

Travelers Companies, Inc.

2022

Proposal: Ensure that Underwriting Practices Do Not Support New Fossil Fuel Supplies

Lead Filer: Green Century

Whereas: The Intergovernmental Panel on Climate Change (IPCC) reports that global emissions must reach net zero by 2050 in order to limit global temperature increase to 1.5 degrees Celsius by 2100. Both the IPCC and the International Energy Agency (IEA) agree that emissions from burning fossil fuels are the primary driver of climate change. Yet, according to the UN Environment Programme, the world is on track to produce more than double the amount of coal, oil and gas by 2030 that would be allowed under a 1.5 degrees Celsius scenario.

Recently, the IEA issued a report detailing a pathway by which the energy sector can transition to net zero emissions by 2050. Regarding expansion of fossil fuel operations, it states that, "Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required" to ensure stable and affordable energy supplies.

Property and casualty insurers are uniquely exposed to climate risks because they underwrite policies for and invest in the fossil fuel industry, which is annually responsible for approximately 90% of global carbon dioxide emissions. At the same time, insurers, such as The Travelers Companies, Inc. (Travelers), are protecting their customers' homes and businesses from the impacts of climate-driven catastrophes.

Investors have limited insight into the cause of the strategic misalignment of Travelers' underwriting practices. The Company has made no public commitment to limit its underwriting - even for the highest-emitting fuel, coal, and lags behind European peers, such as AXA, Allianz, Aviva, Generali, Munich Re, SCOR, Swiss Re, and Zurich. These insurers founded the Net Zero Insurance Alliance and have committed to transitioning their underwriting portfolios to net zero greenhouse gas emissions by 2050.

To develop a credible net zero commitment, the United Nations Environment Programme Finance Initiative suggests that financial institutions, including insurers engaged in underwriting, "begin aligning with the required assumptions and implications of Intergovernmental Panel on Climate Change's 1.5 degrees Celsius no / low overshoot pathways as soon as possible." Further, "All no / low overshoot scenarios indicate an immediate reduction in fossil fuels, signaling that investment in new fossil fuel development is not aligned with 1.5 degrees Celsius."

RESOLVED: Shareholders request that the Travelers' Board of Directors adopt and disclose new policies to help ensure that its underwriting practices do not support new fossil fuel supplies, in alignment with the IEA's Net Zero Emissions by 2050 Scenario.

Supporting Statement: The board and management, at its discretion, should define the scope, time frames and parameters of the policy, including defining "new fossil fuel supplies," with an eye toward the well accepted definition that supporting new fossil fuel supplies includes exploration for and / or development of oil, gas, and coal resources or reserves beyond those fields or mines already in production.