

# **THE TRAVELERS COMPANIES, INC. COMPENSATION COMMITTEE CHARTER**

## Purpose of the Committee

The purposes of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of The Travelers Companies, Inc. (the “Company”) are to discharge the Board’s responsibilities relating to compensation of the Chief Executive Officer (the “CEO”) and the CEO’s direct reports, development of compensation policies, and production of an annual report of the Committee for inclusion in the Company’s proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission.

## Committee Membership

The Committee shall consist of three or more members of the Board, each of whom the Board has determined has no “material” relationship with the Company and each of whom is otherwise “independent” under the Company’s Governance Guidelines and the applicable rules of the New York Stock Exchange. Members shall be appointed by the Board and shall serve at the pleasure of the Board.

## Committee Structure and Operations

The Board shall designate one member of the Committee as the Committee’s chairperson. The Committee’s chairperson shall set the agendas for the Committee meetings.

The Committee shall meet in person or by such other means of remote communication through which the Committee members so participating and all Committee members physically present at the meeting may participate with each other during the meeting. The Committee shall meet at times and places determined by the Committee chairperson.

At all meetings of the Committee, a majority of the total number of members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by written consent.

## Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

### A. General Compensation

- 1) Review and approve the Company’s general compensation philosophy and objectives, and recommend to the Board the approval of Company compensation and benefit programs determined by the Committee to be appropriate. The Committee shall review periodically the operation of the Company’s overall compensation program to evaluate its objectives and its execution in light of those objectives, and shall recommend to the Board steps to modify compensation programs to make them consistent with

objectives or to provide benefits and payments that are reasonably related to and not disproportionate to the benefits received by the Company.

- 2) Review and approve any new equity compensation plan or any material change to an existing plan where shareholder approval has not been obtained, oversee management's efforts to ensure equity compensation plans are properly administered in accordance with the terms of the plans, and discharge any responsibilities imposed on the Committee by any of these plans.
- 3) Review the Company's regulatory compliance with respect to compensation matters, including oversee management's efforts to structure compensation programs to preserve tax deductibility to the extent reasonable, and, as and when required, approving performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
- 4) Review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company.
- 5) Review and approve all stock option, restricted stock, performance share, and similar stock-based grants. The Committee is required to meet in person at least once a year to approve or ratify each option grant awarded to any member of the Board or any executive officer (as defined in Rule 405 of the Securities Act of 1933, as amended).
- 6) Prepare and issue the reports required under "Committee Records and Reports" below.

B. Compensation of the Chief Executive Officer

Review and approve the corporate goals and individual objectives relevant to the compensation of the CEO, including without limitation the balance between short-term compensation and long-term incentives, evaluate the performance of the CEO considering those goals and objectives and other matters the Committee deems relevant, and determine and approve the compensation of the CEO based on this evaluation. In determining the long-term incentive component of the compensation of the CEO, the Committee shall consider, among other factors it deems appropriate from time to time, the Company's performance against its goals and its relative shareholder return (or other criteria) during such period, as the Committee may deem appropriate, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the CEO in past years.

C. Executive Officers and Management Committee

Review the performance and review and approve the salaries and incentive compensation of the Company's Management Committee members that are executive officers or direct reports of the CEO.

D. Review of Company Disclosure

Review the Compensation Discussion and Analysis section proposed to be included in the Company's proxy statement and recommend to the Board whether such section should be included in the proxy statement, and review the remainder of the Company's disclosure relating to compensation matters proposed to be included in the Company's proxy statement.

E. Management Perquisite Policies

Review and approve periodically policies with respect to perquisites of the CEO and other members of management.

F. Post-Service Arrangements

Review and approve as appropriate the post-service arrangements of the CEO and other members of management. Such review shall take into account practices at comparable companies and any benefits received by the Company in connection with such arrangements.

G. Stock Ownership Policy

Review and approve any stock ownership guidelines applicable to the CEO and other management of the Company and monitor compliance therewith.

H. Independence of Advisers

Prior to selecting any compensation consultant, legal counsel (other than in-house legal counsel) or other adviser that will provide it with advice, the Committee shall undertake an assessment regarding such adviser's independence from management taking into account such factors as may be required by the New York Stock Exchange from time to time. In addition, the Committee shall evaluate, on at least an annual basis, whether any work provided by the Committee's compensation consultant raised any conflict of interest.

Delegation to Subcommittee

The Committee may, in its discretion, delegate any of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, also delegate some or all of its authority over the administration of any equity compensation plan, consistent with the terms of any such plan, to one or more officers of the Company.

### Committee Records and Reports

The Committee shall maintain minutes or other records of meetings and activities of the Committee. The Committee shall provide to the Board a summary of the matters discussed and actions taken at each Committee meeting or pursuant to written consent. The report to the Board may take the form of an oral report by the Committee chairperson or any other member of the Committee designated by the Committee to make such report.

The Committee shall also approve the following reports and provide them to the Board:

1. An Annual Report of the Committee on Executive Compensation for inclusion in the Company's annual proxy statement or annual report on Form 10-K in accordance with applicable SEC rules and regulations.
2. An annual performance evaluation of the Committee, which self-evaluation must, at a minimum, compare the performance of the Committee with the requirements of this charter.

The Committee shall also periodically review this charter and recommend to the Board any improvements to this charter that the Committee deems necessary or desirable.

### Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities. The Committee may, in its sole discretion, retain or obtain the advice of any compensation consultant, legal counsel or other adviser, and will be directly responsible for the appointment, compensation and oversight of the work provided by any such person appointed by the Committee. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any compensation consultant, legal counsel or other adviser retained by the Committee, as well as funding for the payment of administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may also request that any officer or other employee of the Company, the Company's outside counsel or any other adviser meet with any members of, or advisers or consultants to, the Committee.