

## **Organization**

The Investment and Capital Committee (Committee), appointed by the Board of Directors (Board) of The Progressive Corporation (Company), shall consist of at least three directors including the Chairperson. The Chairperson shall be independent of the management of the Company (as defined by the listing standards of the New York Stock Exchange). The Chief Executive Officer may be a member of the Committee. Each member of the Committee shall be financially literate.

## **Statement of Purpose**

The Committee shall, through regular or special meetings with management, assist the Board in monitoring (1) whether the Company has adopted and adheres to a rational and prudent investment and capital management policy, (2) whether management's investment and capital management actions are consistent with attainment of the Company's investment policy, financial objectives and business goals, (3) the Company's compliance with legal and regulatory requirements pertaining to investment and capital management, (4) the competence, performance, and compensation of the Company's internal and external money managers, (5) the Company's Strategy Group and strategic investments, and (6) such other matters as the Board or Committee deems appropriate.

It is not the duty of the Committee to make operating decisions about money manager selection or compensation, asset allocation, market timing, sector rotation, security selection, or strategic investments. These are responsibilities of management. The Board must approve significant changes to the Company's capital structure, investment policy and dividend policy.

The Committee, in its discretion, shall have the authority to retain legal counsel or consultants to advise the Committee. The Committee may request any officer or employee of the Company or any of the Company's outside money managers or advisers to attend a meeting of, or to meet in executive session with, the Committee or to meet with any member of, or consultants to, the Committee.

The Board's Audit Committee is responsible for determining whether there is an appropriate segregation of duties between decision making, investment accounting and performance measurement.

The Board's Compensation Committee is responsible for approving compensation plans for the Company's senior investment staff and approving the compensation of the Chief Investment Officer and the Chief Strategy Officer at any time that either of them is an "executive officer" within the meaning of the SEC rules. The Compensation Committee will monitor such compensation in relation to investment performance and risk, among

other factors, and will consider the counsel of the Investment and Capital Committee in those regards.

The Investment and Capital Committee shall make regular reports to the Board on the Committee's activities.

### **Responsibilities of the Investment and Capital Committee**

The Committee shall:

1. At least annually, review the continued adequacy of this Investment and Capital Committee Charter and recommend any changes to the Board for approval.
2. Review and recommend to the Board for approval the Company's clearly articulated Investment Policy, which specifies asset allocation and money management guidelines that provide reasonable assurance that the Company can meet its business and financial objectives with a reasoned balance between risk, return and cost. The over-riding constraints are to maintain the ability to meet any foreseeable financial obligation in a timely manner, support growth, and allow the Company to meet its financial goals.
3. Determine that investment guidelines are consistent with the Investment Policy, clearly defined, properly measured, and consistently followed and that procedures are in place to ensure that the investment portfolio is managed in a manner consistent with the Investment Policy and applicable investment guidelines.
4. Determine that the Company has a clearly articulated capital plan for capital structure, dividend policy, and share repurchases that considers future growth plans, business and financial risks, and financial and regulatory constraints.
5. Ensure that roles and responsibilities related to investment and capital matters are clearly established for the Chief Investment Officer, internal and external money managers, Chief Financial Officer and Treasurer.
6. Contribute to the evaluation of the qualifications and performance, as they relate to investment and capital matters, of the Company's Chief Investment Officer, Chief Financial Officer and Treasurer, and provide feedback to the Chief Executive Officer and Chief Financial Officer, as appropriate.
7. Ensure that management reviews portfolio performance against objectives and assesses the performance of the Company's investment staff and outside investment advisers, and, as necessary, takes corrective action.

8. Ensure that systems and procedures are in place to inform the Company's investment staff of applicable state and federal legal and regulatory requirements, to monitor compliance with those requirements, and to report and take remedial action in the event of any deviations therefrom.
9. Confirm that the Company has in place a policy which prohibits its investment personnel from misappropriating for their own benefit investment opportunities that are made available to the Company, and from knowingly trading or taking a position in any security in advance of the Company's planned execution of a trade in that security or taking any other action that may frustrate or undermine the investment strategy or plans of the Company.
10. Determine that policies and procedures are in place to help ensure that members of the Company's investment staff do not trade any security while in possession of material inside information regarding the issuer thereof in violation of the federal securities laws.
11. Determine that share repurchases by the Company are executed pursuant to a program that has been reviewed by legal counsel to ensure that the applicable legal requirements have been satisfied, including compliance with, as applicable, issuer tender offer rules, insider trading laws, Regulation M (which prohibits repurchases during a distribution of securities) and the requirements of SEC's Rule 10b-18 promulgated under the Securities Act of 1934.
12. Oversee the Company's Strategy Group and review with management proposed strategic investments, applicable business and financial objectives, and the risks, return and costs relating thereto.
13. Determine that procedures are in place to ensure that any offer or sale by the Company of any of its debt or equity securities is made in compliance with applicable federal and state securities laws.

### **Communications with the Investment and Capital Committee**

The Committee will have direct access to the Chief Investment Officer, the Company's investment staff, the Chief Financial Officer, the Chief Strategy Officer, and the Treasurer. The Committee expects management to advise it promptly of any significant investment-related operational or accounting issues that vary from traditional practices, Progressive's Investment Policy or Progressive's investment guidelines. The Chief Investment Officer, the Chief Financial Officer, the Chief Strategy Officer, and the Treasurer will have direct access to the Committee.

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