WE@Liberty in India and Pride@Liberty in Northern Ireland.



Liberty Mutual employee in the Plano, Texas office; 2019

Liberty Mutual's employee resource groups



Amigos@Liberty + Allies

Dedicated to the Hispanic/Latino community, Amigos@Liberty aims to foster an inclusive environment that leverages our diverse backgrounds to enhance Liberty Mutual's employee development, encourage community engagement and serve as an internal resource for connecting Liberty with the Hispanic/Latino community.



LEAAP@Liberty + Allies

Leading & Empowering Asian and Ally Professionals raises employee awareness about Asian cultural strengths and positive impacts in business. Our aim is to support Liberty Mutual in attracting, advancing and retaining Asian employees, while supporting the Asian community through service.



LEADA@Liberty + Allies

Liberty Employees of African Descent and Allies fosters building, growing and learning together with ongoing support and professional development for employees of African descent and their allies.



Pride@Liberty + Allies

Pride@Liberty promotes an inclusive working environment where lesbian, gay, bisexual, and transgender employees and allies feel a sense of community and opportunity.



WE@Liberty + Allies

WE@Liberty attracts, empowers and elevates women through equitable opportunities, increasing individual and organizational success. We will help Liberty become a Global Employer of Choice that attracts, advances and retains successful women.



Valor@Liberty + Allies

Valor@Liberty seeks to engage and empower our military, veterans and ally community through building a strong internal network that fosters personal and professional growth and supports external initiatives and programs.




Able@Liberty + Allies

In 2020, we partnered with [Disability:IN](#), the leading nonprofit resource for business disability inclusion to learn and innovate new ways we can support employees and customers with disabilities globally. In 2021, we'll launch a new ERG, Able@Liberty, focused on supporting people with disabilities, their families, caregivers and allies.



Boston Women's Workforce Council (BWWC) named Liberty Mutual Insurance as one of its 2020 Innovative Initiatives Winners for our WE@Liberty Women and Allies ERG wellness programming to support employees balancing work-from-home and family responsibilities during COVID-19.

 9,106

Liberty Mutual employees are part of an employee resource group.



Our society

We exist to help people embrace today and confidently pursue tomorrow. This purpose serves as a guiding principle for our philanthropic efforts and the products that we create and is a core part of our Identity & Values.



Our society

Our impact in 2020

We donated over US\$64 million to non-profit partners working to support communities in crisis, address youth homelessness, advance access for people with disabilities and expand educational opportunities for underserved students, all while magnifying our employee giving efforts through our Liberty Torchbearers platform. Our financial support for nonprofits in 2020 marked a 40% increase compared to 2019 in response to the COVID-19 pandemic.


 To learn more about our giving efforts, [click here](#) to access our Giving Report.


US\$64+ million
 donated to non-profit partners working to support communities in crisis.

“Our role is to be the best partner we can. By lending our voice, our resources and our thought leadership, we strive to build momentum for the philanthropic causes to which Liberty Mutual is dedicated.”


Melissa MacDonnell
 President,
 Liberty Mutual Foundation



Living our Values

Providing food to those in need

During the pandemic, the Liberty Mutual Foundation provided a grant to the Commonwealth Kitchen to launch a new initiative, CommonTable, which leverages the organization’s network of member food businesses, neighborhood restaurants, farm partners and community-based organizations to produce delicious, culturally diverse, prepared meals to feed families in need. In 2020, through the CommonTable initiative, Commonwealth Kitchen has distributed more than 125,000 meals.

Our philanthropy is focused on programs dedicated to:



Homelessness



Accessibility



Education



Liberty Torchbearers

Supporting our communities during COVID-19

We mobilized quickly to support our communities in the face of COVID-19, including giving more than US\$15 million in grants to our nonprofit partners, matching more than US\$700,000 in employee donations and underwriting the Nonprofit Finance Fund: Cares Act Support.

We gave US\$10 million to help Boston-based organizations treat people experiencing COVID-19 and to prevent the virus from spreading. We fed more than 3,000 young people experiencing homelessness during this time and supported those in isolation.



- 

US\$700k
Employee matching program
- 

3,000 meals
for youth experiencing homelessness
- 

1,277 calls
to isolated neighbors through Torchbearers Calling

US\$15 million company cash giving for COVID-19

	US\$1 million Boston Resiliency Fund
	US\$3.4 million 346 Emergency Grants
	<p>US\$10.6 million Major Grants</p> <p>Round 1: Shelter, healthcare and food</p> <p>Round 2: Community health centers</p> <p>Round 3: Food, elder housing, immigrant needs</p> <p>Round 4: Eviction protection and food access</p>

"I am so deeply grateful for the incredible support from Liberty Mutual – it is a true game-changer in these difficult times. It will allow us to be on the frontlines during this crisis and meet our tangible needs, and at the same time provides a tremendous morale boost to our health care teams who are working so bravely and tirelessly to care for people affected by this virus."

Barry Bock
CEO, Boston Health Care for the Homeless Program

Living our Values

A snapshot of our global COVID-19 response

From raising money to manufacture artificial respirators in Colombia to providing hunger relief in Singapore, our commitment to our communities during COVID-19 spanned the globe.



Australia
Donated meals and PPE to local communities



Brazil
Donated 500,000 masks created by female artisans and provided free insurance for Volvo's cars used for Red Cross services, through Liberty Seguros



Chile
Donated to non-profits helping disabled youth



China
Provided 40,000 masks and PPE to customers and partners



Colombia
Supported non-profit partners specializing in respiratory care and helped raise money to manufacture artificial respirators



Ecuador
Provided food kits to rural families living in poverty



Hong Kong
Sponsored meals for people in need



India
Raised money for the National Association for the Blind to provide access to services for employees and their families impacted by the pandemic



Malaysia
Raised money to support the Ministry of Health's COVID-19 efforts and local NGOs



Portugal
Donated to COVID-19 relief and hunger relief efforts



Singapore
Provided food and other necessities for children and families



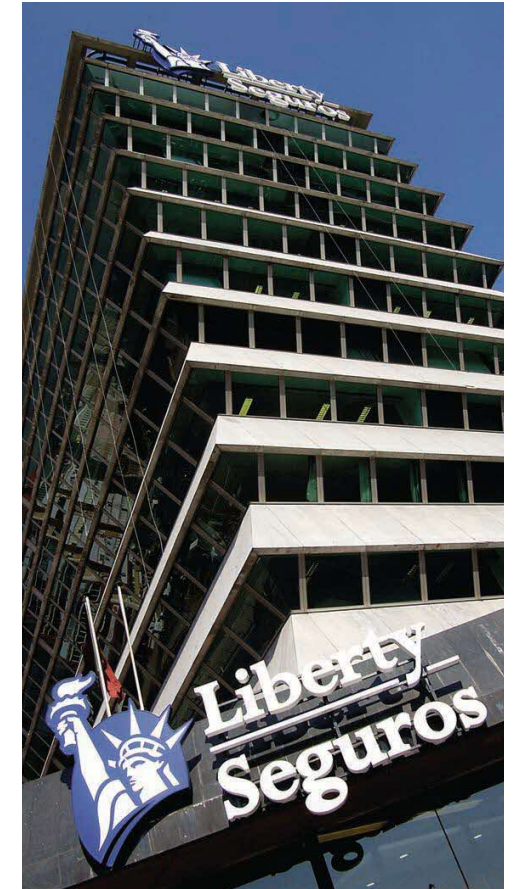
Spain
Donated to Doctors Without Borders, Red Cross and supported COVID-19 relief efforts



Thailand
Provided PPE and medical equipment



Vietnam
Donated meals and funds for children



Liberty Seguros office in Lisbon, Portugal

Our philanthropy

Accessibility

One billion people, or 15% of the world's population, experience some form of disability and studies show people with disabilities are more likely to experience adverse socioeconomic outcomes such as less education, poorer health outcomes, lower levels of employment and higher poverty rates.

In the U.S., we partner with educational, cultural and recreational programs that ensure inclusive, accessible environments for people with disabilities. This includes our support for Boyer Children's Clinic and Developmental Evaluation and Adjustment Facilities.

Homelessness

We support organizations that deliver immediate, life-saving aid and basic services to men, women, and children across the United States.

We work with programs that assist individuals suffering from early childhood homelessness to chronic adult homelessness and everything in between. We lean heavily into youth and young adult homelessness as we see it as a group of individuals who fly under the radar. In January, we announced the first round of recipients of our US\$5 million philanthropic effort to support organizations in greater Boston working to reduce and end youth homelessness. In March and April, we also redeployed our catering teams during COVID-19 in our Boston, Dover and New Hampshire offices to prepare 100 lunches per day for homeless individuals.

We also continued to address homelessness through our work with Boston Healthcare for the Homeless, St. Francis House and YouthCare.

Education

Educational inequalities remain a crucial issue in the U.S., and school closures resulting from COVID-19 have caused significant setbacks, especially for Black, Hispanic and high-poverty students. In 2020, we supported non-profit organizations working to close the education gap as they took on new ways to learn.

This included supporting organizations like [Nurtury](#) which gives Greater Boston's youngest children in need, from birth to age five, the opportunity to reach their full potential by investing in school readiness, promoting healthy development and strengthening families.

Liberty Torchbearers

In 2020, employees gave their time and money to support community initiatives around the world and we supported our employees' giving by matching more than US\$12 million in donations.

Many employees participated in our expanded matching campaigns to support disaster relief efforts during the Australian wildfires. They also advanced equity and justice, championed COVID-19 relief efforts, supported youth in foster care and more.

Our commitment to advancing racial equity

81% of all our giving is focused on communities of color and 100% of our giving serves low-income individuals. In response to ongoing racial injustices across the U.S. and in recognition of systemic inequalities within the Black community, we furthered our efforts to advance racial justice and equity in 2020. This included providing a US\$1 million grant to the Equal Justice Initiative for research to advance it's work and an additional US\$1 million grant to the Museum of African American History. We also doubled employee donations to nonprofits committed to helping create a just society and advance human rights for all people of color.

 **US\$1+ million**
 raised through employee giving and company match to advance racial justice and equity in 2020.

"Our work with youth who are experiencing homelessness requires support and resources from people who care. Time and time again, Liberty Mutual has shown they are willing to stand with the organizations on the front line of this issue. This investment in our organization demonstrates a commitment to a better way and a brighter future for so many young people."


Shaheer Mustafa
 President & CEO, HopeWell



Living our Values


Delivering sweet cases and teen duffle bags

Each day, 1,200 kids enter foster care in the U.S. with only trash bags to contain their belongings. Working with [Together We Rise](#), 4,000 Liberty Mutual employees decorated 11,000 duffle bags that were filled with teddy bears, hygiene kits, blankets, coloring books, crayons and more for children in the foster care system.



Creating resources for a brighter future

As a part of Liberty Torchbearers, our Legal Department partnered with a law firm, Baker McKenzie, and Boston Scientific to develop the [Massachusetts Homeless Youth Handbook](#). The online tool helps inform homeless youth and their advocates of their rights and how to access assistance.



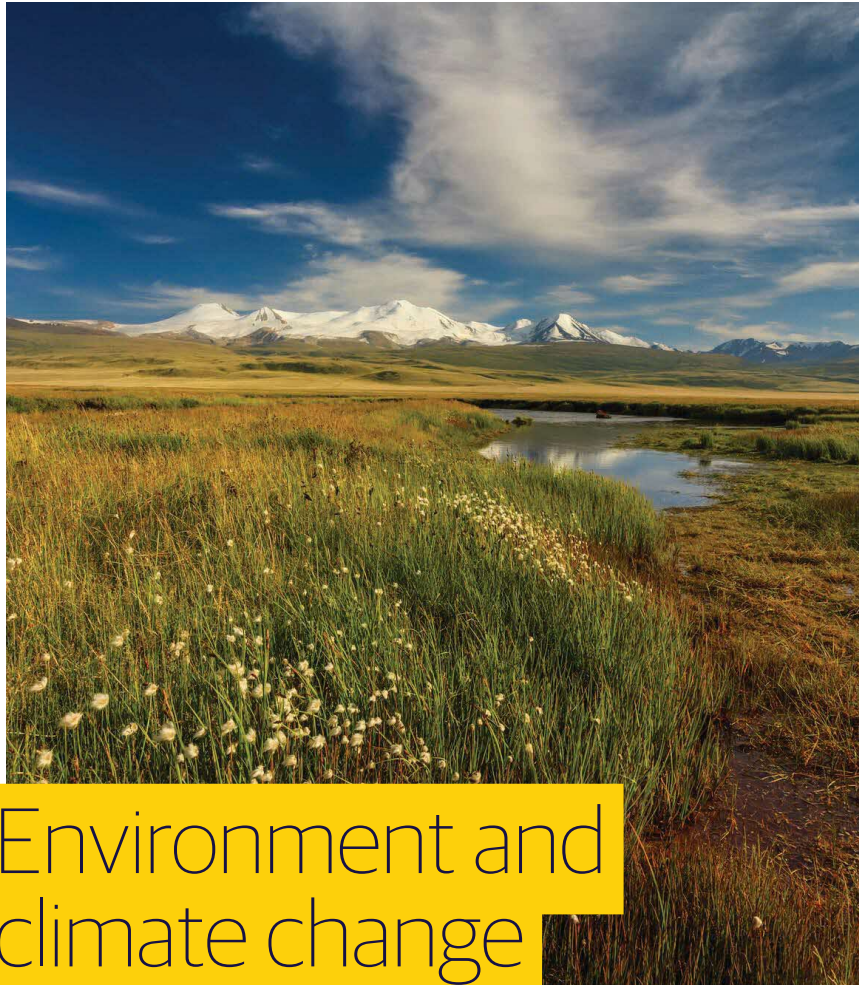
Torchbearers Calling

To address the hardships experienced by many in isolation during the pandemic, our philanthropy team launched "Torchbearers Calling" – an initiative aimed at encouraging employees to reach out once a week to family, friends or people in the community who are living alone. More than 300 employees participated in the program, logging over 1,300 calls and over 1,600 hours of time since April.



Environment and climate change

The insurance sector sees the impact of climate change firsthand as extreme weather events affect policyholders in many parts of the world.



We are committed to serving as a force for progress in combating climate change and acknowledge that climate adaptation is critical to the success of our business and our policyholders.

Through our stakeholder materiality assessment conducted this past year, our stakeholders made clear that they too care about climate change and expect Liberty Mutual to take a firm role to accelerate the transition to the low-carbon economy.

Liberty Mutual is advancing climate resiliency and supporting a global energy transition, while putting people first — our customers and policyholders, our employees, our investors and our communities. We recognize that energy transition is a journey and have made this transition a business priority and are making steady progress. We are thoughtfully transitioning our business while protecting and supporting the interests of our policyholders and capital providers. Liberty Mutual will continue to engage and work with partners and stakeholders to find effective ways to address climate risks and opportunities across our global businesses and operations against the dynamic energy transition landscape.

Our commitment to a responsible transition

The economy and energy sector are at the beginning of a massive transition to alternative energy sources. However, rapidly walking away from all fossil fuel projects and investments could cause more harm for our communities and the world. Therefore, on our journey to a low-carbon

economy, we are pursuing a careful transition strategy — one that is informed by technological and regulatory changes, market forces and reliable climate data.

Addressing climate change: our approach

Our enterprise-level climate strategy is comprised of four strategic elements:

1. Understanding the impacts that climate change is having on our customers, employees and society.
2. Adapting our business and operations to meet the challenges posed by climate change.
3. Developing innovative solutions to help our customers meet the challenges posed by climate change and supporting customers on their own transition journey.
4. Seizing investment opportunities in the low-carbon economy.

This past year, we established five Climate Aspirations to guide Liberty Mutual’s enterprise-wide low-carbon program and energy transition strategy, and to give the businesses a concrete roadmap to adapt and implement within their operations. Embedded within the Climate Aspirations is a values-driven philosophy regarding climate issues. To us, being values-driven means proactively adopting climate strategies that emanate from Liberty Mutual’s purpose — to help people embrace today and confidently pursue tomorrow — and proactively supporting the transition to a low-carbon economy.

Liberty Mutual Climate Aspirations

Aspiration 1:
We are committed to transitioning to a low-carbon economy and are undertaking activities that will help inform our climate strategies.

Aspiration 2:
We are building capabilities to help us monitor and measure the progress of our transition journey.

Aspiration 3:
We support the development of responsible investment and underwriting guidelines that will enable our climate journey while supporting businesses in traditionally high-impact sectors that are committed to transitioning to a low-carbon economy.


Aspiration 4:
We aim to support innovation that can significantly impact the pace and design of the transition to a low-carbon economy.

Aspiration 5:
We favor a '3-Rs' strategy for our operations' low-carbon transition roadmaps with preference being given to i) reducing our emissions through improved efficiency, followed by ii) investing in renewable/ alternative technologies and businesses and finally, iii) buying RECs (renewable energy credits) and offsets.

Underwriting climate strategy

Our underwriting strategy focuses on the following considerations to maintain a sustainable underwriting portfolio:

- **Creating strong partnerships:** Working with policyholders to help facilitate their transition journey through advisory services and education and incentive programs (e.g., discounts for loss mitigation features, such as storm shutters in hurricane exposed geographic areas, that act to directly reduce both the likelihood and magnitude of property damage from severe weather events).
- **Building solutions:** Identifying new risks that will need to be covered, new innovative product offerings (e.g., more expansive parametric offerings) that will be built out over time and new types of projects that will need to be insured (e.g., alternative energy sources).
- **Considering ESG in processes:** Embedding climate considerations into our underwriting decisions and measuring these risks.



Sunnova Energy

In 2020, we expanded on Liberty Mutual's commitment to sustainable energy by investing in Sunnova Energy. This is part of our long-term strategy of decarbonization and investment in alternative energy sources. Sunnova Energy is one of the leading and fastest-growing residential solar and energy storage service providers in the U.S. Our investment supported their continued growth and deployment of residential solar systems and battery storage units.

Investment climate strategy

We pursue a three-part investing strategy to facilitate the transition to a low-carbon economy:

- **Reduction:** Gradually reducing exposure to traditional energy and fossil fuels.
- **Transition:** Expanding focus on alternative energy resources, new technologies, and companies dedicated to advancing a responsible energy transition through Liberty Mutual Investments' (LMI) newly developed Energy Transition Investment Strategy. Our recently formed Energy Transition & Infrastructure investment team utilizes its depth of sector expertise to invest in companies that show proven progress inline with our investment objectives. For example, in 2020, we expanded on Liberty Mutual's commitment to sustainable energy by investing in [Sunnova Energy](#).
- **Integration:** Integrating material environmental factors, alongside social and governance factors, as part of our overall investment process and informed by LMI's ESG Framework.

Task Force on Climate-Related Financial Disclosures

We are also working to advance our implementation of the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations. This year, we issued our first [TCFD report](#). Our TCFD report contains much greater detail about our climate approach, inclusive of our climate governance structure, strategy, risk management and metrics and targets.



Addressing climate change in investing is one element of our work to integrate ESG considerations in our investment strategy. Read more about our commitment to [Promoting responsible investments](#).



Best-in-class buildings

We are a primarily office-based business, and our real estate footprint is a priority for our low-carbon transition. In the U.S., six of our offices are certified to Leadership in Energy and Environmental Design (LEED) standards. Our London office has also achieved BREEAM status.

While Liberty Mutual builds new and retrofits existing buildings to LEED standards, we are also working to reduce the impact that this construction has on the environment. We require all construction contractors to follow indoor air quality guidelines and practices, including using recycled/recyclable carpet, low VOC (volatile organic compounds) adhesives, sealants and paints.



Liberty Mutual office in Boston, Massachusetts

Enterprise operations strategy

While working toward a low-carbon economy through our underwriting and investments, we are also reducing our own operational impacts.

The COVID-19 pandemic changed the way we operated in 2020, leading to a significant reduction in our footprint from 2019 levels. While Liberty Mutual employees worked remotely for most of the year, we took this opportunity to accelerate eco-friendly changes across offices, to ensure a more sustainable workplace when offices reopen across the globe. For example, we converted our Boston headquarters to full LED lighting three years ahead of a planned capital project, leading to an anticipated carbon footprint reduction of 841 metric tons annually and anticipated annual run rate savings of US\$190,000 (1,189,404 kWh) due to reduced electricity consumption.

Amid COVID-19, we pressed forward with other initiatives to improve our operational footprint. We particularly focused on establishing an enterprise-wide strategy for lowering emissions across all offices and operations, solidifying relationships and partnerships across markets to help Liberty Mutual reduce our carbon footprint for the long-term.





Other 2020 initiatives included the following:


- **Printing conservation:** Through Liberty Mutual's PrintSmart initiative, employees conserved 23 million gallons of water, saved 27,111 trees, reduced CO2 emissions by 3,214 tons and reduced greenhouse gas emissions by 1,130 tons. Our program captures printing activity regardless of in-office or remote work.
- **Paper recycling:** We continued to work closely with a record storage vendor to shred and recycle files eligible for destruction for offices that remained open. Liberty Mutual recycled 1,207 short tons of paper, offsetting approximately 1.8 million pounds of CO2 emissions.
- **Furniture reuse:** We diverted over 4.77 tons of furniture from waste disposal and donated US\$56,685 in furniture to local nonprofit organizations and schools.

Our employees are an active part of our low-carbon journey, sharing best practices and participating in eco-conscious programs through our internal employee sustainability group, Sustainable Environment Alliance (SEA). As most employees shifted to work-from-home, the sustainability group shared tips on Liberty Mutual's internal portal on how to make homes and personal spaces more eco-friendly.

Greening the way we get around

100% of Liberty Mutual's U.S. automotive fleet (field drivers) consists of either PZEV (partial zero emission vehicle), LEV (Low Emissions), ULEV (ultra-low emissions), SULEV (super ultra-low emissions) or flex-fuel vehicles. Due to COVID-19, there was also a significant decrease in mileage and gallons consumed. Our impact in 2020:

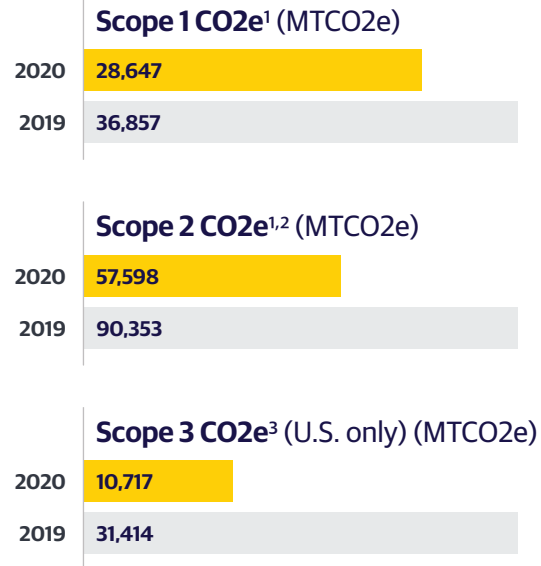
 32% Reduction in miles driven	 34% Decrease in gallons consumed
 0.4% Increase of MPG	 42% Reduction in CO2 emissions

 **US\$1.9 million**
In fuel cost savings

We will continue to improve our fleet and operations to drive further reductions over 2019 levels.

Operational emissions

As a result of work-from-home and a halt to most business travel, our emissions footprint fell significantly in 2020. As Liberty Mutual prepares to reopen offices, we have identified more sustainable resources that will help decrease our emissions from 2019 levels.



We are in the process of establishing emissions reduction targets for our operations. Given that 2020 emissions were an outlier because of COVID-19 disruptions, we have restated 2019 inventories to include global operations and this will serve as the current baseline for future reduction targets.



¹ Previous reporting for CO2e emissions included U.S. operations only. 2020 figures now include our global operations, and we have recalculated 2019 to reflect this as well.
² Scope 2 emissions are calculated using location-based methods.
³ Scope 3 includes commercial air and ground travel, including employee mileage reimbursement.



Corporate governance and practices

As a leader in financial services, strong corporate governance is material to our business and has always been a top priority. It starts with our Values and our people.

Liberty Mutual's governance framework, management practices and compliance policies provide accountability and transparency across all levels of our business.

Using our Values as a north star, our Board of Directors, management and employees share a commitment to operating a strong, ethical and responsible business. This is essential to upholding the trust and confidence of our policyholders and stakeholders, and to promoting Liberty Mutual's long-term success.

The magnitude of global challenges including climate change, health crises, racial injustice and other social risks became even more tangible in 2020. Our Board and management devoted significant attention to ensuring we manage these risks appropriately, deploy capital responsibly, develop a culture that reflects the diversity of our stakeholders and position Liberty Mutual for long-term success in this evolving and demanding environment. We focused a lot of attention on maintaining business continuity during the COVID-19 pandemic and created standard guidelines for employees and vendors to ensure the operational transition to working from home was done securely with the highest regard for the health and safety of our employees.

Board oversight role

Liberty Mutual believes in responsibly advancing the interests of policyholders, employees and the communities where we operate. Our [Board of Directors](#) is Liberty Mutual's ultimate governing

body with responsibility for overseeing the Executive Leadership Team, providing guidance on key issues facing our business and safeguarding the interests of our policyholders.

The Board has responsibility for overseeing management's implementation of strategy. It also monitors the allocation and deployment of capital, the management of risk and the implementation of company policies. Members of senior management, including Liberty Mutual's CEO and other executives, present to the Board throughout the year and the Board receives regular updates on:

- Company strategy and annual business plans
- Corporate culture
- Disruption and innovation
- Technology and cybersecurity
- Environment, social and governance strategy and progress
- Geopolitical issues
- Policy and regulatory matters
- Ethics and compliance
- Risk management
- Human capital management and workforce issues including diversity, equity and inclusion
- Other matters of importance to our long-term success as a company.

At Liberty Mutual, strong corporate governance and oversight of ESG issues and policies are Board responsibilities, and they cut across the work of the Risk Committee, the Community Investment Committee and other Board committees.

Corporate governance and practices



Liberty Mutual employee in Solaria Labs, Boston, Massachusetts; 2018

"One of the great strengths of Liberty Mutual is that it understands diversity and walks its talk. That, to me, is one of the most exciting parts of this company. David Long and the Board of Directors and the senior leadership team really understand that the diversity of talent and the diversity of perspective makes a difference in producing better decisions."



Annette Verschuren

Chair & CEO, NRstor, Inc.,
Liberty Mutual Board Member since 2007

● Member of the Committee
● Chair of the Committee

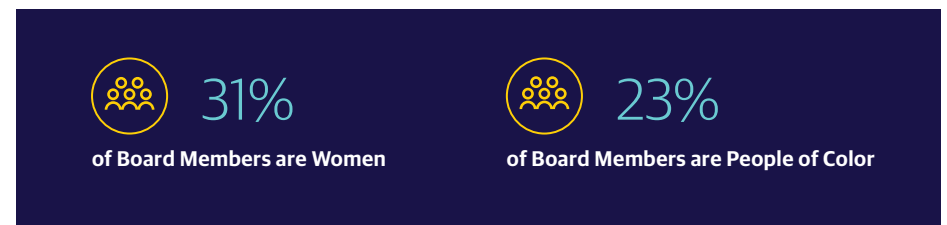
Member/Committee	David H. Long	Frank Doyle	Jay Hooley	Jack Manning	Tom May	Myrtle Potter	Nancy Quan	Ellen Rudnick	Angel Ruiz	Martin Slark	Eric Spiegel	Annette Verschuren, OC	Bill Van Faasen
	Chairman, President & CEO Liberty Mutual Holding Company Inc.	Chairman & CEO Connell Limited Partnership	Retired Chairman & CEO State Street Corporation	Chairman, President & CEO Boston Capital Corporation	Retired Chairman, President & CEO Eversource Energy	CEO Sumitovant Biopharma, Inc.	Chief Technical and Innovation Officer The Coca-Cola Company	Senior Advisor Polsky Center for Entrepreneurship & Innovation, University of Chicago	Chairman MediaKind	Retired CEO Molex, LLC	Retired President & CEO Siemens Corporation	Chair & CEO NRstor, Inc.	Lead Director Chairman Emeritus Blue Cross & Blue Shield of Massachusetts, Inc.
	Board Member since 2010	Board Member since 2003	Board Member since 2019	Board Member since 2007	Board Member since 1998	Board Member since 2013	Board Member since 2017	Board Member since 2001	Board Member since 2014	Board Member since 2008	Board Member since 2013	Board Member since 2007	Board Member since 2001
Audit		●			●		●				●		●
Community Investment	●			●				●					●
Compensation			●	●	●	●							●
Executive	●			●		●				●	●		●
Investment	●	●		●	●					●	●	●	
Nominating & Governance	●	●	●			●		●	●				●
Risk	●		●			●		●	●	●		●	

Board experience and diversity

Liberty Mutual's Board is composed of experienced and committed independent directors, and its committees have strong, experienced chairs and members. Collectively, our Board members bring diverse backgrounds, qualifications and skill sets that provide the business with a wide range of perspectives that guard against risk and promote sustainable operations.

Liberty Mutual views diversity as a priority and the Nominating and Governance Committee considers each member's ability to contribute to the diversity of backgrounds represented on the Board. We believe diversity at a Board level is a demonstrated critical factor for ensuring better decision-making, risk management, organizational performance, the ability to attract the best talent and better serving customers. We continually assess the composition

of our Board to ensure its members have the diverse experience and capacity to guide the overall strategy of our business. Board members must be able to recognize and anticipate potential social, environmental and economic issues and their impact on our business and stakeholders.



Executive compensation

Liberty Mutual's compensation philosophy and strategy is founded upon the recognition that (i) Liberty Mutual's success is largely determined by the strength and quality of its people and (ii) talented people are attracted to companies that provide competitive pay and reward exceptional performance.

Building upon this core compensation philosophy, our executive compensation program is designed to attract and retain effective and motivated leadership. The following core principles underlie the compensation and benefits program for executives:

- A significant portion of an executive's total direct compensation should be performance-based;
- Executives should have a meaningful and continuing stake in Liberty Mutual Group's enterprise value; and
- A total rewards package for executives should be competitive with similarly situated companies in the marketplace.

Clawback Policy

Liberty Mutual adopted and implemented a comprehensive Clawback Policy to encourage sound risk management and individual accountability. The Clawback Policy covers all executives of Liberty Mutual and applies to covered compensation, which generally includes incentive compensation or employer contributions under a nonqualified deferred compensation plan.

Risk management

Liberty Mutual is in the business of managing risk and risk management is a priority for all our business units and employees. Simply put, nothing is more important than ensuring that we have a strong, holistic approach to risk management. Liberty Mutual's Enterprise Risk Management (ERM) function has consistently been characterized as "strong" by Standard & Poor's, placing us among the top tier of North American-based insurers.

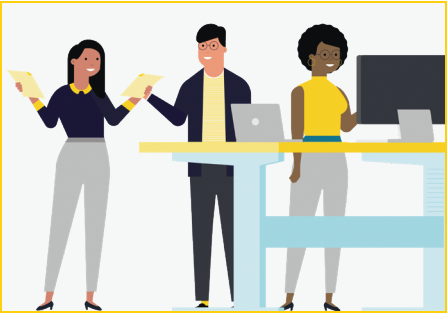
Liberty Mutual has a formalized risk governance structure that starts with the Board's Risk Committee and flows through to the underlying risk management functions, business units and employees. Each employee is expected to identify, escalate and debate risk, and above all, to act responsibly.

Enterprise risk governance starts at the Board level with a focus on ensuring risks are well understood and that Liberty Mutual maintains a strong ERM function, systems and controls for anticipating and mitigating risk. Our ERM team regularly reviews and updates our risk framework, which is approved by our Executive Leadership Team and Board.

Liberty Mutual routinely identifies the risks that might affect its business, which are outlined comprehensively in our [statement of risk factors](#). Among the risks we focus particular attention on are natural catastrophes, the impact of changing climate conditions, COVID-19 pandemic-related risks, financial market and economic downturns, risks to our insurance reserves and investment portfolio, litigation and legal proceedings, regulatory and legislative shifts, terrorism and geopolitical risks, data privacy and protection risks and various other factors that could impact our business.




Liberty Mutual employee in the Plano, Texas office; 2019




Living our Values

As part of our commitment to Acting Responsibly, in 2020 we retained an external party to benchmark our ethical culture. Results indicated that key components of our culture of integrity, including openness of communication, direct manager leadership and organizational justice remain strong.

Liberty Mutual's conduct is guided by policies on:

-  Anti-corruption
-  Anti-money laundering
-  Antitrust
-  Privacy
-  Conflict of interest

 We act responsibly and do the right thing. [The Code of Business Ethics & Conduct](#) guides our behavior and puts our Values into practice. To ensure employees are protected when they report concerns, Liberty does not allow retaliation.

Ethics, compliance and integrity

Grounded in our Value of Acting Responsibly, Liberty Mutual believes in doing business with integrity. Our [Code of Conduct](#) guides our employees' ethical behavior, ensuring we do what's right.

We champion an ethical culture through frequent discussions about acting responsibly, awareness initiatives, and a focus on ethical leadership throughout each layer of the organization.

In 2020, Chief Compliance Officer Karen Morton and heads of business units led a global initiative emphasizing our commitment to acting responsibly. In addition to strong "tone at the top," we focus on creating a responsible "mood in the middle" by utilizing our managers as valuable compliance resources to cultivate an environment where employees feel comfortable speaking up.

We encourage employees to raise questions and concerns to our Compliance Helpline, available 24/7. Although an anonymous option is available,

most employees choose to identify themselves, suggesting they feel safe and secure in raising questions or concerns.

All employees, new and tenured, receive mandatory training about compliance and ethics. New employees are required to complete at least three compliance training courses and tenured employees complete mandatory annual training on a variety of topics grounded in the Code of Conduct, including anti-corruption. Educational materials and policies are available in up to 13 languages to ensure accessibility across the organization.

As we shifted to working remotely in 2020 given the COVID-19 pandemic, we provided employees with resources and guidance on acting responsibly in evolving work environments, including the importance of protecting information wherever we work.

As our work environment continues to evolve, we remain committed to acting responsibly – everywhere, every day.



"Acting responsibly is the foundation for how we do business. Our employees can feel secure knowing that when they raise a concern, they will not be retaliated against. I am proud that our 2020 Compliance Survey indicated that we have a strong ethical culture and that our scores exceed external benchmarks in all categories."



Karen Morton
Chief Compliance Officer



Cybersecurity and data privacy

Liberty Mutual's cybersecurity professionals across our global operations are centralized under the leadership of our Chief Information Security Officer. In response to the COVID-19 pandemic, a key focus in 2020 was to ensure our practices and technology solutions supported the secure connection of employees, contractors and partners to business processes while working from home.

In 2020, we also focused on educating employees through our "Responsible Defenders" program to help them better understand and apply our security controls and identify suspicious cyber activity. We train employees and contractors in adopting cybersecurity best practices in their daily work and to recognize suspicious activities, with an emphasis on identifying phishing activities. We have witnessed a significant level of participation in custom-developed cyber curriculums for key employee groups like our developers.

In 2020, we conducted an evaluation of our security program maturity with an independent assessor, with the goal to obtain a baseline measure encompassing global scope and gain insights from a peer comparison. The results indicated considerable growth in our program maturity across all functions of the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework, as well as a favorable comparison to benchmarked financial services and insurance companies. The results continue to influence the priorities around further growth in our program maturity.

The Global Cybersecurity team also supported development of diverse tech talent and spent time fostering the next generation of security professionals, through mentoring, internships and

support for initiatives such as Hack.Diversity, a group that promotes tech talent within Boston's Black and Latinx communities.

Our promise to our customers doesn't stop with keeping their data secure. We also seek to protect their privacy because it's fundamental to maintaining the trust of our customers, business partners and employees. In 2019, Liberty Mutual appointed its first Chief Privacy Officer leading the global privacy office. Guided by our [Privacy Principles](#), we have established strong governance, policies and procedures to control how we collect, use, retain and protect personal data. Through mandatory privacy training for all employees and expanded outreach through global privacy awareness initiatives, we've created a culture where all employees are privacy champions.

Responsible procurement and supplier diversity

We have relationships with more than 82,400 suppliers and partners, who provide products and services to support our operations. We are committed to fostering procurement relationships that extend the positive impact of our business and manage potential risks.

In 2020, we formalized our [Supplier Code of Conduct](#). We also introduced a framework for tracking compliance and practices of the key suppliers as well as capturing environmental and social outcomes achieved through our work with suppliers. In 2020, we engaged 123 of our largest suppliers where Liberty Mutual procures more than US\$1 million worth of products and services annually. The Supplier Code covers topics including business integrity and compliance, human rights, diversity and inclusion, environmental practices, health and safety, data management and privacy and conflicts of interest.

"Through my internship in Liberty Mutual's cybersecurity organization, not only was I working on meaningful work automating compliance processes, I was inspired by the possibility for growth. I felt represented through working with other women and people of different backgrounds and making connections with leaders that made me see that I can make it to the top too."

Gisel Ureña

2020 intern through TechStart Program under the Global Cybersecurity Customer & Partnership Relationships Team

Additionally, in 2020 Liberty Mutual created a new Office of Supplier Diversity, with a mandate to triple our annual U.S. spending with suppliers that are registered as being owned by women, people of color, people with disabilities, LGBTQ+ and other underrepresented communities between 2021 and 2023. The office ultimately reports to the Chief Talent & Enterprise Services Officer and has Board oversight. To help achieve our goal, Liberty Mutual engaged with or became a member of:

- WBENC (Women's Business Enterprise National Council)
- NMSDC (National Minority Supplier Development Council)
- NCLCC (National LGBT Chamber of Commerce) Supplier Diversity Initiative
- [Disability:IN](#)

In 2021, we will expand our focus to include supplier training and widening procurement opportunities for small and local businesses.

Data and references

This section contains our Materiality Assessment process, ESG data and disclosures and Global Reporting Initiative Standards Index.

Materiality Assessment process






















The purpose of materiality assessments has evolved significantly since they were popularized by the Global Reporting Initiative more than a decade ago. Previously, the purpose of conducting a materiality assessment was to understand which ESG topics were material to a company's business or industry. In the past five years, there has been a growing understanding of which ESG topics are material to a business and its stakeholders. Standards setters and ESG scoring agencies are now converging on materiality topics by industry and are encouraging companies to build programs around those topics through disclosure and reporting requirements. Given this evolution, we determined that we needed to adapt our materiality assessment process, as described below.

Material Topic identification


As we began our materiality assessment exercise, we first set out to internally identify the material topics that are considered important to the P&C insurance industry. We reviewed:

- Multiple ESG reporting frameworks and guidelines such as the United Nations' Sustainable Development Goals, Global Reporting Initiative, Sustainability Accounting Standards Board, the Task Force on Climate-related Financial Disclosures and CDP;
- Regulatory requirements/expectations;
- ESG rating and ranking methodologies; and
- Insights from benchmarking the materiality assessments of financial industry peers.

Through internal consideration and review of these inputs, we defined a list of 14 material ESG topics.

	Liberty Mutual Material Topics		U.N. Sustainable Development Goals Alignment	Corresponding GRI Standards Material Topic
Social	Diversity, Equity & Inclusion	Develops and maintains a diverse, equitable and inclusive workforce where differences are valued in Liberty Mutual's decision-making	   5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Diversity and Equal Opportunity
	Human Capital Management	Attracts top talent and creates an atmosphere that both encourages and helps employees develop for long-term success and retention	   5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Employment
	Employee Experience	Creates an exceptional employee experience that motivates and inspires employees to do their best work	   5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Employment; Training and Education
	Health & Wellness	Offers resources and programs to support employees' overall health and wellbeing	    3 Good Health and Well-Being 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Occupational Health and Safety
Environment	Climate Change	Identifies and mitigates the risks that climate change presents to its business and pursues opportunities for improvements	    7 Affordable and Clean Energy 11 Sustainable Cities and Communities 12 Sustainable Consumption and Production 13 Climate Action	Energy; Emissions
	Environmental Management	Reduces the impact it has on the environment through its operations and activities (e.g., reducing energy consumption and recycling at its facilities or providing paperless option for customers)	    7 Affordable and Clean Energy 11 Sustainable Cities and Communities 12 Sustainable Consumption and Production 13 Climate Action	Energy; Emissions

Materiality Assessment process continued

	Liberty Mutual Material Topics	U.N. Sustainable Development Goals Alignment	Corresponding GRI Standards Material Topic
Governance	Corporate Purpose & Culture	Lives up to a clearly defined company mission that is guided by a values-based corporate culture 	8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice and Strong Institutions General Disclosures
	Global Compliance & Ethics	Ensures adherence to laws, rules and regulations in all jurisdictions where it conducts business 	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice and Strong Institutions Anti-Corruption
	Responsible Insurance & Investment	Aligns insurance & investment processes with globally responsible principles and practices (e.g., comparing and incorporating industry-developed best practices) 	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice and Strong Institutions This topic does not map directly to a GRI Standards Topic. Elements of the GRI Standard on Economic Performance are incorporated and additional information is available throughout the report to discuss this material topic.
	Reporting & Disclosure	Provides information about its business practices in its disclosure to its stakeholders (e.g., how it considers the environmental & social impacts of its business practices) 	16 Peace, Justice and Strong Institutions 17 Partnership for the Goals General Disclosures
	Risk & Crisis Management	Ensures operations and enterprise value are protected from and prepared for risks and potential disruptions 	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice and Strong Institutions General Disclosures
	Cybersecurity	Protects its IT infrastructure along with the privacy and security of employee and customer data 	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 17 Partnership for the Goals Customer Privacy
	Customer Satisfaction	Delivers high-level customer value, satisfaction and achieves high-level customer engagement 	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities Marketing and Labeling
	Innovation	Fosters innovation to continuously improve product development and customer experience 	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities This topic does not map directly to a GRI Standards Topic. Information on this topic is discussed throughout the report.

Stakeholder insights

To understand how each stakeholder group prioritized the 14 topics we had identified, we implemented the following process.

Step 1: Adopt a conjoint survey methodology to get differentiated results.

Unlike most materiality stakeholder surveys that use either a forced ranking or numerical scale, we opted for a conjoint survey methodology. We felt that this methodology, which asks respondents to make choices between competing priorities, would allow for survey respondents to make finer distinctions between the 14 material topics. The survey design team's hypothesis was that this methodology would yield more useful information, showing a richer, more sophisticated view of how stakeholders think about each topic.

Step 2: Conduct multi-stakeholder materiality survey providing descriptors to establish an understanding of ESG topics.

In the fourth quarter of 2020, we conducted the survey with multiple stakeholder groups, inclusive of global employees, executives, consumers, brokers, investors, NGOs and academic groups. Survey participants were given descriptions for each of the material topics to ensure a common understanding of the topics.

In addition to the conjoint survey, some stakeholder groups additionally received the opportunity to expand on their views via open-ended questions, providing deeper rationale and insights.

Step 3: Analyze responses and prioritize topics' materiality.

Following the exercise, we conducted an analysis of both the overall results and the results by stakeholder group to gain an understanding of their respective priorities and how we could better engage with each group in the future.

Materiality stakeholder assessment findings

The conjoint survey, as hypothesized, yielded more sophisticated findings and decision-useful information. Key takeaways included the following:

Three groupings of topics emerged.

1. High Priority (top right of matrix):

Nearly all stakeholders agreed these topics were important – signifying their centrality to our ESG approach. These topics scored in the top quartile when combining priority and overall rank.

2. Moderate Priority (center middle of matrix):

These topics had higher variance between the relative importance of topics, but this variance was often explained by the direct relevance topics had to stakeholder groups (e.g., customer satisfaction more important to customers; employee experience more important to employees).

3. Lower Priority (bottom left of matrix):

Nearly all stakeholders agreed on the lower priority of these topics, although we know from data provided from other sources that this does not signal stakeholders' desire for Liberty Mutual to scale back efforts in these areas.

Climate change is a top-of-mind priority.

While climate change appeared in the middle priority grouping in the matrix, stakeholder interest in this area came through strongly in open-ended responses, signaling both a need to continue our work in this area and to increase our engagement with and communication to stakeholders on the subject.

Our ESG topics are interconnected.

Topics such as health and wellness were identified as being low in importance and priority but are integral to our employee experience and our culture, which ranked higher in priority. We interpret the



results to mean that we need to continue building those programs while effectively communicating the interdependencies and their contributions to other priority areas to stakeholders.

Priority Material Topics by Stakeholder Group

Employees: Diversity, Equity & Inclusion, Human Capital Management, Employee Experience, Health & Wellness, Corporate Purpose & Culture and Global Compliance & Ethics

Consumers: Global Compliance & Ethics, Cybersecurity and Customer Satisfaction

Investors: Diversity, Equity & Inclusion, Climate Change and Responsible Investment & Insurance

Sales agents & brokers: Human Capital Management, Risk & Crisis Management, Cybersecurity, Customer Satisfaction and Innovation

NGOs: Climate Change, Corporate Purpose & Culture, Responsible Insurance & Investment and Reporting & Disclosure

Data and disclosures

¹ Previous reporting for CO2e emissions included U.S. operations only. 2020 figures now include our global operations, and we have recalculated 2019 to reflect this as well.

² Scope 2 emissions are calculated using location-based methods. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs.

³ Scope 3 includes commercial air and ground travel, including employee mileage reimbursement.

⁴ Although employee volunteering continued in many forms, including virtual, Serve with Liberty, our enterprise-wide in-person community service program held annually in May, was canceled in 2020 due to pandemic concerns. This led to a drop in volunteer participation and in the number of community projects supported.

⁵ 2018 and 2019 figures are global, but 2020 figures include only the U.S. and Canada.

⁶ Includes unfunded commitments of US\$67 million (2020), US\$119 million (2019) and US\$521 million (2018).

⁷ In 2020, Liberty Mutual modified its definition of alternative/renewable energy to only include energy derived from solar, wind and hydro sources.

⁸ 2020 Includes LP, LLC and other equity method investments value of US\$288 million, fixed maturities of US\$180 million and unfunded commitments of US\$393 million. 2019 includes LP, LLC and other equity method investments value of US\$254 million, fixed maturities of US\$22 million and unfunded commitments of US\$144 million. 2018 includes LP, LLC and other equity method investments value of US\$226 million, fixed maturities of US\$6 million and unfunded commitments of US\$63 million. 2019 and 2018 figures have also been restated to reflect this new definition of alternative/renewable energy.

⁹ The increase in 2020 was primarily driven by: (1) investments in solar asset-backed securities and (2) a combination of solar and hydro investments in LP, LLC and other equity method investments.

Environment	2020	2019	2018
Total scope 1 and 2 CO2e emissions (MTCO2e)	86,245	127,210	Global data not available
Scope 1 CO2e emissions ¹ (MTCO2e)	28,647	36,857	Global data not available
Scope 2 CO2e emissions ^{1,2} (MTCO2e)	57,598	90,353	Global data not available
Scope 3 CO2e emissions (U.S. only) ³ (MTCO2e)	10,717	31,414	31,204
Total electricity used (MWh)	155,385	229,186	Global data not available
Social	2020	2019	2018
Global headcount	48,400	48,359	48,180
Percent of women at Liberty Mutual (U.S. only)	53%	53%	51%
Percent of women on the board	31%	31%	33%
Percent score in Human Rights Campaign's Corporate Equality Index	100%	100%	100%
Annual employee satisfaction survey	Y	Y	Y
Percent of employees who are extremely satisfied with Liberty Mutual as a place to work	92%	85%	80%
Employee turnover rate	11.6%	14.6%	17.4%
Community investment spend	US\$64,183,541	US\$45,857,389	US\$44,547,518
Number of employee hours spent volunteering ⁴	39,438	152,574	158,831
Percent of employees volunteering ^{4,5}	14%	50%	55%
Number of community projects supported (project specific) ^{4,5}	2,084	3,919	3,656
Total charities supported	12,485	12,077	11,387
Governance	2020	2019	2018
Percent of employees annually trained on Code of Conduct	100%	100%	99%
Clawback provision for executive compensation	Y	Y	Y
Responsible insurance & investment	2020	2019	2018
Total investment in traditional energy ⁶	US\$3,779 million	US\$3,841 million	US\$4,522 million
Total investment in alternative energy ^{7,8,9}	US\$861 million	US\$420 million	US\$295 million
Ratio of investments in alternative energy: traditional energy ⁷	1:5	1:10	1:15
UNPRI signatory	Y	N	N
Responsible investment policy	Y	N	N
Non-investment grade fixed income and private credit as a percent of total portfolio	6.9%	5.5%	5.2%

Global Reporting Initiative (GRI) Standards Index

The GRI Standards index is designed to assist readers in locating Liberty Mutual disclosures relevant to the GRI framework. The index also incorporates several Sustainability Accounting Standards Board (SASB) disclosures that are associated with several Liberty Mutual Material Topics.

GRI disclosure	Disclosure description	Location or relevant information
General disclosures		
102-1	Name of the organization	Liberty Mutual Insurance Company
102-2	Activities, brands, products and services	Our business
102-3	Location of headquarters	Our business
102-4	Location of operations	2020 ESG Report: Our business
102-5	Ownership and legal form	Company Profile
102-6	Markets served	2020 ESG Report: Our business
102-7	Scale of the organization	2020 ESG Report: Our business
102-8	Information on employees and other workers	In 2020, Liberty Mutual had 48,400 global employees and 10,386 contractors. See 2020 ESG Report: Our people for more information.
102-9	Supply chain	2020 ESG Report: Responsible procurement and supplier diversity
102-10	Significant changes to the organization and its supply chain	In 2020, Liberty Mutual reduced the total number of owned and leased buildings by 44, a reduction of 1.6 million rentable square feet. Additionally in response to COVID-19, we transitioned a large portion of our workforce (approximately 44,000 employees and partners) to work from home.
102-11	Precautionary principle or approach	2020 ESG Report: Risk management TCFD Report
102-12	External initiatives	2020 ESG Report: About this report ; Approach to ESG
102-13	Membership of associations	<ul style="list-style-type: none"> • Advocates for Highway and Auto Safety • Boston College Center for Corporate Citizenship • Ceres • Coalition for American Insurance • Columbia Law School Center for Global Markets and Corporate Citizenship • Corporate Eco Forum • Disability:IN • Massachusetts Competitive Partnership • National Association of Mutual Insurance Companies • National LGBT Chamber of Commerce • National Minority Supplier Development Council • Pacesetters with Boston Chamber of Commerce • Personal Insurance Federation of California • Principles for Responsible Investment • US Chamber of Commerce • US P&C Civil Society Organization Forum • Women's Business Enterprise National Council
102-14	Statement from senior decision-maker	2020 ESG Report: A message from David Long

Global Reporting Initiative (GRI) Standards Index

GRI disclosure	Disclosure description	Location or relevant information	
102-15	Key impacts, risks and opportunities	2020 ESG Report: ESG governance TCFD Report	
102-16	Values, principles, standards and norms of behavior	2020 ESG Report: Our Identity & Values ; Approach to ESG ; Corporate governance and practices	
102-18	Governance structure	2020 ESG Report: Our business ; ESG governance ; Board oversight role TCFD Report	
102-26	Role of highest governance body in setting purpose, values and strategy	2020 ESG Report: ESG governance ; Corporate governance and practices TCFD Report	
102-29	Identifying and managing economic, environmental and social impacts	2020 ESG Report: ESG governance ; Materiality Assessment Process	
102-30	Effectiveness of risk management processes	2020 ESG Report: Risk management TCFD Report	
102-31	Review of economic, environmental and social topics	2020 ESG Report: ESG governance ; Board oversight role TCFD Report	
102-32	Highest governance body's role in sustainability reporting	Members of the Liberty Mutual Management Team review and approve the ESG report. The Chief Sustainability Officer ensures that all material issues are covered.	
102-33	Communicating critical concerns	2020 ESG Report: ESG governance	
102-40	List of stakeholder groups	2020 ESG Report: ESG governance	
102-41	Collective bargaining agreements	No employees are subject to collective bargaining agreements.	
102-42	Identifying and selecting stakeholders	We consider stakeholder engagement an essential aspect of Liberty Mutual corporate governance. Regular dialogue with employees, consumers, clients, brokers, investors, communities and regulators through formal and informal channels is essential to conducting our business, as well as developing, implementing and constantly improving our ESG approach.	
102-43	Approach to stakeholder engagement	We maintain ongoing dialogue with stakeholders. Our materiality assessment is one of the processes by which we engage with our stakeholders. For more information on that process, see the Materiality Assessment Process section of this report. The following table provides other examples of the mechanisms used for engagement with each of our primary stakeholder groups.	
		Stakeholders	Engagement mechanisms
		Employees	Trainings, Compliance helpline, Employee Resource Groups, employee opinion survey, Employee Net Promoter Score Monthly Survey, email
		Consumers/customers	Direct mailings, email, SMS, websites (libertymutual.com , Safeco.com), social media, advertising promotional materials, mobile apps, customer ports, Liberty Mutual Coverage Customizer Tool, 1:1 interactions, agent/broker channels, Customer Service Center, customer service teams
		Investors	Quarterly earnings releases, semi-annual earnings calls, press releases, website, email, 1:1 interactions, other investor events
		Regulators and government officials	1:1 interactions, regulatory filings, trade associations, government-industry working groups
		Brokers and agents	Email, newsletters, 1:1 interactions
Communities and NGOs	1:1 interactions, email, community events, philanthropy/grants, media, social media, website		

Global Reporting Initiative (GRI) Standards Index

GRI disclosure	Disclosure description	Location or relevant information
102-44	Key topics and concerns raised	For information on the key topics of concern for our stakeholders, see the ESG governance and Materiality Assessment Process sections of this report. In addition to those stakeholders directly engaged in the Materiality Assessment, we also engage regularly with our communities and regulators. Topics raised by communities through stakeholder engagement include purpose & culture; global compliance & ethics; responsible insurance & investment; reporting & disclosure; climate change and diversity & inclusion. Topics raised by regulators and government officials include insurance and financial services regulatory matters, tax and civil justice reform. We address topics of interest to our stakeholder groups through this report, as well as through our regular channels of engagement.
102-45	Entities included in the consolidated financial statements	Legal Entity Structure
102-46	Defining report content and topic boundaries	2020 ESG Report: About this report ; Approach to ESG
102-47	List of Material Topics	2020 ESG Report: Approach to ESG
102-48	Restatements of information	CO2e emissions and electricity used have been recalculated to now include our global operations. Previous reporting included U.S. operations only. In 2020, Liberty Mutual also modified its definition of alternative/renewable energy to only include energy derived from solar, wind and hydro sources. 2019 net income was restated due to a pension accounting policy change, which is described further in the Q4 2020 Management's Discussion and Analysis .
102-49	Changes in reporting	2020 ESG Report: About this report
102-50	Reporting period	2020 ESG Report: About this report
102-51	Date of most recent report	April 2020
102-52	Reporting cycle	2020 ESG Report: About this report
102-53	Contact point for questions regarding the report	Sustainability@LibertyMutual.com
102-54	Claims of reporting in accordance with the GRI Standards	The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.
102-55	GRI Content Index	This document represents the Liberty Mutual content index.
102-56	External assurance	The data in this report has not been externally verified.
Responsible insurance and investment		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Promoting responsible investments
103-2	The management approach and its components	2020 ESG Report: Promoting responsible investments
103-3	Evaluation of the management approach	2020 ESG Report: Promoting responsible investments
201-1	Direct economic value generated and distributed	Management Discussion & Analysis
201-2	Financial implications and other risks and opportunities due to climate change	TCFD Report
201-3	Defined benefit plan obligations and other retirement plans	Benefits Q4 2020 Financial Statements
SASB Disclosure: FN-IN-410a.2	Description of approach to incorporation of Environmental, Social and Governance (ESG) factors in investment management processes and strategies	2020 ESG Report: Promoting responsible investments

Global Reporting Initiative (GRI) Standards Index

GRI disclosure	Disclosure description	Location or relevant information
SASB Disclosure: FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety and/or environmentally responsible actions and/or behaviors	2020 ESG Report: Promoting responsible investments TCFD Report
Innovation		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Driving innovation in insurance
103-2	The management approach and its components	2020 ESG Report: Driving innovation in insurance
103-3	Evaluation of the management approach	2020 ESG Report: Driving innovation in insurance
KPI	Strategic venture focus areas	Strategic Ventures Solaria Labs
Anti-corruption		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Ethics, compliance and integrity
103-2	The management approach and its components	2020 ESG Report: Ethics, compliance and integrity
103-3	Evaluation of the management approach	2020 ESG Report: Ethics, compliance and integrity
205-1	Operations assessed for risks related to corruption	Liberty Mutual mitigates corruption risk through a robust program, including a global Anti-Corruption policy, third-party due diligence procedures, training and an annual certification which allows key employees to disclose potential corruption risks. In addition, Liberty conducts an annual compliance risk assessment that includes an assessment of corruption risks and controls. Liberty also conducts periodic reviews of our Anti-Corruption program in collaboration with Internal Audit. Finally, all employees complete annual Code of Business Ethics & Conduct training which includes a written attestation documenting their compliance with our standards of business conduct. There were no significant risks related to corruption identified during the 2020 annual Compliance Risk Assessment. For more information, see 2020 ESG Report: Ethics, compliance and integrity .
205-2	Communication and training about anti-corruption policies and procedures	2020 ESG Report: Ethics, compliance and integrity
Energy		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Environment and climate change TCFD Report
103-2	The management approach and its components	2020 ESG Report: Environment and climate change TCFD Report
103-3	Evaluation of the management approach	2020 ESG Report: Environment and climate change TCFD Report
302-1	Energy consumption within the organization	2020 ESG Report: Data and disclosures
302-4	Reduction of energy consumption	2020 ESG Report: Environment and climate change ; Data and disclosures
Emissions		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Environment and climate change TCFD Report
103-2	The management approach and its components	2020 ESG Report: Environment and climate change TCFD Report
103-3	Evaluation of the management approach	2020 ESG Report: Environment and climate change TCFD Report

Global Reporting Initiative (GRI) Standards Index

GRI disclosure	Disclosure description	Location or relevant information
305-1	Direct (Scope 1) GHG emissions	2020 ESG Report: Environment and climate change ; Data and disclosures TCFD Report
305-2	Energy indirect (Scope 2) GHG emissions	2020 ESG Report: Environment and climate change ; Data and disclosures TCFD Report
305-3	Other indirect (Scope 3) GHG emissions	2020 ESG Report: Environment and climate change ; Data and disclosures TCFD Report
305-5	Reduction of GHG emissions	2020 ESG Report: Environment and climate change TCFD Report
SASB Disclosure: FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	TCFD Report
Employment		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Our people
103-2	The management approach and its components	2020 ESG Report: Our people
103-3	Evaluation of the management approach	2020 ESG Report: Our people
401-1	New employee hires and employee turnover	In the U.S., Liberty Mutual welcomed 3,013 new employees in 2020. 4,011 employees left the company's U.S. operations, yielding a U.S. employee turnover rate of 11.6%.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits
401-3	Parental leave	All employees that work at least 20 hours per week with a record of 12 months of service are eligible for parental leave. In 2020, 1,351 employees took parental leave. In 2019, 1,306 employees took parental leave. Of those, 1,120 (86%) were still employed 12 months after their return to work.
Occupational health and safety		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Empowering and engaging our people
103-2	The management approach and its components	2020 ESG Report: Empowering and engaging our people
103-3	Evaluation of the management approach	2020 ESG Report: Empowering and engaging our people
403-6	Promotion of worker health	2020 ESG Report: Empowering and engaging our people
Training and education		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Our people
103-2	The management approach and its components	2020 ESG Report: Our people
103-3	Evaluation of the management approach	2020 ESG Report: Our people

Global Reporting Initiative (GRI) Standards Index

GRI disclosure	Disclosure description	Location or relevant information												
404-1	Average hours of training per year per employee	In 2020, 45,274 employees received training, averaging 9.8 hours each. The following are the average training hours employees spend through our formal internal training system. Employees additionally receive training through our partnership with LinkedIn Learning, as well as through 1:1/on-the-job learning opportunities.												
		<table border="1"> <thead> <tr> <th>Employee category</th> <th>Average hours of training per year</th> </tr> </thead> <tbody> <tr> <td>Executive</td> <td>6.1</td> </tr> <tr> <td>Senior Manager</td> <td>14.4</td> </tr> <tr> <td>Manager</td> <td>10.6</td> </tr> <tr> <td>Senior Technical Professional</td> <td>6.2</td> </tr> <tr> <td>Individual Contributor</td> <td>10.4</td> </tr> </tbody> </table>	Employee category	Average hours of training per year	Executive	6.1	Senior Manager	14.4	Manager	10.6	Senior Technical Professional	6.2	Individual Contributor	10.4
		Employee category	Average hours of training per year											
		Executive	6.1											
		Senior Manager	14.4											
		Manager	10.6											
Senior Technical Professional	6.2													
Individual Contributor	10.4													
404-2	Programs for upgrading employee skills and transition assistance programs	2020 ESG Report: Our people Life at Liberty												
404-3	Percentage of employees receiving regular performance and career development reviews	100%												
Diversity and equal opportunity														
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Diversity, Equity & Inclusion												
103-2	The management approach and its components	2020 ESG Report: Diversity, Equity & Inclusion												
103-3	Evaluation of the management approach	2020 ESG Report: Diversity, Equity & Inclusion												
405-1	Diversity of governance bodies and employees	2020 ESG Report: Diversity, Equity & Inclusion ; Data and disclosures ; Board experience and diversity												
Local communities														
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Our society												
103-2	The management approach and its components	2020 ESG Report: Our society												
103-3	Evaluation of the management approach	2020 ESG Report: Our society												
413-1	Operations with local community engagement, impact assessments and development programs	2020 ESG Report: Our society												
413-2	Operations with significant actual and potential negative impacts on local communities	None												

Global Reporting Initiative (GRI) Standards Index

GRI disclosure	Disclosure description	Location or relevant information
Customer satisfaction		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Our customers
103-2	The management approach and its components	2020 ESG Report: Our customers
103-3	Evaluation of the management approach	2020 ESG Report: Our customers
417-2	Incidents of non-compliance concerning product service information and labeling	In 2020, we had no instances of non-compliance with regulations or policies regarding information and labeling.
417-3	Incidents of non-compliance concerning marketing communications	In 2020, we had no instances of non-compliance with regulations or policies regarding marketing communications.
SASB Disclosure: FN-IN-270a.3	Customer retention rate	Within GRM U.S. Personal Lines, in 2020 our retention was 79.0% for U.S. private passenger auto and 81.3% for U.S. homeowners. Our retention in 2020 for GRM U.S. Business Lines was 75.9%. Within GRS, our retention in 2020 was 75.6% for specialty, 86.9% for reinsurance, 70.0% for casualty, 74.0% for property, 82.0% for workers compensation, and 77.8% for commercial auto.
SASB Disclosure: FN-IN-270a.4	Description of approach to informing customers about products	Liberty Mutual and Safeco Insurance provide a wide range of commercial and personal property and casualty insurance products and services to businesses, associations and individuals. We have processes in place to ensure the information we provide to existing and potential customers is transparent, complete and easy to understand. The relevant business unit, marketing department and legal department are all involved in the development and review of any communication sent to customers that describes Liberty Mutual and/or Safeco's product offerings. Since Liberty Mutual and Safeco have a wide range of customers, we customize the information provided to meet the needs of the particular customer. Information we provide to individuals includes specific product and policy scope information, terms and conditions, suitability of the product for the customer's needs, billing and claims information. Information we provide to business customers can include specific product and policy scope information, proof of insurance, terms and conditions, suitability of the product for the customer's needs, billing and claims information, premium audit information, risk/claims management guidance and updates on open claims. Please see GRI 102-43 for detail on the mechanisms used to communicate with customers.
Customer privacy		
103-1	Explanation of the Material Topic and its boundary	2020 ESG Report: Cybersecurity and data privacy
103-2	The management approach and its components	2020 ESG Report: Cybersecurity and data privacy
103-3	Evaluation of the management approach	2020 ESG Report: Cybersecurity and data privacy
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	Except as required by law, Liberty Mutual does not disclose this information. For information regarding our cybersecurity safeguards, please see the Cybersecurity and data privacy section of this report.

Contact us

For questions or comments regarding this report, please contact Sustainability@LibertyMutual.com.



@libertymutual
@workatliberty



@libertymutual
@workatliberty



@libertymutual
@workatliberty



Liberty Mutual Insurance



www.libertymutualgroup.com