

Organization, Qualifications, Removal

The Compensation Committee (“Committee”) shall be appointed by, and shall report to, the Board of Directors (“Board”) of The Progressive Corporation (together with its direct and indirect subsidiaries, the “Company”) and shall consist of at least two directors, including the Chairperson.

No member of the Committee shall be a current or former officer or employee of the Company, shall receive any compensation, directly or indirectly, from the Company for services rendered as a consultant or in any other capacity, other than as a director, or shall receive any remuneration from or have a direct or indirect interest in any transaction or any business or other relationship with the Company (except as a director or as permitted under the statutory and regulatory provisions referred to in the following paragraph).

Each Committee member shall meet the requirements of a “Non-Employee Director” (as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (“1934 Act”) or any successor provision), and an “independent director”(as specified in New York Stock Exchange Listing Standards) and shall be free of any relationships with the Company that, in the opinion of the Board, would interfere with his or her ability to be independent from management in connection with the duties of a Committee member, as required by the NYSE rules. In addition, so long as any outstanding compensation may qualify for the exception for “performance-based compensation” contained in Section 162(m) of the Internal Revenue Code as in effect prior to the passage of The Tax Cut and Jobs Act of 2017, each Committee member shall meet the requirements of an “outside director” (as specified in Section 162(m) of the Internal Revenue Code, or any successor provision, and the rules and regulations promulgated thereunder).

Members of the Committee may be removed from the Committee by the Board at any time, with or without cause.

Statement of Purpose

The purposes of the Committee are to oversee, to make appropriate determinations, reports or recommendations regarding, and to otherwise discharge the Board's responsibilities relating to:

1. the overall compensation strategy of the Company;
2. the compensation programs for the Chief Executive Officer (“CEO”) and other executive officers of the Company;
3. all bonus, gainsharing or other incentive, stock-based and other compensation plans for the CEO, other executive officers, and/or other officers and employees of the Company; and

4. the compensation programs for directors for service on the Board and/or its committees.

In addition, the Committee will oversee the Company's compliance with legal, tax and regulatory requirements regarding the foregoing, and will address and deal with such other matters relating to executive compensation and the compensation and benefits plans and agreements maintained by the Company as the Board or the Committee deems appropriate.

Responsibilities of the Committee

The Committee shall have the following responsibilities, with all requisite power and authority, on behalf of the Board, to perform and discharge such responsibilities:

1. To review and approve corporate goals and objectives related to CEO compensation and to determine the CEO's compensation based on the annual evaluation of the CEO's performance by the Board. In determining the long-term incentive component of the CEO's compensation, the Committee may consider, among other relevant factors, the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years;
2. To determine the manner in which executive officers of the Company (including the CEO) are to be compensated, the nature and amount of, or the manner of determining, all compensation (including, without limitation, salary, bonus, gainsharing or other incentive compensation, stock-based awards, and perquisites) which may be paid or awarded to or accrued for the benefit of the executive officers of the Company, and the nature and extent of perquisites that may be made available to executive officers;
3. To determine (a) the extent, if any, to which the compensation of executive officers shall be based upon performance; (b) any performance-based formula upon which the compensation of executive officers will be based; (c) the method or methods by which the performance of executive officers shall be measured for compensation purposes; and (d) the specific criteria to be used for the purpose of measuring such performance and related performance goals or objectives; to evaluate the performance of executive officers in achieving such preestablished goals or objectives; and, as required by Section 162(m) of the Internal Revenue Code, if applicable, to certify performance results so achieved and approve compensation awards based upon the achievement of such results;
4. To approve and recommend for approval by the Board all plans, agreements, perquisites and fee schedules for the compensation of directors for service on the Board and/or its committees; to determine all stock-based or other awards to be granted to directors; and to oversee the overall operation of any and all such plans, agreements and schedules that have been approved by, and implemented at the direction of, the Board;
5. To oversee the planning, design and operation of, to approve, and to interpret and make any and all determinations under, any and all bonus, gainsharing, incentive or other compensation plans and programs (other than interpretations and determinations under broadly based plans governed by the Employee Retirement Income Security Act of 1974,

- as amended, which shall not be the responsibility of the Committee), established or maintained for the benefit of the executive officers or other officers and employees of the Company or in which such officers or employees may participate, and to make or approve any and all awards thereunder;
6. To oversee the planning, design and operation of, and to approve and recommend for approval by the Board, any and all stock-based plans now or hereafter established or maintained for the benefit of directors, officers or employees of the Company (collectively, the “Stock Plans”); to grant or approve the granting of stock option, restricted stock, restricted stock unit and other awards under the Stock Plans; to interpret the terms and provisions of the Stock Plans and to render decisions on any and all matters relating thereto; and to exercise all rights, powers and authority reserved to, and to perform all duties placed upon, the Committee under the provisions of the Stock Plans;
 7.
 - (a) To review and discuss with management the proposed Compensation Discussion and Analysis (“CD&A”) prepared each year in accordance with SEC regulations, and when satisfied with the CD&A, to recommend to the Board of Directors that the CD&A be included in the Company’s annual disclosure documents;
 - (b) To prepare, or cause to be prepared, and to approve the Compensation Committee Report to be included in the Company’s annual disclosure documents, which Report must state whether the Committee reviewed the CD&A and discussed it with management, and whether, based on such review and discussion, the Committee recommended to the Board that the CD&A be included in the annual disclosure documents, all in accordance with the applicable SEC regulations; and
 - (c) To oversee the Company’s other annual disclosures relating to Committee operations and executive compensation matters;
 8. To review with management the results of each shareholder advisory vote on the Company’s executive compensation program, after the meeting of shareholders at which such vote occurred and prior to implementing plans and awards for executives for the next calendar year;
 9. To oversee the Company’s efforts to enhance diversity and inclusion among its employees and managers;
 10. To review and evaluate with management, on a regular basis, (a) any major risks to the Company arising from its compensation plans and programs and steps taken to mitigate any such risks; (b) whether any such risks are likely to have a material adverse effect on the Company and, if so, whether to recommend to the Board the inclusion of additional disclosure in the Company’s proxy statement regarding such risks;
 11. As authorized by the Board and in its sole discretion, to approve any and all “change of control” agreements or severance plans, programs or agreements for officers or employees of the Company;

12. To execute and deliver all such agreements, instruments and other documents, and to do and perform all such acts and things, as may be necessary or appropriate in order to perform the responsibilities herein delegated to the Committee; and
13. To delegate to such officer or officers of the Company, or to any subcommittee, as the Committee, in its sole discretion, may determine, any or all of the powers and authority of the Committee, as set forth herein, but not the right to approve any awards to, or to make compensation decisions regarding, directors and executive officers of the Company.

Compliance with Legal, Tax and Regulatory Requirements; Administration

1. The Committee will review and assess, on an annual basis, the Company's processes for monitoring and maintaining compliance with the legal, tax and regulatory requirements relating to the compensation and benefits plans and agreements maintained by the Company.
2. The Committee will review and discuss with the Company's Chief Legal Officer, or other internal or external lawyers, any legal matters that may have a material effect on the executive or other compensation plans or agreements of the Company, any significant compliance issues and any material reports or inquiries received from regulators or governmental authorities with respect to the Company's compensation and benefits plans or agreements.
3. The Committee will review and discuss with the Company's Chief Human Resource Officer, or other members of the Company's Human Resource Department, matters that pertain to the compensation of directors, executive or other officers or employees of the Company, including compensation and benefits survey data and compensation and benefits strategy and planning.
4. The Committee will have the authority to retain and obtain the advice of compensation consultants, independent legal counsel, or any other advisers to advise the Committee on compensation matters, in the Committee's sole discretion. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any such compensation consultant, independent legal counsel or other adviser. Prior to selecting any such compensation consultant, independent legal counsel or other adviser, the Committee shall take into account all factors relevant to that person's independence from management, including any specific factors identified in applicable laws or in SEC or NYSE regulations relating to such consultant's, counsel's or adviser's independence. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to each such compensation consultant, independent legal counsel or other adviser to the Committee.
5. The Committee may review and discuss with, or request advice from, the Company's tax, law and accounting departments with regard to compensation matters.

6. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend meetings of the Committee or to meet with any members of, or consultants to, the Committee.
7. The Committee shall make regular reports to the Board on the Committee's activities.
8. The Committee, at least annually, will review the continued adequacy of this Compensation Committee Charter and recommend any changes to the Board for approval.
9. The Committee shall be subject to an annual performance evaluation by the Board.

Effective December 2018