

A person with long hair, seen from behind, stands on a rocky ledge overlooking a wide river valley. The sun is low on the horizon, casting a warm, golden glow over the landscape. The river flows through the valley, flanked by steep, forested hills. The sky is a mix of orange and blue.

# Living our Values

**Advancing our impact, together.**



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# Welcome



## About this report

At Liberty Mutual, we hold ourselves to the highest standards of governance and behavior.

Underpinned by our conviction that insurance is a force for social good, we are committed to addressing environmental and social challenges while delivering security for our customers, employees and communities.

This is Liberty Mutual's third annual Environmental, Social & Governance (ESG) review, published in April 2022. It documents Liberty Mutual's progress and impact in calendar year 2021, unless otherwise noted. This report is accompanied by separate reports prepared in accordance with the 2021 Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) framework for the insurance industry. Also in April 2022, we published our second annual Task Force on Climate-related Financial Disclosures (TCFD) report.

We welcome your thoughts, questions and feedback. Share them at [Sustainability@LibertyMutual.com](mailto:Sustainability@LibertyMutual.com).



## A message from David Long



We believe that progress happens when people feel secure. That belief is underpinned by our conviction that insurance is a socially responsible product, delivering security and peace of mind to people and businesses.

Our commitment to social good, making environmentally conscious decisions and upholding the highest standards in corporate governance has been a part of who we are for more than 100 years.

So many of the difficulties the world has faced over the past several years have their roots in important environmental, social and governance (ESG) issues. I am confident in our strong foundation and the steps we've taken to refine our ESG strategy to ensure we are there for our customers and communities when they need us most.

I continue to be inspired by the generosity of our employees who volunteered 33,000 hours, and together with the Liberty Mutual Foundation donated more than \$55 million to advance security and build resiliency in underserved communities. We've continued to advance Diversity, Equity and Inclusion at Liberty, building skills in empathy and inclusion across our workforce.

In 2021, we took important steps to address climate action. We announced a commitment to reduce our Scope 1 and 2 global greenhouse gas (GHG) emissions by 50% from 2019 levels by 2030 and we joined the Partnership for Carbon Accounting Financials (PCAF) and its newly established Insurance-Associated Emissions Working Group to help the financial sector develop a collaborative approach to greenhouse gas (GHG) reporting and risk analysis.

Most recently, in April 2022, we established the Governance and Sustainability Committee of our Board of Directors underscoring the importance of governance and strategic oversight of our company's ESG efforts.

Addressing ESG issues isn't new to us. In 2022, we will mark our 110th anniversary and we are more motivated than ever to continue making a difference. As the world around us continues to transform at a rapid pace, I have never been more confident in our ability to harness the full resources of our company to deliver for our customers, partners, employees and communities.

**David H. Long**  
Chairman & CEO

## 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.

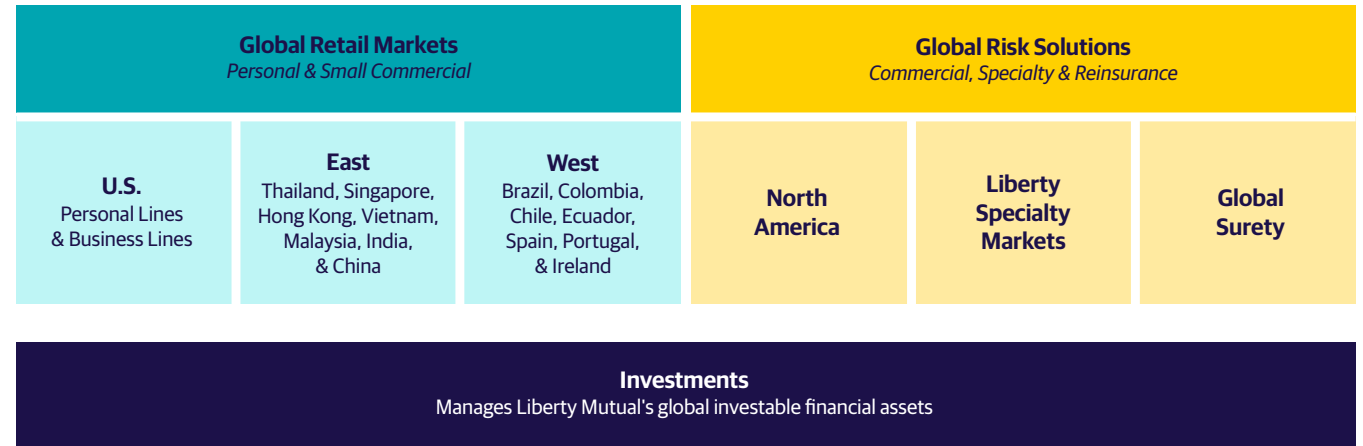
Liberty Mutual substantially conducts its business through two business units:

- 1. 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.
- 2. 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.



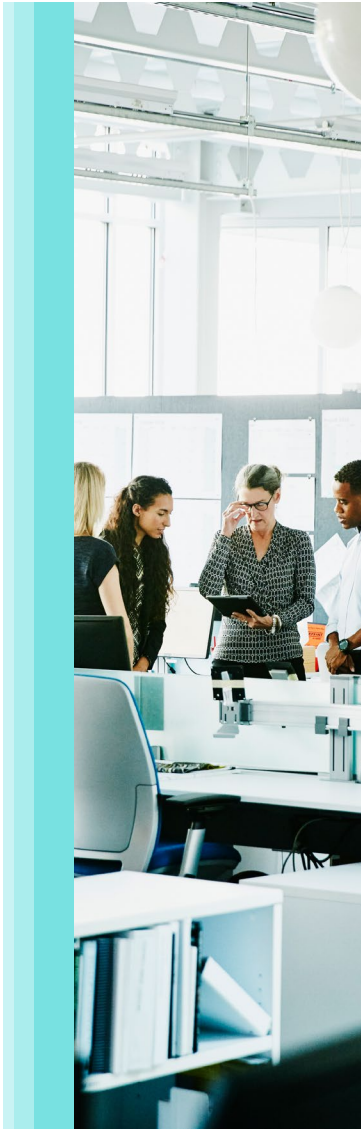
Helping people embrace today and confidently pursue tomorrow



SECTION 2

Advancing  
our ESG strategy





## Q&A with Timothy M. Sweeney

In July 2021, Timothy M. Sweeney assumed the role of President at Liberty Mutual, overseeing all of the company's business units. Stepping into this position, he launched an effort to refine our enterprise ESG strategy and strengthen the integration of ESG considerations into our decision-making processes.

Timothy M. Sweeney shares his thoughts on this work and how it advances Liberty Mutual's ESG impact:

**Q: How do you view the role of the insurance sector in advancing ESG?**

**A:** Insurance plays a critical role in our economic system by identifying risks and providing solutions to mitigate them. We deploy considerable human and financial capital to ensure

our society is prepared to withstand adversity — and we are there to help our policyholders recover when disaster strikes.

Here at Liberty Mutual, we believe insurance is a socially responsible product that delivers security to individuals, families and businesses so they can protect what they cherish most and pursue their dreams with confidence. That's a huge responsibility — and we take it seriously.

I believe the industry recognizes this role and the need to make inroads in addressing some of the toughest challenges our society faces, including addressing climate change, promoting an equitable transition to a low-carbon future and innovating to enhance cybersecurity.

**Q: How is Liberty Mutual uniquely positioned to have an impact?**

**A:** As ESG momentum continues to grow, it's important we articulate our approach to these topics because we want our stakeholders to understand our actions to address these issues. Shortly after taking on my new role, our CEO David Long asked me to drive our enterprise ESG strategy.

It made sense for us to assess the progress we've made since establishing the Office of Sustainability in 2019 so we could further refine our focus and strengthen our approach. We completed an intensive exercise aimed at identifying the ESG-related areas where we believe Liberty Mutual can make a significant difference.

Guided by our corporate Identity & Values, we defined an enterprise-wide ESG Ambition and established four strategic pillars to focus our efforts: 1) increase customer resilience; 2) enable sustainable growth; 3) improve lives and communities; and 4) advance Diversity, Equity & Inclusion (DEI). Our ambition, to advance resilience and inclusive growth, will position Liberty Mutual to elevate our impact and with this clear direction, we are better positioned to drive coordinated action across the company.

**Q: The 'S' in ESG is often an area that is overlooked or simplified. What does it mean to Liberty Mutual?**

**A:** Our product is a promise to protect our customers in the face of the unexpected, and our ability to be there for our customers starts

with our employees. After all, if we can't keep our promise to care for our people, how can we do the same for our policyholders? How do we earn the trust of the communities where we work and live?

That's why, in 2021, we continued to focus on employee wellbeing — both physical and mental — by investing in programs to help employees manage the ever-evolving demands of remote work. We also strengthened training for our managers to help them lead with empathy.

Throughout this difficult year, we also remained resolute in our philanthropic commitment to the communities we serve, making progress against each of our foundation's three core areas of focus: empowering individuals experiencing homelessness, advancing access for people with disabilities and expanding educational opportunities for underserved students.

We're also proud of the work our employees did — volunteering more than 33,000 hours and donating nearly \$9 million through Liberty Torchbearers, our robust employee engagement program that recognizes and reinforces our

employees' investment of time, talent and financial donations to their communities.

**Q: Can you share why Diversity, Equity & Inclusion (DEI) is one of your ESG pillars?**

**A:** Ultimately, a more inclusive organization enriches the communities where we work and live and unleashes the potential of our employees to better serve our customers. Our Diversity, Equity & Inclusion efforts not only bring our Values to life — but also lead to better outcomes and stronger business growth, while supporting the economic development of our cities, states and countries.

For Liberty Mutual, 2021 was a year of opportunity to further embed a DEI focus across our business globally and with our suppliers. Building on our multi-year DEI plan announced in 2020, we further expanded our understanding of the many dimensions of diversity and unveiled several internal initiatives to enhance inclusive leadership at Liberty Mutual.



**Timothy M. Sweeney**  
President

## Our ESG strategic pillars

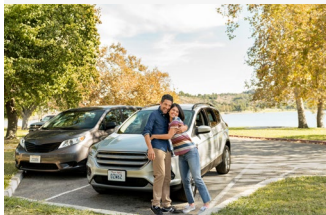
After a comprehensive assessment of our ESG progress we refined our strategy to four pillars of focus:

**Our purpose:** We exist to help people embrace today and confidently pursue tomorrow

**Our ESG ambition:** Advance resilience and inclusive growth

### Increase customer resilience

Help our customers adapt to and mitigate the risks affecting their lives and businesses.



### Enable sustainable growth

Support a more equitable and responsible climate transition and integrate ESG into our day-to-day decision making.



### Improve lives and communities

Advance security, further opportunity and strengthen communities.



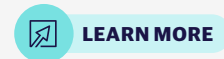
### Advance Diversity, Equity & Inclusion

Embed DEI across all aspects of our business.



### Liberty Mutual's materiality assessment

In 2020, we released our first materiality assessment identifying the material topics considered important to the property and casualty insurance industry and Liberty Mutual. As part of this process, 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, an international nonprofit organization recognized for its environmental risk reporting. We identified 14 material ESG topics that can be found on our website along with our process for reaching the final assessment. Our materiality assessment is updated every three years and we plan to complete our next assessment in 2023.



Learn more about the five ESG principles that guide our approach.





# Advancing ESG governance

At Liberty Mutual, we understand that emerging and existing ESG issues – including climate change; cybersecurity threats; social and health inequalities will become increasingly important for businesses, employees and communities around the globe.

To respond effectively, we must ensure that ESG-related risks are well understood across our organization, and that we are able to evaluate progress against goals and measure success. That's why, in 2021, we conducted a thorough review of our overall ESG governance approach and worked to better integrate management of ESG. As a result of this work, in April 2022, the Board approved the creation of a new Governance and Sustainability committee to provide strategic oversight and performance evaluation of Liberty Mutual's ESG practices and priorities. As part of its mandate to oversee ESG efforts, this new committee integrates the work previously handled by the former Nominating & Governance and Community Investment committees.

In addition to enhancing Board oversight of ESG efforts, in early 2022 we announced the establishment of an ESG Executive Committee, a small group of senior executives collectively responsible for overseeing the implementation of our ESG strategy. Chaired by the Chief Sustainability Officer and reporting to the Executive Leadership Team, the ESG Executive Committee holds responsibility for:

- Establishing overarching ESG global standards and guidelines
- Developing recommendations and actionable plans to address emerging risks and opportunities
- Reviewing ESG accountability metrics across the organization

Our existing ESG Operating Committee will transition to an advisory capacity. This group of cross-functional leaders will continue to work in partnership with the Climate Council and other groups internally across Liberty Mutual, to ensure operational cross-coordination and management of specific ESG issues.

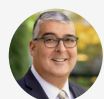
Previous ESG governance structure



New ESG governance structure

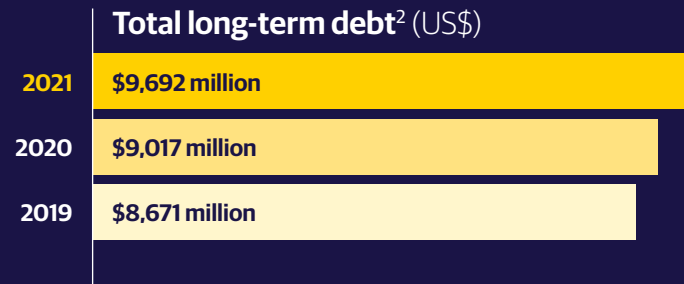
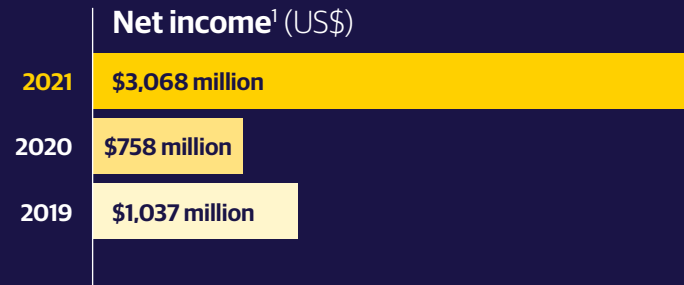
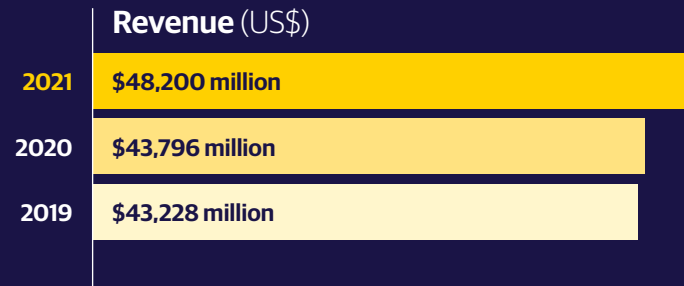
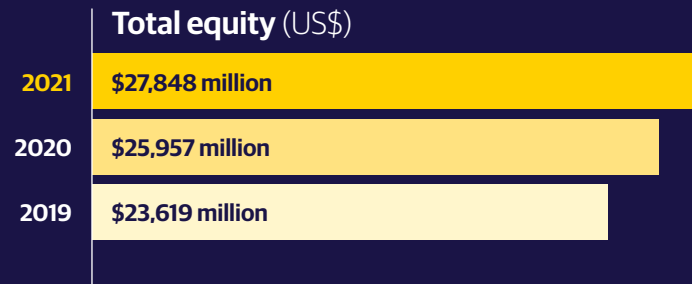
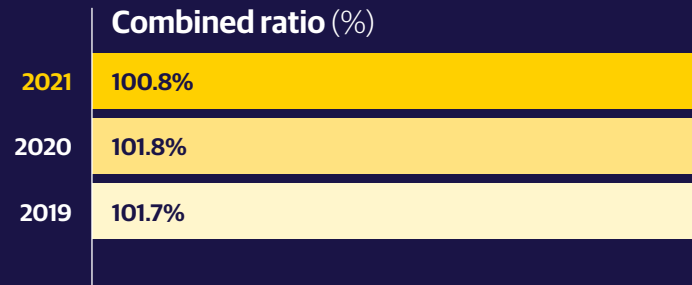
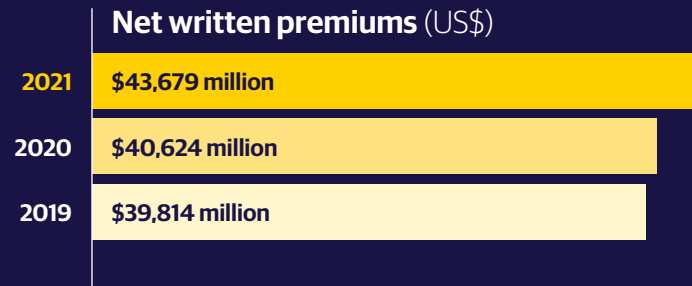


"In 2021, we took a hard look at our approach to ESG-related risk calculation and governance – and saw a need to further embed ownership and accountability for ESG issues across Liberty Mutual to ensure that, collectively, we are identifying the right business risks and opportunities. I am proud of the progress we've made in bringing an ESG lens to our business decisions, from the suppliers we do business with, to reimagining opportunities for new products and services, to supporting sustainable investment."



**Francis Hyatt**  
Chief Sustainability Officer

## FINANCIAL HIGHLIGHTS



## WORKFORCE HIGHLIGHTS



**47,509**  
2021 global headcount<sup>3</sup>



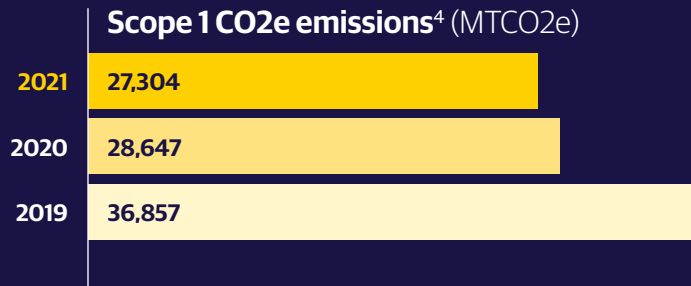
**89%**  
of employees are extremely satisfied with Liberty Mutual as a place to work



**53%**  
of US employees at Liberty Mutual are women

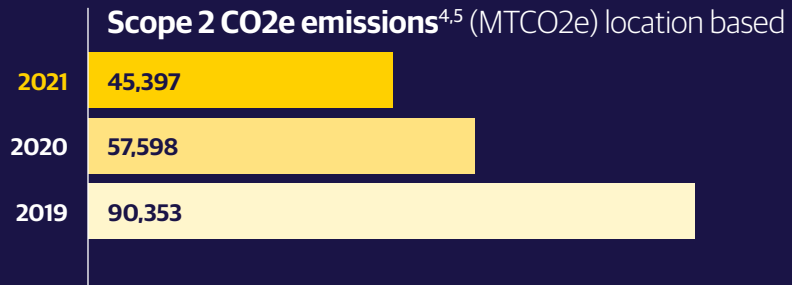
2021 by  
the numbers

## ENVIRONMENT HIGHLIGHTS



72,701

Total Scope 1 & 2 CO2e emissions (MTCO2e)

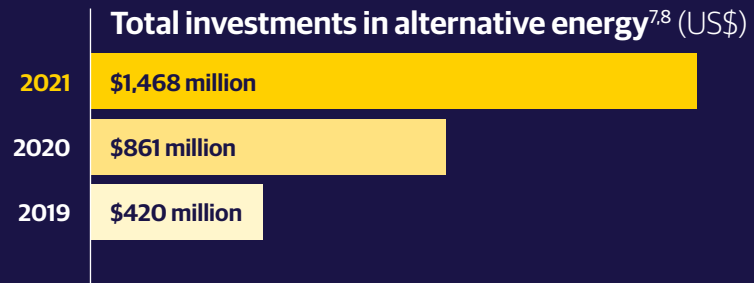
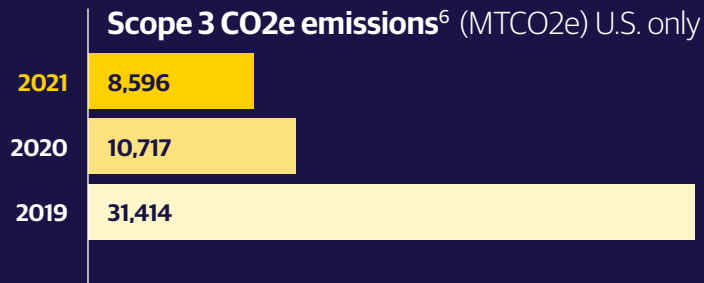


**Ratio of investments in alternative: traditional energy<sup>7</sup>**

1:3  
2021

1:5  
2020

1:10  
2019



## COMMUNITY HIGHLIGHTS



33,507

hours spent by employees  
volunteering in 2021<sup>9</sup>



10,124

organizations supported



ESG awards and recognition

[SEE THE FULL LIST](#)



Forbes Best Employers for New Grads



Corporate Equality Index of 100% for fifth year in a row



Forbes Best Employers for Diversity and for Women



PEOPLE Magazine Companies That Care



The Civic 50 by Points of Light



US Chamber of Commerce Best Community Improvement Program



Australia National Insurance Broker Association (NIBA) 2021 General Insurer of the Year



Liberty Mutual employees

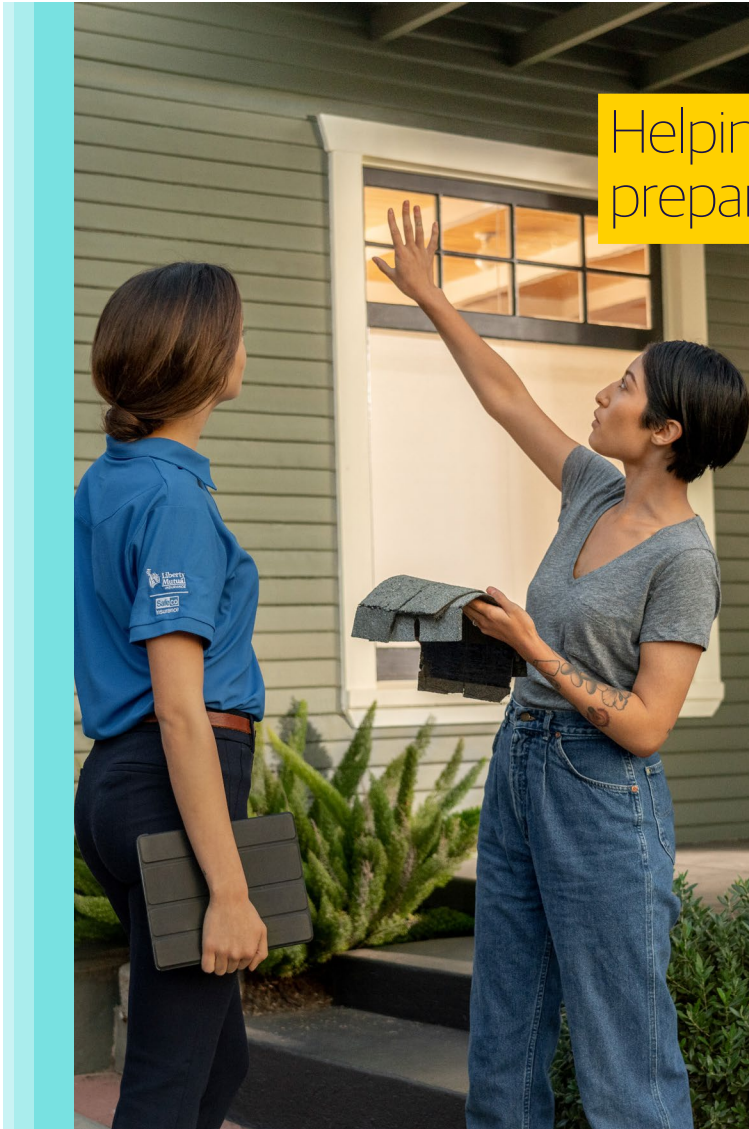
# Increasing customer resilience

"In a time of rapid change, our customers are relying on our expertise now more than ever to help them navigate uncertainty and assess new threats, including risks from climate change and cyber-attacks. Insurance has always been about helping people and businesses recover from difficult events, and we are equally committed to implementing risk resilience practices to improve our customers' ability to better withstand these events."



**James M. MacPhee**  
President, Global Retail Markets





## Helping our customers prepare for tomorrow

As a leading global property and casualty insurer, we proactively help our customers mitigate risk before a disaster strikes.

We are committed to innovating and developing products and services that maintain our strength in risk control as well as risk engineering and enable us to help our customers address a range of existing and emerging risks. For example:

- Liberty Specialty Markets offers the Liberty Risk Reduce Portal, a tool that analyzes policyholders' individual risk comprehensively and offers additional, personalized resources such as e-learnings with accredited materials from the Royal Society for the Prevention of Accidents (RoSPA).

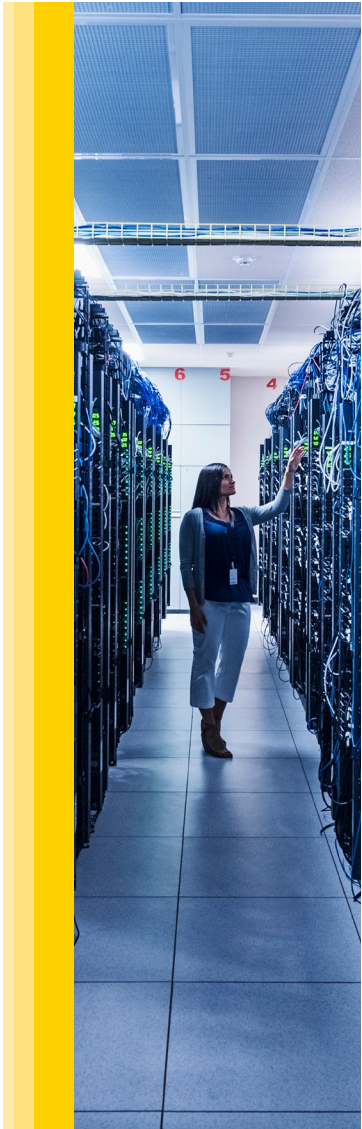
- In the US, our Global Retail Markets business unit is beginning to rollout eco-friendly upgrades that allow customers to replace damaged property with products of equal value, while covering additional costs associated with upgrades of a higher green standard. This could include replacing a damaged roof and covering the cost of adding solar panels or replacing broken windows with more energy-efficient ones. This policy's goal is to expand the use of sustainable building materials and practices in home repairs.
- Increased digitalization, including enhanced adoption of the Internet of Things (IoT) and the cloud, makes individuals and businesses even more vulnerable to systemic cyber risk. Liberty Mutual offers a suite of coverage and services to help a broad range of commercial customers increase their cyber resilience through preparation, response and recovery in the event of a cyber-attack.



### Expanding access to insurance

The most vulnerable communities are often those most impacted by climate change. In recent years, we have invested in growing our parametric insurance that covers climate change-impacted perils in at-risk regions, such as tropical cyclones, snow, frost, wildfires and hail. This allows us to provide climate resilience solutions to those who may not otherwise be able to access insurance.

As part of this commitment, we began investing in [FloodFlash](#) to expand access to commercial flood insurance in areas that have been historically excluded from this coverage. The technology developed for this product will help us improve our understanding of floods and weather patterns in these areas. Partnerships and innovations such as FloodFlash increase the ways we can help customers prepare before a disaster strikes.



## Cyber security Q&A

Derrick Lewis, Senior Vice President, Cyber Insurance, shares his insights and discusses how Liberty Mutual's Global Risk Solutions prioritizes resilience for commercial customers facing rising vulnerability to cyber-attacks.

### **Q: What is the nature of cyber risks facing individuals and communities today?**

**A:** When it comes to cyber security, we usually think about cyber-attacks focused on corporate institutions. We don't typically picture cyber-attacks that impact our day-to-day lives such as hacking medical care devices or taking control of automated passenger trains — but that's the level of cyber risk that the insurance sector is preparing for.

From the increase in digitization and the integration of the physical and digital worlds, to the evolving regulatory environment around cyber and privacy, the landscape of cyber security and cyber risk is continually

changing. A large-scale cloud outage or the usage of a Ransomware-as-a-Service capability, for example, could affect thousands of businesses globally. There are massive impacts associated with this and that's why cyber resilience is a key concern for Liberty Mutual as we develop products and services that help our customers be better prepared.

### **Q: What role does the insurance sector play in addressing cyber risks?**

**A:** From pre- to post-breach products and services, the insurance sector is critical to mitigating and repairing cyber-related impacts. We design and deploy procedures and services that reduce the likelihood of an impact from destructive cyber-attacks, so our customers are better prepared.

The collaborative approach we're taking as an industry to identify cyber risks and stay on top of a threat that's constantly evolving, helps us develop the insurance products and services needed to keep our customers protected.

For our clients, particularly small- and medium-sized companies, implementing cybersecurity tools and capabilities can be prohibitively expensive and complex — so can acquiring the expertise for insurance carriers to feel comfortable providing

coverage if the customer doesn't have the internal resources to support the cybersecurity function. That means the insurance sector can play a role in advancing cyber capabilities within industries by providing gap coverage along with the capabilities and services our clients need to become more insurable.

### **Q: How is Liberty Mutual partnering to increase cyber resilience?**

**A:** This issue is larger than any one company, making partnerships that bring industry, academia and the public sector together critical in developing solutions. As the volume and sophistication of cyber-attacks increase, Liberty Mutual is joining consortiums like CyberAcuView to collaborate with our peers to address these challenges, including the development of industry standards for certain coverage language and cyber capabilities. We're also advocating for more public-private partnerships to advance the industry's capabilities and reimagine how our government is preparing for the level of risks that insurers can't protect against on our own.



**Derrick Lewis**  
Senior Vice President,  
Global Risk Solutions —  
Cyber Insurance

### **Engaging customers responsibly**

We work tirelessly to provide fair, accessible and transparent products and services to our customers and policyholders, while managing our wider social and environmental impacts. Delivering transparent communications and marketing of our products to customers happens through a range of product and policy scope information, clear terms and conditions, and transparent billing and claims information. We also use a variety of languages, so our products and services are accessible to different populations and our suite of customer tools are designed to make customer engagement as smooth and easy as possible.

To do this, we offer:

- Liberty Mutual and Safeco Insurance mobile apps
- 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, such as two-factor authentication

## Building a more resilient future through partnerships

Helping our customers and communities be better prepared to withstand adverse events is something we cannot do on our own.

With the rising rate of climate change-related weather disasters, the ongoing effects of COVID-19 and rapidly evolving cyber threats, it's increasingly clear that society needs new approaches to mitigate risks focused on resilience. Ongoing partnerships give us a deep understanding of the sectors our customers operate in and allow us to share our in-house capabilities, such as Liberty Mutual climate scientists.

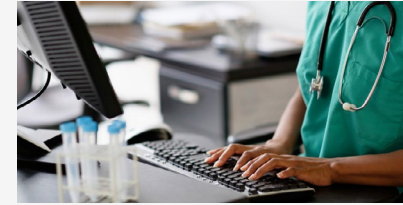
We advocate for and are continually investing in advancing climate analytics and climate modeling

capabilities — and localizing and highlighting key impacts of climate change for individual customers and communities. This is detailed in the sustainable growth section of this report and in our 2021 TCFD Report. It ensures that as an organization and as an industry, we're adapting our products and services to help our customers mitigate risk today, so we can continue to provide access to affordable products and services to customers for decades to come. In addition to our work with the CyberAcuView consortium, Liberty Mutual is collaborating with public and private partners such as the BuildStrong Coalition where we work with peers, government entities and others to collectively focus on building a more resilient future.



### Helping communities prepare for — and protect against — natural disasters

Liberty Mutual partnered with the [BuildStrong Coalition](#) to advocate for the formation of the Federal Emergency Management Agency's (FEMA) Building Resilient Infrastructure and Communities (BRIC) grant program which helps fund communities' resilient infrastructure projects. In 2021, the Biden Administration allocated an additional \$1 billion for the program. We're continuing to advocate for leaders to take advantage of this historic level of funding so they can support their resilience efforts and better protect their communities on a state, regional and local level.



### Supporting equitable access to COVID-19 vaccines

Liberty Specialty Markets is one of six insurers working with Marsh and Citi on a COVID-19 vaccine distribution initiative through [Gavi](#), the Vaccine Alliance, which strives to facilitate equitable and rapid vaccine distribution to vulnerable communities around the world.

In collaboration with several governments that are self-funding vaccine procurements through the COVAX facility, Gavi will be able to pre-purchase vaccines in bulk from manufacturers with greater confidence and facilitate their global distribution more rapidly and equitably.

Liberty Mutual is one of six insurers underwriting the policy to safeguard vaccine distribution across 22 countries in Africa, the Americas, Asia and Continental Europe, even in the case of non-payment for the vaccines.



### Educating homeowners about wildfire risk

As part of our ongoing commitment to our customers, we partner across our industry and beyond to develop an informed understanding of risk. In 2021, we deepened our partnership with the [Insurance Institute for Business and Home Safety](#) (IBHS), which is working toward a set of mitigation actions that will reduce a given property's wildfire risk. In 2021, IBHS launched the [Wildfire Prepared Home™](#) framework which brings together wildfire science, building performance characteristics, data analytics insights and contributions from wildfire experts to address this risk.



# Enabling sustainable growth

"The world is transitioning to a low-carbon economy which will result in the largest reallocation of capital in human history. Trillions of dollars will be spent annually in new renewable technologies and greener infrastructure, creating enormous opportunities for growth and prosperity. As a global insurer and investor, we are committed to enabling this transition by providing leading risk advisory services to help customers advance their sustainability journeys, by insuring and investing in emerging sectors to support 'green' growth and striving to become the partner of choice for our brokers and others working to advance the transition."



**Neeti Bhalla Johnson**  
President, Global Risk Solutions

# Our approach to integrating ESG

Liberty Mutual's commitment to sustainable growth includes integrating ESG into our core business and investment decisions.

This integration will be a multi-year journey, requiring a proactive and thoughtful approach to balancing the different needs of our customers and risks across geographies, while building on evolving research and technology. We're committed to supporting other companies at varying points in their own sustainability journeys with products, services and solutions.

We have continued to advance and evolve our enterprise climate strategy throughout 2021, incorporating insights from our first enterprise-wide climate scenario

analysis and our understanding of the near-, medium- and long-term impacts of climate change. We have also adopted a matrixed approach to climate, to ensure that — along with emissions reduction — other interconnected variables such as biodiversity, ocean health and socio-economic equity are addressed.

### Insurance underwriting

Our underwriting strategy, for both commercial and consumer insurance, focuses on key considerations to maintain a sustainable underwriting portfolio. This thoughtful, journey-based approach includes:

- Identifying new and evolving ESG risks — including climate-related risks
- Embedding ESG considerations into our process and decisions and developing methods to measure our progress — for example our taxonomy and framework that help us assess material ESG factors within our underwriting process

- Empowering policyholders, brokers and underwriters to advance ESG and energy transition journeys through partnership and collaboration — such as the Climate Transition Pathway framework with Willis Towers Watson and Marsh's ESG Risk Rating

- Using technology and data to build more sophisticated and innovative product offerings — such as our parametric and reputational risk solutions

It is more important than ever that we leverage responsible and accountable internal risk management that aligns with our ESG priorities to inform business decision-making. In 2021, we developed a taxonomy through a highly collaborative process that allows us to apply a consistent framework to assess material ESG factors within our underwriting process. This approach is a natural progression of our core underwriting philosophy, and it will continue to evolve and be informed by reliable data, technological and

regulatory changes and market forces. We piloted the taxonomy internally and have committed to a program of work to accelerate and operationalize how we embed this into our portfolio and underwriting decisions more broadly.

We are also working with leading global risk and engineering advisors to further our expertise in the identification, assessment and treatment of risks arising from emerging renewable technologies, such as offshore wind.

Like other insurers, Liberty Mutual relies on catastrophe models to evaluate severe weather-related risks. While current industry catastrophe models are a critical part of managing emerging climate-related risks, they are insufficient alone for managing forward-looking risks associated with climate change. We are working on cross-industry collaboration to improve and refine ESG data and risk management for the insurance industry and beyond.



### Advancing customer ESG adoption

Liberty Mutual is working with brokers to help our customers along their ESG journeys. Our collaboration with Marsh and Willis Towers Watson shows how:

- Global Risk Solutions in North America will offer complementary access to ESG-related risk advisory services for sustainability- and climate-related risks and opportunities for American and Canadian customers who opt-in to Marsh's ESG Risk Rating.
- Through Liberty Specialty Markets, we are the first major insurer to support the Climate Transition Pathway (CTP) solution<sup>10</sup>, an accreditation framework developed by Willis Towers Watson that gives insurance companies and financial institutions a consistent approach to identifying businesses with robust low-carbon transition plans aligned with the Paris Agreement. The assessment is performed by CDP Worldwide, an international nonprofit organization recognized for its environmental risk reporting.

Alongside our 2021 Annual ESG Review, in April 2022, Liberty Mutual published our second annual report aligned to the voluntary Task Force on Climate Related Financial Disclosures (TCFD) framework. Our TCFD report goes into more detail about how Liberty Mutual approaches climate-related financial risks and our enterprise-level climate strategy.



## Investments

ESG assessment matters to Liberty Mutual Investments because ESG performance is often a reflection of broader business practices and can lead to valuable insights that otherwise would not be a part of the traditional investment analysis. As such, our ESG integration strategy aims to enhance the overall investment process by expanding the information set available to our investment professionals in their daily investment decision-making. Simply put, ESG integration is about getting smarter and refining overall investment insights.

As part of our overall investment research and analysis, we prioritize ESG materiality to identify key ESG factors by industry for proposed investments. Our definition of materiality is informed by Sustainability Accounting Standards Board (SASB) materiality guidelines.

Along with these core ESG integration principles and Liberty's growing commitment to ESG, we developed the Liberty Mutual Investments ESG Framework in 2020 to drive overall ESG integration across the investment portfolio. In accordance with the framework, we consider material ESG factors in our day-to-day

operations and as part of our investment process for all assets and partnerships where Liberty Mutual Investments is deploying capital.

Based on the 2020 strategy, the primary goal of our ESG efforts for 2021 was to implement the Liberty Mutual Investments ESG Framework across the portfolio. We have made significant strides to date:

- Liberty Mutual Investments directly manages more than \$73 billion in fixed income investments for Liberty Mutual. Informed by the ESG Framework, our investment professionals responsible for these assets now incorporate an ESG assessment into the overall credit research process to inform portfolio management and trading decisions.
- Liberty Mutual Investments oversees more than \$11 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 fully integrated ESG factors into the due diligence process for every deal under review and started incorporating ESG scorecards into all transaction review committee materials.

- We are continuing a careful review of a wide range of solutions for ESG integration within our public equity portfolio with a focus on alignment with Liberty Mutual Investments' ESG integration priorities and investment performance objectives.

Consistent with Liberty Mutual Investments' "One Portfolio, One Team" philosophy and our strong commitment to true ESG integration, our ESG efforts provide strategic clarity driven by Liberty Mutual Investments' formal ESG governance structure, while also reflecting diverse perspectives from colleagues across the investments team. In particular, the Liberty Mutual Investments ESG Steering Committee enables senior leaders to guide strategic decisions about ESG while the Liberty Mutual Investments ESG Operating Committee is responsible for ongoing management of ESG integration efforts.

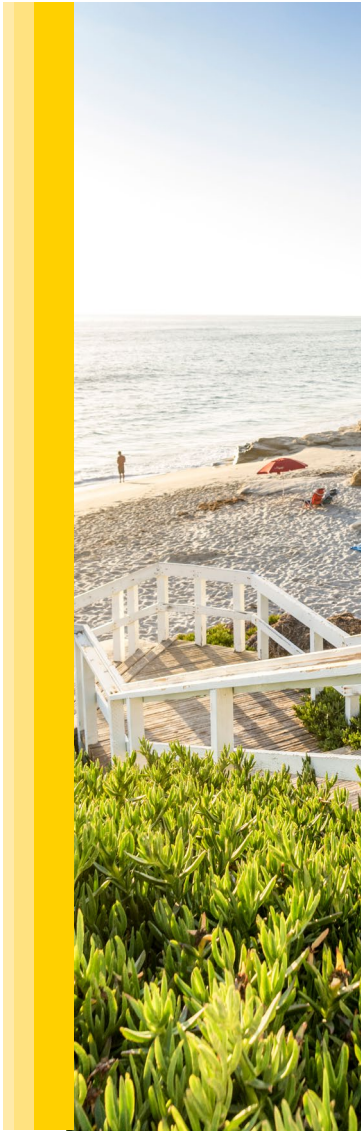
Liberty Mutual Investments has also worked to develop its overall ESG capabilities, including deploying ESG employee training and engagement with select external partners and thought leaders and activities as a signatory of the Principles for Responsible Investment (PRI).



"At Liberty Mutual Investments (LMI), our ESG Strategy is grounded in the belief that holistic integration of material ESG factors into the investment process can enhance our ability to meet Liberty Mutual's long-term investment objectives. At the center of our ESG Strategy is the LMI ESG Framework, which outlines how we consider material ESG factors as part of our investment process and day-to-day operations."



**Vlad Barbalat**  
Chief Investment Officer



# Joining forces to build a sustainable future

We are engaging proactively with industry, regulatory and other forums to shape a more equitable and responsible transition.

Alongside the research and evaluation for our inaugural climate scenario exercise detailed in the 2021 TCFD Report and the ongoing work to strengthen our underwriting capabilities, Liberty Mutual continues to do extensive work evaluating available climate data sources and modeling as part of our efforts to thoughtfully incorporate climate change into

our risk management. We have also partnered with peers, cross-industry experts, federal and state government partners and leading academic institutions to better understand the needs of our time.

### Partnering with industry and nonprofit leaders

Advancing transparency, measurement and disclosures demands ongoing partnership with experts and industry leaders. In 2021, we joined the Partnership for Carbon Accounting Financials (PCAF) and the newly established Insurance-Associated Emissions

Working Group. Participation in this group allows Liberty Mutual to be a voice of change, helping the financial sector develop a collaborative approach to greenhouse gas (GHG) reporting and risk analysis.

Strategic partnerships help raise our ESG and climate expertise, capacity and accountability across geographies and sectors. In 2021, we are proud to have been active members of the following organizations, at an enterprise- or business unit-level:



Sustainable Finance Policy Expert Group



Climate Committee



### Addressing climate data and the impact of climate change

We advocated for a shared sense of responsibility between the public and private sectors throughout 2021, calling for investments that strengthen physical infrastructure and educating stakeholders about future climate impacts. We partnered with the National Oceanic and Atmospheric Administration (NOAA) to host a virtual climate and resilience workshop discussing the policy landscape and exploring challenges related to climate data and community impacts of climate change. A recording of this session can be accessed [here](#).

# Advancing the energy transition

Greenhouse gases (GHG) from the use of fossil fuels are the driving factor contributing to climate change, and we're continuing to do our part to reduce our own environmental impact and invest in the energy transition.

This starts with embedding our commitment to measure and reduce emissions into our decision-making. In 2021 we announced a plan to reduce our Scope 1 and 2 global GHG emissions by 50% from our 2019 levels by 2030. We have also made progress against our 2019 coal policy and commitment, as is further detailed in our 2021 TCFD Report.

## Energy transition in underwriting

Supporting the energy transition through our underwriting and partnerships with current and prospective customers is of the utmost importance to us. These efforts include:

- Providing risk advisory and consultative services for current clients
- Addressing climate change and energy transition in renewal conversations with energy clients
- Partnering with companies developing credible transition plans
- Seeking out companies involved with clean technology and renewable energy, including hydrogen project construction and battery storage
- Working with third parties to build tools to assist clients with climate risk management and demonstrating how economic sectors and lines of business are likely to change over time
- Expanding our portfolio of products to provide asset and revenue protection for solar, wind, geothermal, biomass and hydroelectric energy

We are focused on our efforts to incentivize eco-friendly driving decisions through providing benefits to low-mileage drivers. For the Liberty Mutual brand, we are currently in the early stages of replacing our ByMile device-powered program with a new iteration of mileage pricing. For the Safeco brand, we offer a Low Mileage Discount in 46 states.

## Energy transition in our investments

The energy transition is having and will continue to have a profound impact on society, and this impact must be reflected across our investment portfolio. By integrating ESG factors into our investment process, we can identify the most material effects of the energy transition across asset classes and companies. At the same time, we recognize that certain sectors will be particularly critical in driving the energy transition, which will create significant new opportunities for innovative, forward-thinking companies and investors.

Alongside our efforts to support a low-carbon economy, we believe continued energy availability, stability and affordability is vital. While we support and invest in alternative energy sources, we cannot rapidly walk away from all traditional energy projects and investments as it would cause supply disruptions and unintended economic harm to workers, communities and businesses that are reliant on these industries. We believe that at least for the immediate future, the world needs to retain some level of balance between energy generation from fossil fuels and alternative energy sources.

In late 2020, Liberty Mutual formalized an Energy Transition Investment Strategy and a dedicated Energy Transition & Infrastructure (ET&I) team within our private investments group. This strategy and team are responsible for driving returns for our financial performance and capital growth goals, supporting the global energy transition.



## Leading through actions in 2021

- We committed to acquire, develop and build out power generation capabilities at 22 existing non-powered dams.
- We made investments that support residential solar, wind power generation and other important aspects of the overall energy transition investment ecosystem.
- We evolved the ratio between our investments in alternative versus traditional energy evolved from 1:15 in 2018 to 1:3 by the end of 2021.

## Ratio of investments in alternative: traditional energy<sup>7</sup>





## Our operational footprint

We used learnings from 2020 to keep up our emission reduction rates as we started the return-to-office transition.

Innovating and accelerating our own work to reduce Liberty Mutual's operational footprint is ongoing. As we further evaluate in-office return to work, we're taking into consideration how to reduce travel and associated emissions as well as the impacts of our overall operational footprint. While this past year we remained largely remote, notable 2021 initiatives to ensure our business operations are sustainable include:

- **Waste diversion:** We implemented a landfill diversion program for our US-owned buildings where we installed three-stream waste stations throughout offices, requiring employees to sort waste into recycling, compost and landfill

at centralized locations, with the objective of building a culture of increased awareness around what is being disposed of.

- **Printing conservation:** Through Liberty Mutual's Print\$mart initiative (which captures printing activities both in-office and through remote work), total printed page volume in 2021 was 79% lower than 2019 levels. As a result, employees conserved 24 million gallons of water, saved 28,279 trees, reduced CO2 and GHG emissions by 3,352 tons and 1,178 tons, respectively.

- **Furniture reuse:** We donated 41.6 tons of furniture, which had a fair market value of \$584,870, to local social service agencies, nonprofits and schools.

- **Paper recycling:** For offices that remained open, shredding and recycling of files eligible for destruction through a

record storage vendor allowed Liberty Mutual to recycle 1,438 short tons of paper, offsetting approximately 2.1 million pounds of CO2 emissions.

We also took advantage of empty offices to drive our sustainability initiatives ahead of schedule, including converting our headquarters to full LED lighting three years early. Additionally:

- In the US, four of our 10 owned buildings have LEED certifications, representing 74% of our total owned square footage in the US and 58% globally.
- In the US, five of our 10 owned buildings have Energy Star labels, representing 57% of our total owned square footage in the US and 45% globally.
- Our leased London office holds BREEAM UK status.

## FLEET HIGHLIGHTS

Around the world, Liberty Mutual is working to ensure that claims adjusters and other employees are using green cars and are mindful of their carbon emissions.

### Fleet program in the US

One hundred percent of Liberty Mutual's US automotive fleet (field drivers) consists of either partial zero emission vehicles (PZEV), low emissions (LEV), ultra-low emissions (ULEV), super ultra-low emissions (SULEV) or flex-fuel vehicles. Due to COVID-19, there continues to be a significant decrease in miles and gallons consumed, so our impact in 2021 over 2019 baseline levels includes:



35%

reduction in miles driven



37%

reduction in CO2 emissions



37%

decrease in gallons consumed



2.8%

increase in miles-per-gallon (MPG)



US\$1.2 million  
in fuel-cost savings

### Fleet program in the UK

Liberty Specialty Markets has driven increasing progress with the adoption of a green company car policy throughout Europe in 2021, which will convert its fleet of vehicles to fully electric vehicles (FEV) or hybrids (PHEV) by the end of 2024. UK offices also launched a green car program in November 2021 that provides employees access to FEV via a tax-efficient plan. Within a month, 25% of staff had registered.



SECTION 5

# Improving lives and communities

"Our voice, our passion, our talent, our resources and the collaboration we have with our partners is better than it has ever been and is helping to drive collective impact. The level of engagement and care that we see in our communities — and we know also exists within Liberty Mutual — is life-changing."

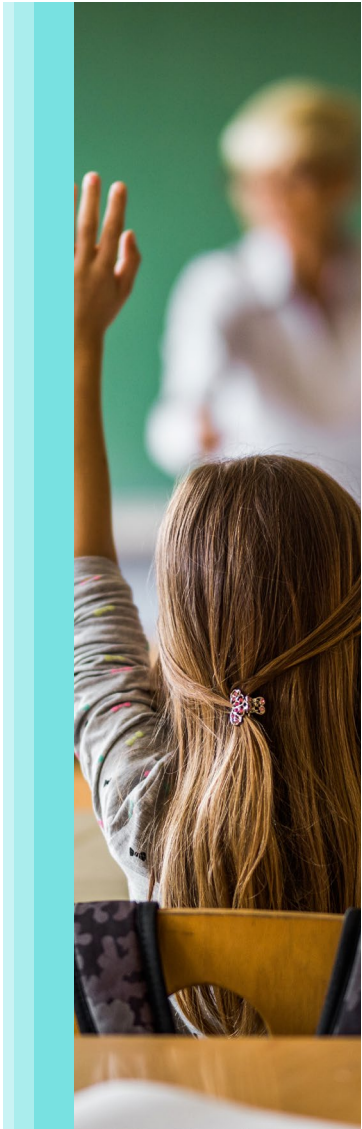


**Melissa MacDonnell**  
President, Liberty Mutual Foundation



Liberty Mutual employees





## Giving back through our philanthropy

Our work in 2021 spanned Liberty Mutual Foundation's three core areas of focus: empowering individuals who are experiencing homelessness, advancing access for people with disabilities and expanding educational opportunities for underserved students.

Examples of partners doing remarkable work include:

- **Family-Led Stability Initiative**, a collaborative effort including seven community-based and public sector partners that focuses on housing homeless students and their families. Our collective goal is to improve educational opportunities and outcomes for students by eliminating homelessness as a barrier to success.
- **Jewish Vocational Services** helps 19- to 22-year-old students with disabilities enter competitive

employment by providing a solid career path through training in culinary arts, retail, office work, patient support and other roles.

- **EdVestors** works to strengthen public school effectiveness, so a quality education is available to all students. Through their programs Zeroing in on Math and Career Pathways, public school students have access to supplemental math instruction and high-quality career education to help close opportunity and achievement gaps.

As part of our work to end youth homelessness, we committed \$2.5 million in 2021 to the nonprofit **Bridge Over Troubled Waters** (Bridge), the largest agency in the greater Boston area that provides the full continuum of care to homeless, runaway and at-risk young adults. Bridge's trauma-informed care meets young people where they are and supports them with wrap-around services that assist them

in moving from the streets to stable and successful adulthood. Liberty House, made possible by a gift from Liberty Mutual in 2018, provides independent living for young people at Bridge who are attending college or career training programs but who would otherwise experience homelessness.

Nationally, we furthered our commitment to building awareness and knowledge about youth homelessness, funding research and bringing this hidden issue to light. One of our partners, **Think of Us**, launched virtual support services for young people who have been in foster care. These services are vital as nearly one-third of youth experiencing homelessness have spent time in foster care. We were particularly humbled to receive the US Chamber of Commerce's best corporate community improvement award for our comprehensive efforts to address youth and young adult homelessness.

 [LEARN MORE IN OUR GIVING REPORT](#)

## GIVING HIGHLIGHTS



**US\$55.1 million**  
donated in 2021



**561**  
total grants awarded, through Liberty Mutual Foundation



**US\$8.9 million**  
in employee contributions

In 2022, the Liberty Mutual Foundation increased our Give with Liberty employee match to 100%, meaning all employee donations to eligible nonprofits automatically receive a 1-to-1 match (with no limitation).



**33,507**  
employee volunteer hours<sup>9</sup>

## Community engagement

Liberty Torchbearers, our global employee engagement program, encourages and supports employees who give their time and resources to causes they care about.

For example, our corporate strategy and research team lent their skills to [HopeWell](#) to address the harsh reality that only 3% of foster care youth receive a college degree — and our IT employees helped the [Autism Society](#) build a platform to support

a national network for autism chapters across the United States.

Torchbearers hosted Feed the Need, a three-week hunger relief and awareness campaign to address food insecurity, a global crisis exacerbated by the COVID-19 pandemic. By partnering with [Feeding America](#) and the [World Food Program](#), employees were able to provide more than 1.1 million meals to individuals and families around the world.

In addition to raising awareness for hunger, we boosted the effort through initiatives such as an employer-matched fundraising campaign and a live event hosted by our CEO, David Long.



### Expanding access to clean water

Throughout the world, our business units increased our collective impact through community engagement and other partnerships. One example is our long-standing support of [WaterAid](#), an organization working to increase access to clean water, sanitation and hygiene. Liberty Specialty Markets continued to support WaterAid efforts in Rwanda, where almost two-thirds of all primary and secondary schools lack clean water. Together with WaterAid, we advanced a three-year initiative to create lasting change by building rainwater harvesting tanks and toilet blocks and delivering hygiene workshops to school children and teachers.



### Volunteering in our communities

In Brisbane, Australia and Hong Kong, our teams coordinated volunteer opportunities with local organizations to support people experiencing homelessness.



### Supporting neurodiverse artists

When COVID-19 restrictions halted in-person volunteering, our teams in Australia deepened our more than ten-year partnership with [Studio A](#), an art association that creates commercial pathways for neurodiverse artists impacted by autism and down syndrome. Part of this included bringing teams together for a virtual “Botanicals of Liberty” series, in which Liberty Mutual employees across the Asia Pacific region shared photos of a flower, tree or other botanicals which were then shared with Studio A artists as inspiration for their own artistic interpretation.

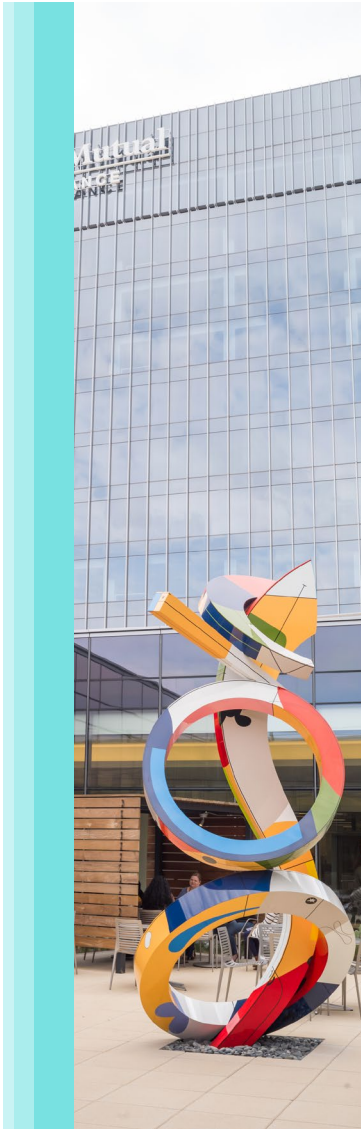
# Advancing Diversity, Equity & Inclusion

"Liberty Mutual's Employee Resource Groups (ERGs) create a much-needed environment of belonging for employees. They bridge Liberty Mutual's DEI commitments and our business objectives, creating both positive business outcomes and ultimately making things better for our customers, agents, partners and employees. I am proud of Liberty Mutual's continued commitment to champion equity across our employee population and I am proud to serve as co-chair of LEADA@Liberty, an ERG launched for employees of African descent to support professional development and help them navigate the challenges we face in the workforce."



**Edward J. Peña**  
Executive Vice President, Chief  
Financial Officer, Global Retail Markets

Liberty Mutual employees



## Diversity, Equity & Inclusion (DEI) and our people

Advancing DEI is critical to the success of our business. It ensures all employees feel that they belong, drives innovation and helps position Liberty Mutual as an employer of choice.

In 2020, we announced a multi-year plan for advancing Diversity, Equity & Inclusion globally. The plan includes many actions regarding inclusion and equity and a commitment to increasing representation of women and people of color in the US by setting goals for 2025. In the past year, we've seen progress across our representation goals — and growth across all the dimensions of diversity we are tracking.

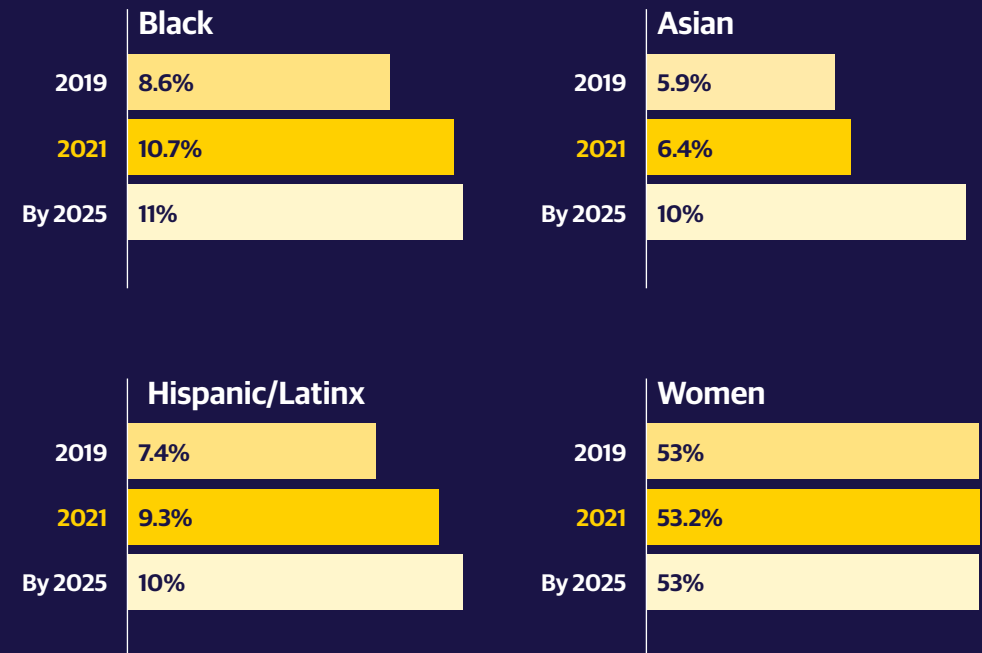
When we released our 2025 representation goals, we also

acknowledged that gender and race are not the only dimensions of diversity. People are multidimensional, and we're committed to gaining a better understanding of other facets of diversity — such as veterans, LGBTQ+ and those with disabilities. That's why we launched a self-ID campaign in the US, enabling employees to self-identify across these dimensions.

Making a meaningful impact across DEI involves all employees cultivating an environment of inclusion where everyone can be successful and feel they belong. In response to our annual employee opinion survey, 88% of employees globally say that they can be themselves at work and through the Great Place to Work survey, 84% of US employees indicated they feel like they belong at Liberty.

### Making progress toward our DEI goals

In 2020, our CEO David Long set a multi-year plan for advancing DEI at Liberty Mutual that included representation goals for 2025 across our US workforce — with a commitment to longer-term progress beyond that point. Over the past year, we've made notable progress toward achieving these goals, while acknowledging that accomplishing them will take sustained engagement and continued effort.



 [MORE DATA ON DEI](#)



## Our DEI progress

“Acting on our Diversity, Equity & Inclusion plans is one powerful way we build a high-performing and innovative workforce where people of all backgrounds can thrive in their careers, foster strong relationships with colleagues and deliver a superior customer experience.”



**Dawn Frazier-Bohnert**  
Global Diversity, Equity & Inclusion Officer



### **Incorporating DEI into our leader expectations**

At Liberty Mutual, we know our managers play a role in advancing DEI. To drive accountability, every manager globally now has a required annual performance goal to take action to strengthen their own Diversity, Equity & Inclusion skills and foster an inclusive and equitable workplace.



### **Launching a new global DEI award**

We launched a DEI award to recognize employees whose actions exemplify and advance DEI. We received 200 submissions and look forward to announcing winners.



### **Expanding learning opportunities for employees and managers**

We introduced a new e-learning series to supplement the existing Global Fundamentals training which focused on how Liberty defines DEI and how to disrupt unconscious bias. This program helps all employees build the foundational skills required for inclusive leadership, while also developing the ability to collaborate across cultural and personal differences. We also introduced a new Microaggressions e-Learning module, which builds on the concepts discussed in Unconscious Bias Awareness – identifying and challenging biases – so employees can disrupt them and any negative consequences that might affect their relationships and decisions at work.



### **Supporting growth across our ERGs**

More than 14,000 employees engaged in over 600 ERG-related programs and events globally. The addition of our seventh ERG, Able@Liberty, is already making a difference in building awareness for people with disabilities, their caregivers and their family members.



### **Enhancing talent acquisition practices**

We amplified our Liberty Recruitment Initiative, which requires managers to consider women and people of color as part of candidate slates when hiring and recommend that our interview panels include people of different backgrounds. A DEI digital marketing campaign was also launched to help attract more women and people of color. This multi-channel approach leveraged sponsorships and programs, advertising and social media to increase brand consideration and talent attraction for open positions.



#### **Augmenting offerings for employee development and advancement**

We created opportunities for employee development through executive sponsorship, mentorship and leadership programs that include opportunities for Latinx, Black, Asian and LGBTQ+ employees, women and employees with other dimensions of diversity.



#### **Establishing 13 DEI councils across our international markets**

DEI councils were launched in every global market to provide the foundation for each market's DEI plan.



#### **Partnering to advance neurodiversity understanding**

Liberty Specialty Markets focused on educating our community about neurodiversity by working with an external partner, [Exceptional Individuals](#), to host seven informational lunch-and-learns which received high attendance. In 2022, Liberty Specialty Markets plans to hold focus groups to understand how we can support our people and consider how we can improve our policies and processes to make Liberty Specialty Markets more inclusive.



#### **Hiring senior level DEI business advisors**

We have aligned DEI business advisors, a new role, to each major business line and corporate function at Liberty Mutual. They ensure decisions are considered through a DEI lens and that teams define measurable objectives to support their plans. The DEI advisors also act as advocates on DEI issues and concerns raised by employees within their business units.



#### **Bringing voices of different backgrounds to Liberty**

Global Risk Solutions held a speaker series featuring notables like Robin Roberts for International Women's Day and Dan Levy for LGBTQ+ History Month to spread awareness of DEI among brokers and agents.

### Employee Resource Groups taking action

Liberty Mutual ERGs are employee-led groups supported by our Global Office of DEI whose collective mission is to foster an inclusive culture, enhance personal development and support broader business objectives. In 2021, more than 14,000 employees participated in at least one ERG globally. Two examples include:



#### ABLE@Liberty

In April of 2021, we launched our seventh ERG. Able@Liberty focuses on supporting people with disabilities in our communities. In its first year, advisory groups were established to listen, understand and prioritize challenges for people with physical disabilities, mental health issues, neurodiversity and non-apparent illnesses and their caregivers.



#### Valor@Liberty

This ERG is committed to making Liberty Mutual a better workplace for our veterans and current service members. It is a driving force behind the Hire our Heroes program, a fellowship that provides transitioning service members with professional training and hands-on experience in the civilian workforce while still on active duty. In 2021, Liberty Mutual and Valor@Liberty had 15 heroes in the program, and we hope to increase that number in 2022. Valor@Liberty also stepped up following the US withdrawal from Afghanistan, mobilizing Liberty Mutual employees to raise money for Hope for Warriors, a nonprofit that supports the mental needs of veterans, and No One Left Behind, a nonprofit committed to bringing lost or abandoned soldiers home.

 [SEE OUR FULL LIST OF ERGS](#)



"After 20 years in the Navy, I was looking forward to the next chapter of my life. My goal was to get into cyber, it's something I'm passionate about. The V.A. connected me to Hiring Our Heroes, a great program for military vets that matched me with Liberty Mutual. After a 12-week internship in cyber defense operations, I accepted a full-time role. I never imagined a career in this industry, and I've learned that insurance helps people in so many ways. Now I'm here at Liberty, doing what I love. It couldn't have turned out better."



**Jennifer Jordan**  
Associate Cybersecurity Engineer



## Integrating DEI across our business

Beyond our employee-focused DEI efforts, Liberty Mutual is committed to integrating DEI across all aspects of our business.

Examples of this include extending our DEI impact to our supplier relationships, our Independent Agents and our venture capital fund's investing strategy:

### **Fostering supplier diversity**

We have relationships with more than 83,000 suppliers and partners, who provide products and services that support our operations. We are committed to fostering procurement relationships that extend the positive impact of our business and manage potential risks. In the US, our Office of Supplier Diversity is charged with tripling our annual spend from 2021-2023 with suppliers that are registered as being owned by women, people of color, people with disabilities, LGBTQ+ individuals and other underrepresented communities. In 2021 we surpassed this goal – two years ahead of schedule.

As we persist in integrating diversity into our procurement strategy, we have also defined supplier diversity and inclusion objectives to ensure we have at least one diverse supplier included in 50% of every bid. By the end of 2021, we surpassed this objective with 69% of bids including one diverse supplier or more. We also increased enrollment of our top strategic suppliers into our Tier II program, which indicates these suppliers have agreed to include diverse labor in their subcontractor strategies. As a result, we increased the Tier II program's participation by more than 200%. To further boost engagement, we hosted a supplier diversity summit for the first time with our top diverse suppliers and joined the Boston Chamber of Commerce Pacesetter program, which focuses on spurring improvements in supplier diversity in Boston.

### **Working with our independent agents to implement DEI**

Liberty Mutual is also committed to working with our Independent Agents (IA) to ensure they

understand DEI is a business imperative. In 2021, we led DEI IA+, an initiative that supports our efforts to better serve our IA population and customers by hosting DEI workshops, developing resources and conducting trainings.

The DEI IA+ program pillars include education around best practices, connection through coaching and open dialogue sessions, targeting communities we can serve with new IAs and measuring progress against DEI performance goals. In addition to bringing along our existing IA population, Liberty Mutual is partnering with two associations, the National African-American Insurance Association (NAAIA) and Latin American Association-Insurance Agency (LAAIA), to ensure our IA population is accurately representative of our customer base.

### **Investing in diverse communities and businesses**

Our venture capital fund, Liberty Mutual Strategic Ventures, is working to identify and invest in

businesses with founders from underrepresented backgrounds, who are often best positioned to identify unmet needs and build solutions across diverse communities yet often face barriers to accessing funding.

Liberty Mutual Strategic Ventures worked with our Global Retail Market unit to launch a sponsoring partnership with [Visible Hands](#), an organization that helps underrepresented talent build technology startups. Visible Hands provides founders with initial funding alongside a 14-week, full-time fellowship. Liberty Mutual has committed to three years of sponsorship and plans to leverage internal expertise and mentorship to benefit the program's participants. Ann Stanberry, Executive Vice President, Chief Strategy Officer for Liberty Mutual Insurance and Julie Haase, Executive Vice President, Executive Managing Director & Co-Chief Operating Officer at Liberty Mutual Investments also joined the Visible Hands Board of Directors.



# Employee development and wellbeing

"We aim to create an exceptional employee experience where people can grow and thrive. Our ability to deliver for our customers depends on a workplace environment where our people feel valued. We invest in all elements of employee wellbeing, from professional development to mental health. We are committed to ensuring Liberty Mutual is an exciting place to join and grow."



**Melanie M. Foley**

Chief Talent and Enterprise Services Officer

Liberty Mutual employees

## WORKFORCE HIGHLIGHTS



89%

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



89%

of employees agree that Liberty Mutual supports their overall health and wellbeing



93%

of employees are satisfied with the flexibility of work arrangements



96%

of interns would recommend Liberty Mutual as a great place to work

## Our commitment to our employees

At Liberty Mutual, we're committed to creating an environment that enables our employees to be successful not just today but in the future.

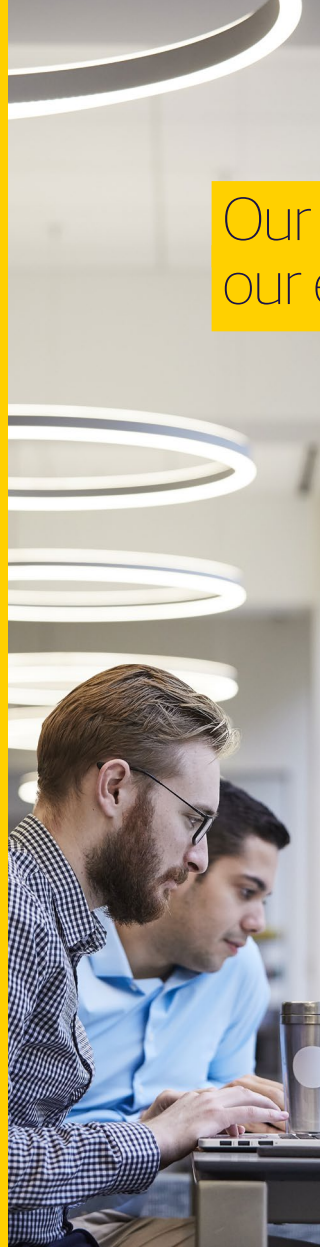
We emphasize personal skill and knowledge development to foster talent growth within the organization. From investing in programs that teach personal financial management to providing resources that support mental health, we believe in supporting our employees across many dimensions of wellbeing.

### Employee experience

Our Global Employee Experience team, which was established in 2020, continues to incorporate a holistic, data-driven approach to understanding what matters most to our employees. We use this data to ensure we're addressing employee needs. Various other tools, including regular pulse surveys and an annual employee opinion survey (EOS) help inform this process.

For example, COVID-19 pulse survey results in 2021 indicated

an overwhelming need for more caregiver support. In response, we established a partnership with Care.com, a service that provides last-minute emergency care for children, parents and pets. In its first three months, 8% of employees enrolled in the partnership using more than 1,300 days of emergency back-up care. We are also using these survey insights to inform our approach for bringing employees back into the office safely and to create a work environment that is connected, equitable and inclusive for all.



## Our 8-week

intensive lab on inclusive leadership, Leading at Liberty, has reached ~6000 managers globally.

## Employee development

We believe our people are one of our key competitive advantages, and we invest heavily in their development. This investment spans from skills we believe every employee should develop, such as a growth mindset and digital literacy, to job-specific skills and other programs focused on management and leadership skills. We offer a broad portfolio of structured development programs that include elements such as rotational assignments, challenging educational curricula, senior-level sponsorship, external development and cohort experiences.

Programs range from technical (such as underwriting, actuarial and finance development) to others

focused on general management. Over the last three years, we have made additional investments in accelerating the development and advancement of employees from underrepresented populations. Our Employee Resource Groups are also leveraged to support career development and skill building.

We encourage all employees to take an active role in their own development. All employees have access to a robust navigate-your-career portal customized and curated for their current role and skills. It supports employees' understanding of potential career paths based on their interests, helps them identify the skills needed to get there and provides

guidance for developing these skills. Beyond these resources — which are available to all employees — we have multiple targeted re-skilling initiatives that prepare our employees for new roles or new work due to changing business needs and strategies.

Managers are critical. The role they play has a direct impact on how all employees feel about their ability to flourish and succeed. In 2021, we were steadfast in delivering our Leading at Liberty Program, a foundational program focused on making sure all managers understand and demonstrate the critical skills required to effectively manage themselves and their teams.

To date, 91% said they felt better equipped to improve their leadership performance following the program and 84% said they were likely to recommend the program to peers. All of our managers globally will have completed this lab-like development program by mid-2022. We provide additional support through an extensive set of toolkits and other development resources that managers can use to grow their skills, such as how to be an inclusive leader and e-learning modules that address topics including microaggressions and developing resiliency.



## Supporting the next generation of talent

We recognize our responsibility to support the next generation of talent, particularly amidst the pandemic environment. That's why we shifted our internship recruitment model to a more flexible location approach to support remote work, which significantly broadened our candidate pool.

Our 2021 summer intern class spanned 35 states and four time zones — making it our most geographically diverse class to-date. We introduced our 415 interns to the various aspects of the insurance industry and immersed them in our company culture through DEI workshops, networking opportunities, a leadership series, wellness courses and skill development using different methods such as virtual cohort-based sessions and podcasts.

## Employee health and wellness

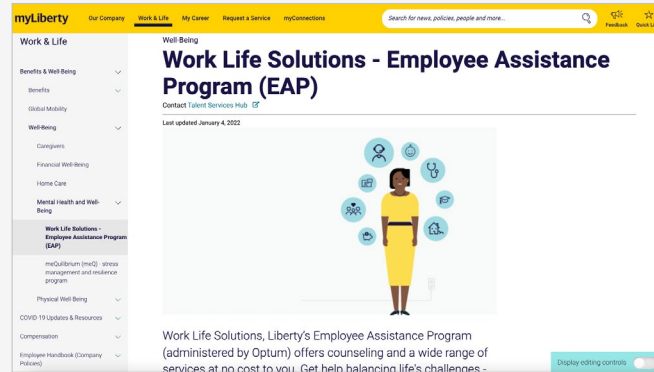
In addition to training and development, another critical area of focus is supporting employees' general wellbeing. In 2021, we completed our first full year offering a global Employee Assistance Program (EAP). This benefit includes 10 mental health sessions for all employees and their families and, this year, we added a new health plan that provides virtual consultations to employees and their families at no additional cost. One thousand employees signed up for the plan in this first year and enrollment has doubled for 2022. EAP also expanded to include access to Talkspace, a service that allows employees to connect with a therapist through text, phone or video.

Other highlights of our work supporting employee wellbeing include:

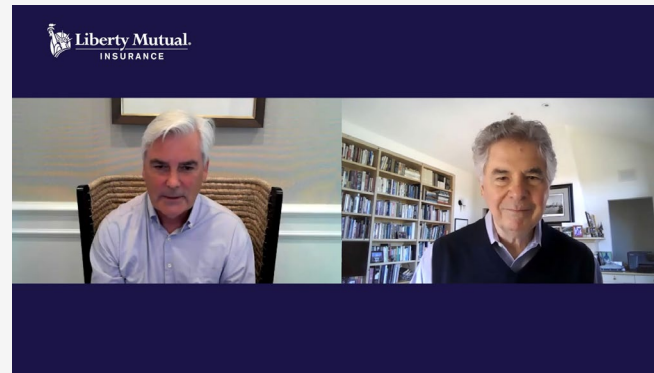
- Our CEO David Long held Liberty Mutual's first global fireside chat on mental health. The conversation emphasized the importance of eliminating stigma, supporting one another and reaching out for support when needed. The event received over 8,500 views and employees all over the world

posted positive comments and shared stories about their own personal experiences.

- Wellness Wednesdays became a way for us to recognize the unique stresses and pressures that our interns face, discussing topics such as emotional, physical and financial wellbeing. Interns learned about these topics and shared their experiences with each other, creating meaningful connections and a supportive environment.
- We launched a web-based toolkit for managers in the US which includes videos, podcasts and an action tool to encourage leading with empathy.
- A wellbeing toolkit was rolled out for all employees. This interactive kit provides tips and techniques on the four aspects of human wellbeing – mental, physical, emotional and spiritual.
- We offer Goldman Sachs Ayco Personal Financial Management digital services which include a personal financial wellbeing self-assessment, one-on-one financial coaching services and additional digital resources for eligible employees at no additional cost.



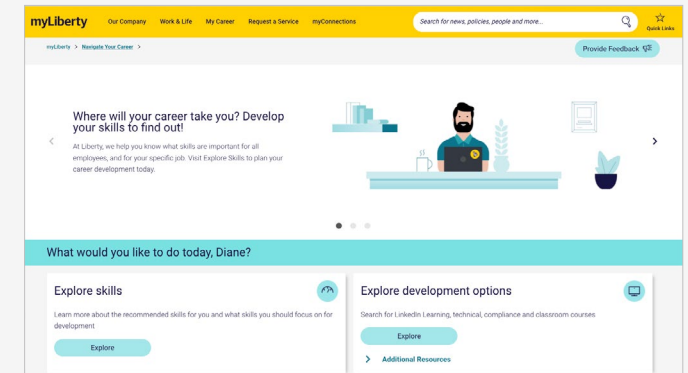
Screenshot of the Employee Assistance Program online portal




Global fireside chat on mental health with CEO David Long (left) and Garen Staglin, Co-founder and Chairman of One Mind at Work (right)



Employee Assistance Program tip sheet



Navigate Your Career learning and development portal

 **LEARN MORE ABOUT OUR BENEFITS**

SECTION 8

Governance  
and practices



Liberty Mutual employees



## Our commitment to corporate governance

As a leader in financial services, strong corporate governance has always been a top priority for Liberty Mutual. 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 maintaining the trust and confidence of our policyholders and stakeholders, and to promoting Liberty Mutual's long-term success. Our governance framework, management practices and compliance policies provide accountability and transparency across all levels of our business.

Liberty Mutual employees

Learn about our Enterprise Risk Management approach.



### 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 our 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 is responsible 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
- ESG strategy and progress

- Geopolitical issues
- Policy and regulatory matters
- Ethics and compliance
- Risk management
- Human capital management and workforce issues (including DEI)
- Other matters of importance to our long-term success as a company

With the Board responsible for strong corporate governance and oversight of ESG issues and policies, it approved the creation of a Governance and Sustainability committee in April 2022, further strengthening oversight of ESG-related efforts. This new committee combines and integrates the work previously handled by the former Nominating and Governance and Community Investment committees. [The mandate](#) of the Governance and Sustainability committee includes:

- Ensuring a strategic global management approach to ESG issues, including advising on priorities and practices across Liberty Mutual's business

- Evaluating the company's performance on ESG issues, including initiatives, objectives and targets having a material impact on the company
- Guiding corporate governance disclosures, including the annual ESG Report and Corporate Governance Annual Disclosure to ensure compliance with legal and regulatory requirements and accuracy of all reporting
- Approving funding for the Liberty Mutual Foundation and reviewing Liberty Mutual's philanthropic strategy and portfolio results
- Serving to identify and recommend qualified candidates for nomination to the Board of Directors and managing CEO succession planning
- Overseeing the composition, structure, practices and evaluation of the Board of Directors in full, including its committees

Read more about how Liberty Mutual is advancing [ESG governance](#) (p. 9).

### 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, providing the business with a wide range of perspectives that guard against risk and promote sustainable operations.

We believe diversity at a board level is a demonstrated critical factor for ensuring better decision-making, risk management and organizational performance, along with our ability to attract the best talent and better serve customers. Liberty Mutual continually assesses 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.

In April 2021, George Serafeim, the Charles M. Williams Professor of Business Administration at Harvard Business School, joined our Board of Directors. Professor Serafeim brings a wealth of experience in corporate governance and sustainability. We also welcomed Anne Waleski to our Board in November 2021. She is a former Executive Vice President and Chief Financial Officer of Markel Corporation and having served in executive leadership roles, she brings extensive experience spanning the property and casualty insurance, manufacturing and retail sectors.

### Executive compensation and clawback policy

Liberty Mutual's compensation philosophy and strategy recognizes that our success is largely determined by the strength and quality of our people — and that talented people are attracted to companies that provide competitive pay and reward exceptional performance. Building upon this core philosophy, our executive compensation program is designed to attract and retain effective

and motivated leadership. The following core principles underlie the executive compensation and benefits program:

- 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.
- A total rewards package for executives should be competitive with similarly situated companies in the marketplace.
- Liberty Mutual has a comprehensive clawback policy to encourage sound risk management and individual accountability. This policy covers all executives of Liberty Mutual and applies to covered compensation, generally including incentive compensation or employer contributions under a nonqualified deferred compensation plan.



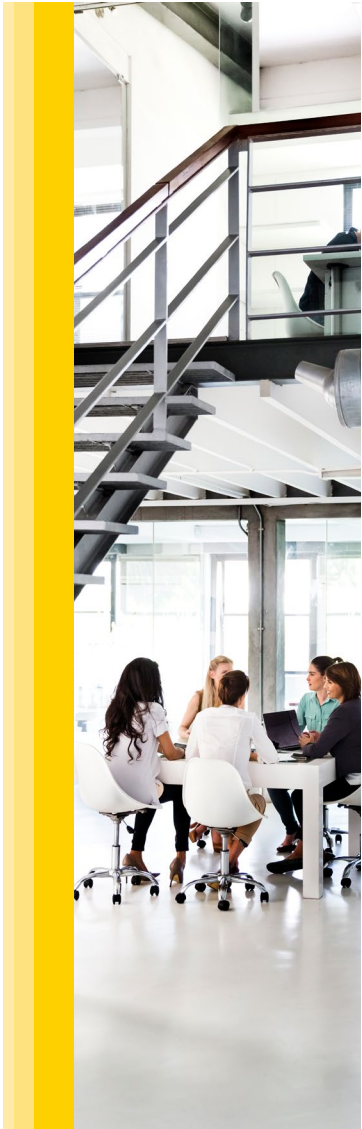
### BOARD COMMITTEE MEMBERSHIP



33%  
of Board members  
are women



23%  
of Board members  
are people of color



### Ethics, compliance and integrity

Grounded in our Value of acting responsibly, Liberty Mutual believes in doing business with integrity. Our Code of Business Ethics & 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 leading with integrity at all levels of the organization.

In 2021, Chief Compliance Officer Karen Morton and members of senior leadership led a global initiative emphasizing our commitment to advancing our ethical culture, including what acting responsibly and speaking up means to them. In addition to highlighting our strong "tone at the top," we focus on creating an impactful "mood in the middle" by utilizing our managers as valuable compliance resources to cultivate an environment where all employees are empowered to act with integrity.

We encourage employees to raise questions and concerns to our compliance helpline, available 24/7. Although an anonymous option

is available, 93% of employees chose to identify themselves in 2021, suggesting they feel safe and secure raising questions or concerns. All helpline inquiries are handled confidentially.

New and tenured employees receive mandatory training about compliance and ethics. As part of their onboarding, new employees complete a required compliance and ethics curriculum while tenured employees complete mandatory annual training on a variety of topics grounded in the Code of Business Ethics & Conduct. We also provide regular anti-corruption, anti-money laundering and international trade sanctions training to relevant employees. Educational materials and policies are available in up to 13 languages to ensure accessibility across the organization.

As our work environments continued to evolve in 2021, we provided employees with resources to help them understand and recognize that the ethical issues we may encounter have also evolved. Liberty Mutual is proud of [the many ways employees spoke up](#) and acted responsibly in 2021.

### Liberty Mutual's conduct is guided by policies on:



Anti-corruption



Anti-money laundering



Antitrust



Conflicts of interest

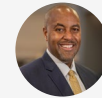


Data Privacy



International trade sanctions

"We act responsibly and do the right thing – the Code of Business Ethics & Conduct is the foundation for how we conduct business, putting our Values into practice and guiding our behavior, whenever and wherever we do business or act on behalf of Liberty."



**Damon Hart**  
Chief Legal Officer

As a global employer, Liberty Mutual is committed to internationally recognized human rights principles as defined by the United Nations Universal Declaration of Human Rights. In 2021, we formally codified Liberty Mutual's Human Rights Principles, which serve as the basis of our relationships with our employees and other stakeholders in the countries where we operate. These principles are a fundamental part of our Identity & Values, which are further reflected in our Employee Handbook and Code of Business Ethics & Conduct.



OUR HUMAN RIGHTS PRINCIPLES



CODE OF BUSINESS ETHICS & CONDUCT





Liberty Mutual employee

### Data privacy

We put privacy first through increased transparency, strong governance, training and policies and procedures, including privacy risk assessments. Led by our Global Privacy Office, we ensure global compliance by requiring that all employees follow our privacy principles and complete privacy training.

Building on our #PrivacyAware culture requires ongoing outreach efforts, such as our annual privacy day campaign. We provide transparency by posting all our [US privacy notices](#) and global notices on applicable websites. Where required by law, our privacy notices outline how individuals may access, correct and delete personal data upon request. We also contractually require our vendors and partners to protect personal data and to use it only for the purposes outlined.

### Our global cybersecurity technology team

Today's cyber threats, inclusive of ransomware, nation-state actor activity and serious system and software vulnerabilities, make resilience a leading theme of Liberty Mutual's Global Cybersecurity and Technology teams. Our cybersecurity professionals across the globe advance our cyber resilience strategy through people, process and technology initiatives.

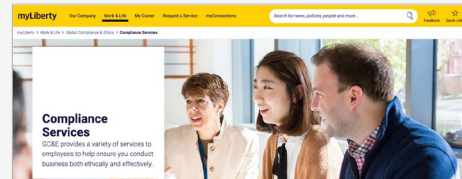
We complement leading security technology adoption with our educational Responsible Defenders® campaigns to ensure our employees understand and apply our security controls and identify suspicious cyber activity. Training for all employees and contractors is conducted on an ongoing basis to support the adoption of best practices in

cybersecurity in their daily work and teach them to recognize suspicious activity.

Building resilience into our response capabilities through cyber crisis tabletop exercises to model key decision-making is a priority, as well as recovery exercises to test processes for redeploying laptops and key systems globally. Backup and recovery strategies for desktops and servers alike are prominent in the resilience efforts. In 2022, we are also increasing the cadence of engaging independent experts to assess the maturity of Liberty Mutual's cybersecurity program in alignment to the NIST Cybersecurity Framework. Our global strategy, which emphasizes a layered defense, is informed by business priorities and risk-based analysis, serving as the foundation for our cyber resilience investments and priorities.

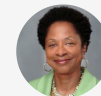


Responsible Defenders® employee website



Compliance Services employee website

"As we remain committed to acting with integrity – everywhere and every day – we continue to fortify our ethical culture while adapting to evolving work environments."



**Karen Morton**  
Chief Compliance Officer

# Additional information and resources

 **2021 TCFD REPORT**

 **2021 GRI INDEX**

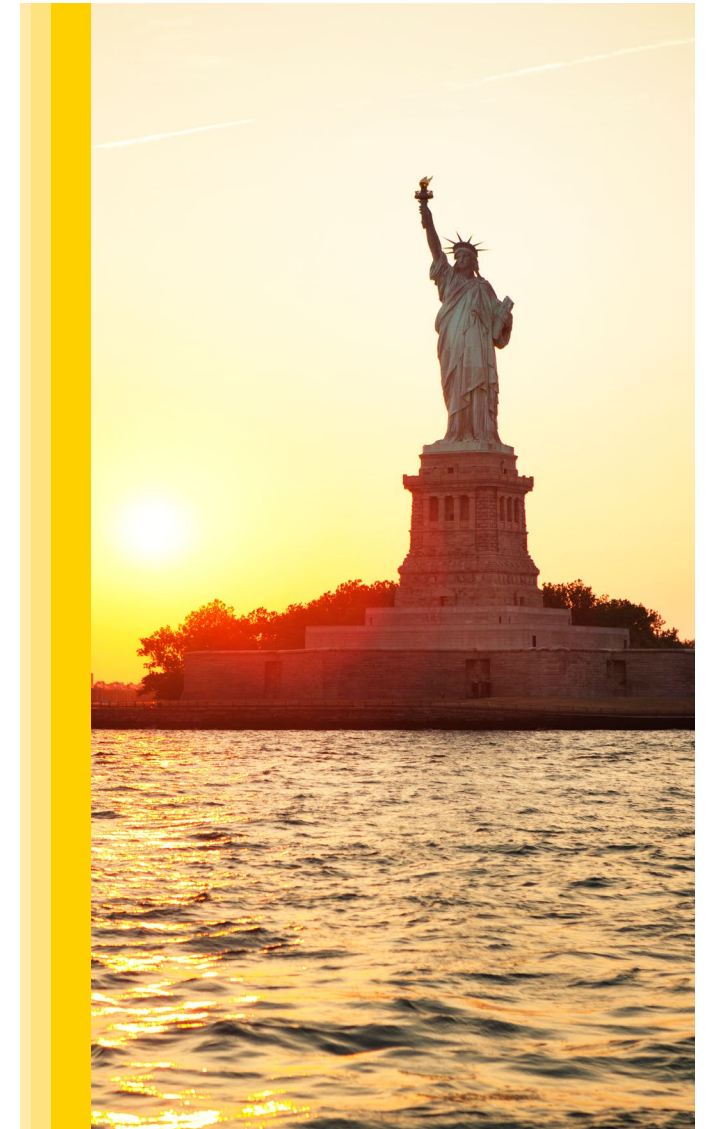
 **2021 SASB REPORT**

## Data and disclosures

<b>Environment</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total scope 1 and 2 CO2e emissions (MTCO2e)	72,701	86,245	127,210
Scope 1 CO2e emissions <sup>4</sup> (MTCO2e)	27,304	28,647	36,857
Scope 2 CO2e emissions (MTCO2e) location based <sup>4,5</sup>	45,397	57,598	90,353
Scope 2 CO2e emissions (MTCO2e) market based	42,161		
Scope 3 CO2e emissions <sup>6</sup> (U.S. only) (MTCO2e)	8,596	10,717	31,414
Total electricity used (MWh)	132,001	155,385	229,186
<b>Social</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Global headcount	47,509	48,400	48,359
Percent of women at Liberty Mutual (U.S. only)	53.2%	53%	53%
Percent of women on the Board	33%	31%	31%
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	89%	92%	85%
Employee turnover rate	15.7%	11.6%	14.6%
Community investment spend	US\$55,113,479	US\$64,183,541	US\$45,857,389
Number of employee hours spent volunteering <sup>11,12</sup>	33,507	39,438	152,574
Percent of employees volunteering (U.S. and Canada only) <sup>11,12</sup>	2%	14%	50%
Number of community projects supported (project specific – U.S. and Canada only) <sup>11,12</sup>	1,236	2,084	3,919
Total charities supported	10,124	12,485	12,077
<b>Governance</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Percent of employees annually trained on Code of Conduct	100%	100%	100%
Clawback provision for executive compensation	Y	Y	Y
<b>Responsible insurance &amp; investment</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total investment in traditional energy <sup>13</sup>	US\$3,249 million	US\$3,779 million	US\$3,841 million
Total investment in alternative energy <sup>7,8</sup>	US\$1,468 million	US\$861 million	US\$420 million
Ratio of investments in alternative: traditional energy <sup>7</sup>	1:3	1:5	1:10
UNPRI signatory	Y	Y	N
Responsible investment policy	Y	Y	N
Non-investment grade fixed income and private credit as a percent of total portfolio	6.5%	6.9%	5.5%

## Reference notes

- 1 Net Income attributable to Liberty Mutual Holding Company.
- 2 Excludes unamortized discount and debt issuance costs.
- 3 Head count; data as of the end of the reporting period, 12/31/2021.
- 4 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.
- 5 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.
- 6 2021 Scope 3 figure is limited only to global commercial air and ground travel, including employee mileage and reimbursement, and waste from U.S. owned and operated facilities; 2019 and 2020 Scope 3 figures are limited to only commercial air and ground travel for U.S.-based employees.
- 7 In 2020, Liberty Mutual modified its definition of alternative/renewable energy to only include energy derived from solar, wind and hydro sources.
- 8 2021 includes fixed maturities and public equities of US\$506M, LP, LLC and other equity method investments of US\$406M and unfunded commitments of US\$556M. 2020 includes fixed maturities of US\$180M, LP, LLC and other equity method investments of US\$288M, and unfunded commitments of US\$393M. 2019 includes fixed maturities of US\$22M, LP, LLC and other equity method investments of US\$254M, and unfunded commitments of US\$144M.
- 9 2021 volunteerism was impacted by COVID-19 related restrictions.
- 10 CTP is in the process of becoming a fully independent nonprofit.
- 11 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 and 2021 due to pandemic concerns. This led to a drop in volunteer participation and in the number of community projects supported.
- 12 2019 figures are global while 2020 and 2021 figures include the U.S. and Canada.
- 13 Includes unfunded commitments of US\$38M (2021), US\$67M (2020) and US\$119M (2019).





#### **Cautionary statement regarding this report**

This report has been prepared solely for informational purposes from sources understood by Liberty Mutual Group (the Company) to be reliable at the time of publication. The Company does not guarantee the accuracy, completeness, timeliness or availability of the contents of this report. The Company is not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the contents of this report. In no event shall the Company be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the contents of this report even if advised of the possibility of such damages.

The Company's opinions, quotes and analyses are statements of opinion as of the date expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment- or insurance-related decisions and do not address the suitability of any security or insurance policy. Contents of this report should not be relied on and are not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment, insurance-related and other business decisions.

This report contains forward-looking statements intended to enhance the reader's ability to assess the Company's future financial and business performance. Forward-looking statements include, but are not limited to, statements that represent the Company's beliefs concerning future operations, strategies, financial results, or other developments and contain words and phrases such as "may," "expects," "should," "believes," "anticipates," "estimates," "intends" or similar expressions. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, environmental, economic and competitive uncertainties, many of which are beyond the Company's control or are subject to change, actual results could be materially different.

The Company's forward-looking statements speak only as of the date of this report or as of the date they are made and should be regarded solely as the Company's current plans, estimates and beliefs. The Company assumes no obligation to update these forward-looking statements or the contents of this report following publication in any form or format. For a discussion of the Company's financial information, visit the Company's Investor Relations website at [www.libertymutualgroup.com/investors](http://www.libertymutualgroup.com/investors).

This report may contain links to other websites and may frame material from other websites. Such links or frames are not endorsements of any products or services in such sites, and no information in such sites has been endorsed or approved by the Company.

Except where noted, the information covered in this report highlights our performance and initiatives in fiscal year 2021.

The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact (or potential impact) of that information.

# Contact us

For questions or comments regarding this report,  
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