

**OUR COMMITMENT IN ACTION.**  
2016 Sustainability Report





Business Insurance  
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As a company in business for more than **200 years**, we understand what it means to be **SUSTAINABLE**.

**OUR COMMITMENT IN ACTION: ADDRESSING ECONOMIC, ENVIRONMENTAL AND SOCIAL NEEDS**

 **COMMUNITIES & GIVING.** We help individuals and communities prevail by building safe, strong and successful neighborhoods through targeted philanthropic investments, by partnering with like-minded national and local organizations, and by harnessing the power of our more than 16,000 employees to engage in their communities.

 **DIVERSITY & INCLUSION.** We are committed to building an inclusive and engaging culture where people are respected for who they are, recognized for how they contribute and celebrated for growth and exceptional performance. We value the diversity of our employees' skills and life experiences and invest deeply in their development so they can deliver on our strategy and propel our company forward.

 **ETHICS & GOVERNANCE.** We believe that doing the right thing every day is core to our character – and we are proud of our reputation for being a company that places ethics and integrity above all else.

 **ENVIRONMENTAL STEWARDSHIP.** As an insurance company, we understand the risks that environmental challenges present to people and communities. As stewards of the environment, we are committed to mitigating climate change and reducing our carbon footprint incrementally each year.

# MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



*Christopher J. Swift*  
*Chairman and Chief Executive Officer*

At The Hartford, we believe that making a positive difference in the world is the right thing to do and a business imperative. Our success is inextricably tied to the well-being of our customers, employees, partners and neighbors, and by the way we conduct ourselves. Our focus and impact must extend beyond the quality of the products and services we offer to encompass our responsibilities as an employer, neighbor, member of the global community and steward of the planet's natural resources.

**Our commitment manifests itself in four key areas: communities and giving, diversity and inclusion, ethics and governance, and environmental stewardship.**

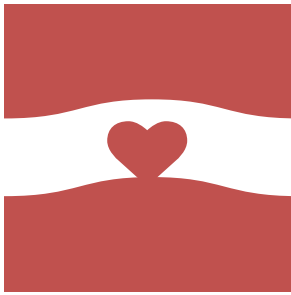
We're on track to achieve our five-year goal of positively impacting the lives of 7 million people by the end of 2020. Our **community and giving** programs foster stability and vitality in our communities by providing those in need with access to food, shelter and economic opportunity. We're making a difference in these areas by targeting our philanthropic support, working with like-minded national and local organizations, and enlisting the strength of our more than 16,000 employees — mobilizing them to invest their time, talent and generosity as community volunteers.

We're building a **diverse and inclusive** culture, where employees are recognized for how they contribute, encouraged to make a positive difference in the world around them and celebrated for what they can become. Our annual employee survey consistently shows that our people feel valued, that their voice matters, and that our culture is grounded in an open and honest exchange of ideas. We'll lead our industry in this area, and our work to date has received recognition from a variety of organizations, including the Human Rights Campaign, 2020 Women on Boards and Military Friendly Employers.

We're maintaining The Hartford's long-standing reputation for **ethical behavior and business practices** because, in our industry, success depends on trustworthiness. In 2016, the Ethisphere Institute, a global leader in ethical business practices, named The Hartford as a World's Most Ethical Company — the eighth time our company has received this prestigious designation.

We're reducing our impact on the **environment** and conserving natural resources. As an insurance company, we understand firsthand the inherent risks that environmental challenges present to people and communities. That's why we're aggressively reducing our greenhouse gas emissions, serving our customers and our planet by encouraging low carbon adoption, and expanding our environment-focused product offerings. Our work has placed us as a top three most carbon-efficient company in the financial sector — and a global sector leader — by ET Index Research, a leading environmental advocacy organization.

We're matching our commitments with results. I'm especially proud that, in 2016, The Hartford was included for the fifth consecutive year in the Dow Jones Sustainability Index, which is widely regarded as the global benchmark for corporate sustainability. Still, in a world that's facing an increasing number of critical challenges, there's much more to be done — and you can count on The Hartford to deliver.



## COMMUNITIES & GIVING



*The Hartford's Junior Fire Marshal® program has taught more than 110 million children about fire safety since the program began in 1947.*

### STRENGTHENING OUR SOCIAL IMPACT AND INSPIRING ACTION

The Hartford is committed to helping individuals and neighborhoods prevail. Through strategically aligned philanthropic programs, increased volunteerism and the continued generosity of our employees, we'll help build safer, stronger and more successful communities.

#### GOAL

**Positively impact the lives of 7 million people by year-end 2020**

**1.4M**

people positively impacted by year-end 2016



#### OUR SOCIAL IMPACT DRIVES OUR REPUTATION

Perceptions of our philanthropic commitment, combined with our proven track record as an active community partner, continue to:

- Strengthen our reputation as a company known for doing the right thing
- Positively influence stakeholder purchasing, investment and employment decisions
- Help attract and retain top talent

Doug Elliot, President of The Hartford, speaks with students participating in the JA Company Program.



## COMMUNITIES & GIVING IN ACTION

### BUILDING SAFE, STRONG AND SUCCESSFUL COMMUNITIES

 Corporate Donations  
**=\$6M+**

#### CORPORATE PROGRAMS

##### Teaching Fire Safety

- **30% increase** (year over year) in The Hartford's Junior Fire Marshal® program kit distribution, helping to educate children about fire safety



##### Countrywide Impact:



**2,600+**  
classrooms  
**78,000**  
students

##### Fighting Hunger

Employees in 21 offices participated in Fight Against Hunger events, including:

- **31,000 lives impacted** through the company's annual Fight Against Hunger campaign, helping to provide 735,000+ meals
- **1,000+ employees registered** for the Walk Against Hunger in Connecticut
- **1,500 pounds of food collected** for a local food pantry in Charlotte, NC



##### Supporting Future Business Leaders – Junior Achievement, USA (JA USA)

The Hartford is the title sponsor of the JA Company Program®, offering students the opportunity to launch their own small business while learning the basics of entrepreneurship, financial literacy and business success.

- **37,142 students** have participated in the JA Company Program through 1,942 JA Companies, since our partnership with JA USA began in 2014



##### Supporting Small Business Success – Accion

- **163 loans disbursed** to small business owners in under-served neighborhoods, helping them succeed by providing access to funding and training

##### Sponsoring Paralympic Athletes

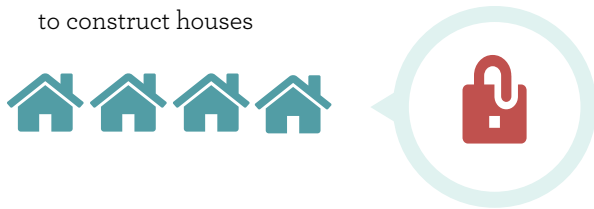
- The Hartford became a founding partner of U.S. Paralympics, a division of the U.S. Olympic Committee in 2003, and we remain a proud partner of the organization



**VOLUNTEERISM**

**Building Safe Neighborhoods**

- Supporting the Northside Institutions Neighborhood Alliance (NINA) to help restore and renovate blighted properties near our world headquarters in Hartford, Conn.
- Working with Habitat for Humanity to construct houses



**Donating Blood**

Employees donate blood through the American Red Cross and similar organizations every year:

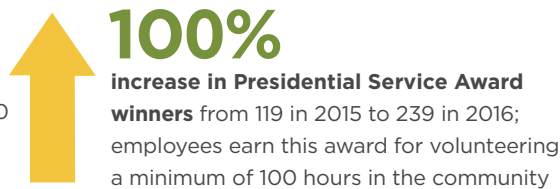
- **944 employee blood donations** recorded in 2016

**Tutoring and Mentoring**

Employees volunteer their time to:

- Tutor and mentor students through Junior Achievement and the Boys & Girls Clubs of America
- Mentor small business owners

**The Rise in Employee Volunteerism**



“The Hartford provides a model for corporate philanthropy reflective of its leadership and sincere commitment to the community it serves.”

— Carol DeVido Hauss, Executive Director, Literacy Volunteers of Greater Hartford, CT

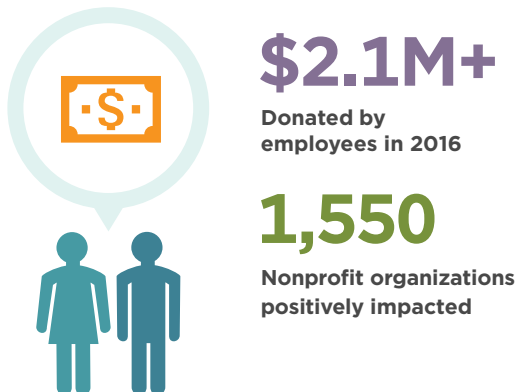
**EMPLOYEE GENEROSITY**

**Helping Families in Need**

- 3,200+ gifts donated by employees to families in need through our Hart in the Holidays program

**Equipping Students for School**

- 2,200 backpacks filled with school supplies, donated by employees in 17 offices nationwide



**CELEBRATING DIVERSITY AS FOUNDING DONOR OF SMITHSONIAN MUSEUM**

The Hartford’s proud tradition of celebrating diversity is on display through our partnership with the National Museum of African American History and Culture in Washington, D.C. The Smithsonian museum opened Sept. 24, 2016, and is the only national museum devoted exclusively to the documentation of African American life, history and culture.



# DIVERSITY & INCLUSION



*Board members, senior leaders, and employees from across the organization joined Chairman and CEO Christopher Swift to celebrate the opening of the National Museum of African American History and Culture in Washington, D.C.*

## LEVERAGING DIVERSITY TO FUEL LONG-TERM SUCCESS

The Hartford and the entire insurance industry face a challenge: to attract and retain the talent we need to continuously evolve and meet the changing dynamics of the marketplace.

Fueling this challenge is a combination of factors, including an aging workforce, low perceptions of insurance careers and the high expectations of employees.

To help combat these issues, we'll employ strategic initiatives to benefit our company, our employees and the insurance industry.

### GOAL

**Be the insurance industry leader in diversity and inclusion\*, enabling us to attract and leverage top talent to meet our business goals in an increasingly diverse environment**

\*As measured by external third parties, achievement on top company listings, and internal assessments

### IMPROVING OUTCOMES AS AN EMPLOYER AND BUSINESS PARTNER

Research shows companies that reflect and leverage the diversity of their customer base are more innovative and have better outcomes. We agree, and recognize the rapid evolution in the makeup of our customers and in the talent pools we hire from.

To maximize employee potential, smart companies must provide an experience that meets each employee's unique needs, and motivates them to achieve business goals. Recognizing unique employee needs is particularly important for talent that's demographically under-represented in the insurance industry.



Amy Sailor, CT Science Center (left) and Melanie Wright, The Hartford (right) attend the Big Tent Jubilee at the Harriet Beecher Stowe Center, an organization committed to social justice and positive change.

## DIVERSITY & INCLUSION IN ACTION

### Convening, Collaborating and Coalescing the Insurance Industry Around Diversity & Inclusion (D&I)

To tackle the challenge, The Hartford will play a lead role across the industry, focusing on two strategic initiatives:

- Enhancing the insurance industry’s brand and image
- Creating an inclusive work environment at our company that’s deemed best-in-class in the industry

These strategic initiatives will create monumental change in the industry and enable The Hartford to stand out as an employer and business partner of choice.

### Illustrating Our Commitment

- **Business Insurance D&I Institute** – Our CEO articulated our collective commitment to diversity at the inaugural gathering attended by industry CEOs and diversity champions.
- **Big I Diversity Task Force** – We’re actively involved in the Independent Insurance Agents and Brokers of America (Big I) Diversity Task Force.
- **Insurance Industry Charitable Foundation (IICF) Women in Insurance Conference** – Our company was a returning sponsor and planner of the IICF Women in Insurance Conference, using the platform to deliver thought leadership to participants.
- **National African American Insurance Association** – Building on our national and local board leadership roles, we’re spearheading efforts to establish a chapter of the National African Americans in Insurance Association in Hartford and leading efforts to grow the organization nationally.

## RECEIVING RECOGNITION FOR OUR D&I EFFORTS





## Embedding D&I in Our Culture

### Employee Resource Groups (ERGs) Make Our Company Stronger

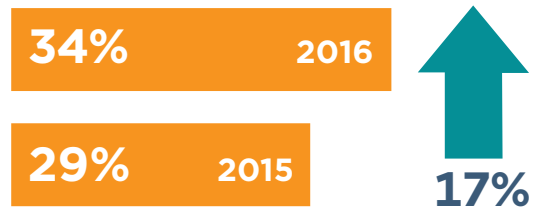
At The Hartford, ERGs are vital – for both employees and our company. Employees share their unique perspectives on a variety of topics. The Hartford then harnesses that diverse thinking to help influence and improve our workplaces, business and communities.

#### 8 ERGs

- Asian Pacific Professionals Network
- Black Insurance Professionals Network
- Flex-Abilities Network
- Gay, Lesbian, Bisexual and Transgendered Organization Benefitting Everyone
- Hispanic Leadership Network
- Military Community Network
- Professional Women's Network
- Young Professionals Stepping Up

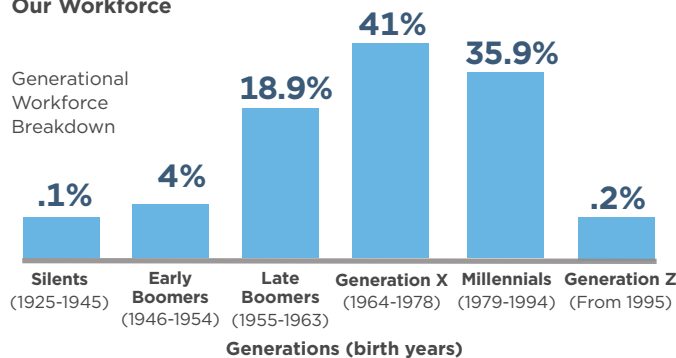


#### ERG Membership



#### Our Workforce

Generational Workforce Breakdown



35%

of Workforce Works Remotely (5 days a week)



#### Gender Diversity on Boards of Directors



#### Board Gender Diversity at The Hartford

\*According to the 2016 Spencer Stuart Board Index



#### Women on Boards of Directors\*



#### Women Chairing Board Committees\*

Women chaired 15% of audit committees and 11% of compensation committees at S&P 500 companies. At The Hartford, women chair both committees.

## Taking Public Action in Support of Equality

- AARP Employer Pledge (ongoing since 2012)
- U.S. Supreme Court Amicus Brief for Marriage Equality (2016)
- White House Equal Pay Pledge (December 2016)
- Business Insurance D&I Commitment Statement (September 2016)
- Urging North Carolina to Repeal Discriminatory Law (March 2016)





## ETHICS & GOVERNANCE



### OUR UNCOMPROMISING COMMITMENT

At The Hartford, we aspire to be an exceptional company celebrated for financial performance, character and customer value. We believe that good governance practices and responsible corporate behavior are central to this vision and contribute to our long-term performance.

#### GOAL

**Maintain industry-leading ratings\* for our uncompromising commitment to compliant and ethical business conduct**

\*As assessed by internal sources (employee survey scores) and external objective sources (Ethisphere, Bloomberg and NYSE).

#### INSTILLING CONFIDENCE AND PEACE OF MIND

Behaving in an ethical way is critical in the insurance industry. Insurance is a promise for the future, built on trusted relationships. Operating with integrity gives our customers the confidence to trust that The Hartford will:

- Protect them with appropriate products and services
- Help them prevail if disaster strikes
- Do the right thing for them and/or their business

Operating with integrity also instills confidence in our employees, shareholders, distribution partners and the communities in which we live and work.

**Doing the Right Thing — Recognized 8 Times**

by the Ethisphere Institute

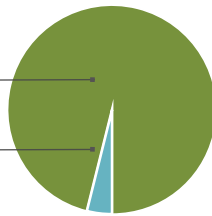


**Gauging Employee Belief**

Employees believe The Hartford shows commitment to ethical business decisions.

**96%** Agree

**4%** Disagree

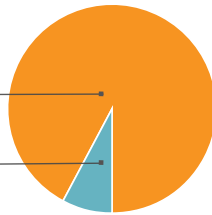


\*14 points above the top 25% benchmark of global companies

Employees say they can report unethical conduct without fear of reprisal.

**92%** Agree

**8%** Disagree



\*6 points above the top 25% benchmark of global companies



\*Source: 2016 annual employee survey; benchmarks provided by IBM Kenexa

**Reinforcing Core Values**

The Hartford's Code of Ethics and Business Conduct reinforces our core values, and guides our employees to choose the course of action consistent with these values every time.

**100%**

of employees certify annually they have:

- ✓ Read the code
- ✓ Agreed to comply



**Board of Directors:**

- ✓ Certifies annually to a Code of Ethics

- Our Code of Ethics is reinforced during annual Ethics and Compliance Week, engaging employees about the importance of appropriate business conduct and operating with integrity.
- Employees are encouraged to report suspected code violations and concerns and can report them to:
  - » EthicsPoint - an independent, third-party service provider - online or by phone
  - » The employee's manager, Employee Relations, their Compliance Officer, the Chief Ethics & Compliance Officer, The Hartford's Ombudsman, or The Hartford's Fraud Hotline

**99%**

of eligible managers took newly launched experiential courses focused on ethical business practices:

- *Managing with Integrity*
- *Privacy Operations*



## STRENGTHENING SAFEGUARDS

### Cyber Security and Privacy

We took steps to strengthen cyber security and increase privacy, including:

- **Implementing new data classification standards** to help identify and protect personally confidential and highly restricted documents.
- **Strengthening defenses against malicious software**; advancing identity and access management practices; enhancing network security monitoring and data loss prevention capabilities; and standardizing third-party security management processes.
- **Adapting to evolving cyber threats**, measuring our program against industry-leading frameworks, and regularly using independent third parties to assess and test our defenses.

Senior leaders provide governance oversight, and all employees are trained on security practices annually.

### Compliance Risk Assessment

The Hartford conducts an annual compliance risk assessment for each of the company's business areas. Findings are used to detect, prevent and remediate compliance gaps.



### Monitoring the Business Environment

We regularly monitor the business environment to identify new or changing laws, regulations, business trends, and other events with the potential to significantly affect our business operations.

**10,000+** federal and state laws and regulations analyzed in 2016

We developed and executed plans to incorporate relevant laws, regulations or business trends into our business operations.



### Anti-Corruption

A team of compliance professionals assessed 100% of operations for corruption related risks, ensuring our full compliance with all laws and regulations designed to combat money laundering and terrorist financing. The team also helps to prevent the use of company funds, assets or resources for unlawful or corrupt purposes.

**Compliance with all laws and regulations including those concerning the provision and use of products and services:**



### Business Continuity

The Hartford is dedicated to business resiliency and believes effective planning is critical to reducing business disruption or disaster. Consistent resiliency practices are achieved by:

- Implementing controls
- Using centrally managed tools
- Enabling each business area to develop a recovery strategy



We believe our robust business continuity strategy is consistent with industry best practices and provides reasonable assurance that we're prepared for — and can recover from — emergencies and disasters.



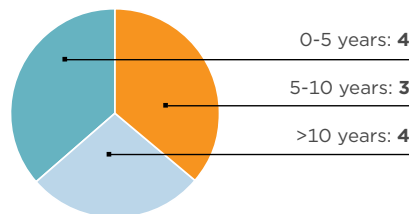
## GOVERNANCE BEST PRACTICES

The Board and management regularly review best practices in corporate governance. They modify our governance policies and practices as warranted. Our current best practices include:

<b>Independent Oversight</b>	✓ Majority independent directors
	✓ All independent key committees (Audit, Compensation and Nominating)
	✓ Strong and engaged independent presiding director role
<b>Engaged Board/ Shareholder Rights</b>	✓ Directors elected annually
	✓ Majority vote standard (with plurality carve-out for contested elections)
	✓ Proxy access right
	✓ Director resignation policy
	✓ Robust over-boarding policy
	✓ Rigorous Board and committee self-assessments conducted annually
	✓ Meaningful Board education and training on recent and emerging governance and industry trends
	✓ Robust stock-ownership guidelines
	✓ Annual shareholder engagement program to obtain valuable feedback on our compensation and guidance programs
<b>Good Governance</b>	✓ Diverse Board membership in terms of experience, tenure, age and gender
	✓ Annual review of CEO succession plan by the independent directors with the CEO
	✓ Annual Board review of senior management long-term and emergency succession plans
	✓ Nominating Committee oversight of environmental, sustainability and corporate social responsibility activities
	✓ Annual Nominating Committee review of the company's political and lobbying policies and expenditures

### BOARD OF DIRECTORS TENURE

Tenure balance ensures an appropriate mix of experienced directors and fresh perspectives.





## ENVIRONMENTAL STEWARDSHIP



*Employee volunteers plant trees at Bushnell Park in Hartford, Conn. to celebrate Arbor Day.*

### INCREASING OUR COMMITMENT TO REDUCE ENVIRONMENTAL IMPACT

As an insurer, we understand the risks that environmental challenges present to people and communities. At The Hartford, we're committed to reducing our impact on the environment, conserving natural resources in the face of climate change and reducing our operating costs in the process.

#### GOAL

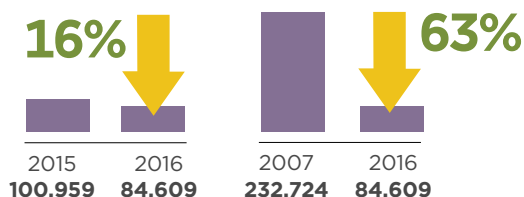
**Reduce Our Total Scope 1, 2 and 3 Greenhouse Gas Emissions (GHGe) achieving a reduction of at least 2.1% of GHGe each year, resulting in a minimum decrease of 25.7% by 2027 and 46.2% by 2037**

#### MITIGATING RISKS TO PROTECT OUR CUSTOMERS

Climate change and the catastrophic impact of extreme weather events could cause dangerous overloads on the insurance system. The Hartford is committed to taking actions that reduce our GHG emissions and ensure we adequately mitigate risks to protect our customers.

## ENVIRONMENTAL STEWARDSHIP IN ACTION

### Reducing Our GHG (in Tons of CO<sub>2</sub>E):




### Expanding Product Offerings and Encouraging Low-Carbon Adoption

**Insurance Products.** We offer many products that help customers avoid GHG emissions. We encourage them to purchase hybrids or electric vehicles with premium discounts and use energy efficient equipment.

**Renewable Energy.** We offer uniquely designed products that provide end-to-end coverage for the solar, wind, fuel cell and biomass industries.

 **\$500M** (approx.) invested directly in utility-grade solar, wind and hydroelectric power generation facilities in the U.S.

 **\$7M+** earned in premiums from our renewable energy practice in 2016

**Mutual Funds.** Our mutual funds business, Hartford Funds Management Company, LLC, joined the UN Principles for Responsible Investment (UNPRI). We also launched the Environmental Opportunities Fund, investing in companies promoting environmental sustainability, on March 1, 2016.

**Paris Agreement.** We were one of the first companies to publicly urge the then incoming U.S. administration to remain committed to the Paris Agreement. We continue to pledge our support for this agreement and the ambitious efforts to combat climate change outlined within it.

### Recycling and Reusing E-waste Through a Zero-Landfill Process

- 20,000+ electronic devices = 88 tons of e-waste not in landfills

### Reducing Commuter Footprint

**10%+** of our fleet vehicles are hybrids

**FREE** electric vehicle charging stations available at our Conn. campuses

**10%** reduction year-over-year in commuter miles per employee

### Giving Back Through The Hartford Environmental Action Team (HEAT)

- 60%+ increase in membership
- 400 employees participated in a successful electric/hybrid vehicle ride-and-drive event

### Updating Our Climate Change Statement

We updated our statement based on the 5th Assessment of the Intergovernmental Panel on Climate Change (IPCC). Learn more at [thehartford.com/about-us/environment](http://thehartford.com/about-us/environment).

### Reducing Total Paper Consumption

Metric tons consumed



**99%** 

of our domestically procured paper is Forest Stewardship Council (FSC) certified



**718\*\***

Metric tons recycled in 2016

\*Year our paper suppression program began

\*\*Includes 100% of recycling bin paper from our U.S. offices

## RECOGNITION OF RESPONSIBLE ACTIVITY

- Praised as an “early achiever” by White House for reducing energy use by more than 20% in buildings managed by The Hartford
- Named a top three most carbon-efficient company in the financial sector and a global sector leader by ET Index Research
- Featured as a case study for our approach to environmental sustainability in the book “Adapting to Change: The Business of Climate Resilience” by Dr. Ann Goodman (Business Expert Press/BEP, 2016)







## THE HARTFORD AT A GLANCE

### KEY FACTS

- **Founded:** 1810
- **Employees:** More than 16,000
- **Headquarters:** Hartford, Conn.
- **U.S. Locations as of 12/31/16:**  
The Hartford writes business across the United States and has 100+ offices located throughout the country.

### FINANCIAL HIGHLIGHTS

(as of 12/31/16)

- **2016 revenues:** \$18.3B
- **Shareholder equity:** \$16.9B

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

### A PROUD HISTORY OF DOING GOOD

- The Hartford was named to the 2016 Dow Jones Sustainability Indices for the **fifth year** in a row in recognition of our commitment to sustainability.
- For **70 years**, The Hartford's Junior Fire Marshal program has taught fire safety education to children and helped keep families safe. We've deputized more than 110 million Junior Fire Marshals since the program began in 1947.
- Through a **30 year** partnership with AARP, The Hartford has conducted industry-leading research to help people age well and has developed insurance products and services designed to serve and protect AARP members.
- The Hartford has proudly supported U.S. Paralympic athletes for more than **20 years**, and became a founding sponsor of the U.S. Paralympics, a division of the U.S. Olympic Committee, in 2003. We remain a proud partner of the organization today.
- Since **2012**, The Hartford's employees have held cash mobs at our customers' small businesses across the country. Called "HartMobs," these in-person and online events show appreciation for our customers and support the local community.

To learn more about The Hartford and our commitment to sustainability, visit [thehartford.com/about-us](http://thehartford.com/about-us).

The Hartford is a leader in property and casualty insurance, group benefits and mutual funds. With more than 200 years of expertise, The Hartford is widely recognized for its service excellence, sustainability practices, trust and integrity. More information on the company and its financial performance is available at [thehartford.com](http://thehartford.com).

The Hartford Financial Services Group Inc., (NYSE: HIG) operates through its subsidiaries under the brand name, The Hartford, and is headquartered in Hartford, Conn. For additional details, please read [The Hartford's legal notice](#).

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Business Insurance  
Employee Benefits  
Auto  
Home