

# DRIVING SUSTAINABLE IMPACT



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Environmental, Social, and Governance Report

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT



## TABLE OF CONTENTS

A Message from our CEO

Understanding and Attempting to Mitigate Climate Change Risk

Providing Customers with Empathetic Claims Services  
and Risk Mitigation Solutions

Building a Highly Engaged Team of Employees and Leaders

Having a Positive Impact on our Communities and Society

A Culture of Strong Governance and Transparency

3

6

13

21

33

38

### ABOUT THIS REPORT

Our second annual report on environmental, social, and governance (ESG) highlights the initiatives that help us drive sustainable impact for our various stakeholders. Our long-term approach of serving the interests of our customers, distribution partners, employees, and communities has enabled us to generate superior financial performance for our shareholders. We have benchmarked our disclosures against standards established by government officials, global ESG advocates, and independent standards-setting organizations, such as the Sustainability Accounting Standards Board (SASB). In the Appendix to this report, we include a table with our EEO-1 data. A separate SASB report, referencing insurance industry-specific standards, is available on our website at [www.selective.com/investors](http://www.selective.com/investors).

# A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

The past year presented the convergence of three significant challenges for Selective and the property and casualty insurance industry. First, the COVID-19 pandemic took a substantial toll, with lost lives and economic loss. Second, the U.S. experienced a record frequency of property catastrophe losses, including hurricanes, wildfires, and convective storms. Finally, tragic events focused long-deserved attention on issues of racial and social injustice in the U.S. I am incredibly proud of how we helped our customers, employees, distribution partners, and communities navigate these unprecedented challenges, and helped position the company for the future.

## Our purpose and commitment to all our stakeholders:

As an insurance organization, we see our primary objectives as: (i) helping customers put their lives and business back together after suffering a covered loss; (ii) making our customers and communities safer; and (iii) supporting economic expansion by providing capital that protects against unexpected loss and allows individuals and businesses to invest confidently in growth. Selective maintains the highest level of ethics and integrity. We are committed to understanding and mitigating climate change risk, serving customers responsibly, enabling employees' professional success and work/life balance, and helping the communities where we live, work, and serve. By working to benefit all our stakeholders, we believe we will reward our shareholders with sustained superior financial and operating performance over time. This approach has enabled us to generate superior double-digit non-GAAP operating returns on equity and strong total shareholder returns over the long term.

We strive to live these corporate citizenship ideals every day, with ESG values embedded in our corporate initiatives and how we run our long-term business model. Our ESG initiatives are focused on three major areas integral to how we manage our business:

- i. Understanding and attempting to mitigate the impact climate change has on our business;
- ii. Providing customers with empathetic claims service and risk mitigation solutions; and
- iii. Developing a highly engaged team of employees and leaders that will help guide Selective into the future.

We also seek to have a positive impact on our communities and on society. We foster an environment of strong governance, oversight, and transparency, which is central to our ability to execute on our strategic objectives.



**John Marchioni**  
Chief Executive  
Officer



## **Understanding and attempting to mitigate the impact climate change has on our business:**

As a property and casualty insurance company, we understand that climate change creates greater unpredictability of weather-related loss frequency and severity. This poses a long-term risk to the lives and livelihoods of our customers and our business. Our efforts to help address climate change and its associated impacts are centered on (i) prudent oversight and management of catastrophe risk exposure, (ii) helping our customers through responsive claims handling, safety management, and proactive weather alerts, (iii) allocating capital away from specific environmentally hazardous classes through underwriting and investment initiatives, and (iv) reducing our carbon footprint.

## **Providing customers with empathetic claims services and risk mitigation solutions:**

Our efforts and success over the past year demonstrated our core commitment to long-term service excellence. We worked with our customers, case-by-case, to help navigate the complexities of the COVID-19 pandemic. Our Claims team reacted promptly to help customers recover after experiencing losses. Additionally, we provide customers with services that help mitigate risk – through safety management inspections, reports and recommendations, safety alerts, and partnering with an organization focusing on abuse and molestation prevention. We also offer our customers a range of tools and technologies that help mitigate the risks of distracted driving, cyber exposures, and water damage. The strength of our customer servicing capabilities are best highlighted by our extremely solid customer satisfaction and net promoter scores, as well as our business retention rates.

## **Building a highly engaged team of employees and leaders:**

Developing a pipeline of talent to position us for long-term success remains a core strategic priority for Selective. We have invested considerably in employee training programs – offering over 25,000 skills courses – and prioritizing development plans that enhance individual strengths, address opportunities, and position our talent for future opportunities and leadership. Other development programs, including our award-winning Ignite college internship, Momentum Trainee Program, and NextGen initiatives, have generated a strong pipeline of talented and diverse employees and leaders. While we have always provided workplace flexibility, we instituted additional changes in 2021, including the option to work from home up to two days a week for a significant portion of our

work force. Our ability to navigate the challenges of 2020 and deliver superior service to our customers and distribution partners could not have happened without the extraordinary efforts of our employees.

## **Diversity, equity & inclusion (“DE&I”) remains an area of focus:**

Our nation is confronting longstanding racial and social injustice issues, and we seek to play our part in positive progress. We are committed to increasing employee diversity at all levels within our organization. While women and racial and ethnic minorities collectively constitute a meaningful part of our overall workforce, we strive to increase their representation in the senior levels of our organization. We believe a culture that celebrates diverse talent, individual identity, and different points of view, empowers employees to contribute new ideas that support our continued and growing success. We are proud of the several DE&I initiatives we have instituted over the past year.

## **Having a positive impact on our communities and society:**

We recognize the significant hardship our communities faced during the year, and with our employees and distribution partners, we helped make a difference. The Selective Insurance Group Foundation donated to non-profit organizations that promote civic responsibility, support home, auto, and business safety, and provide health and human services. To support the need for trained medical professionals, we increased the number of compensable volunteer days to encourage employees with relevant training to help care for COVID-19 patients.

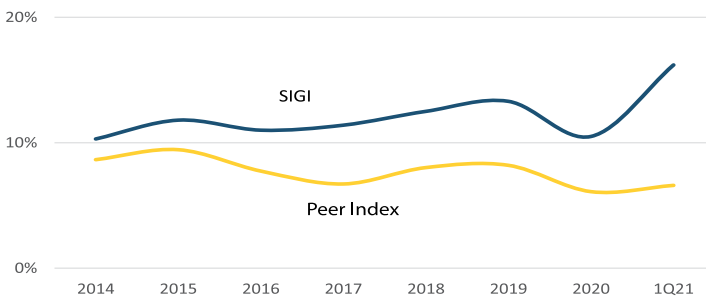
## **A strong commitment to ethics and integrity:**

Strong governance, oversight, and transparency are the foundation of our financial and operating success. Our Board of Directors is engaged and has the appropriate skillsets to monitor all aspects of our business. We have a diverse Board, reflecting our commitment to a culture of innovation and creativity. Our Code of Conduct imparts the strong sense of integrity and purpose we expect from all employees. We seek to be transparent about our employee and management compensation by linking our annual and long-term incentive compensation programs to transparent financial and operating metrics and strategic initiatives.

## Serving our shareholders:

We strive to embed sustainable initiatives into all aspects of our business. Selective is a responsible corporate citizen, and we deliver significant value for our shareholders over time by serving all our stakeholders – both internal and external. Our track record of consistent and superior financial performance places us in an elite league of property and casualty insurance companies. Our 10.5% non-GAAP operating return on equity in 2020 was impressive given COVID-19 and record catastrophe loss frequency. For 2021, our non-GAAP operating return on equity target is 11%. We understand that being well-capitalized, managing our risk responsibly, maintaining our strong financial strength ratings, and running an efficient and profitable organization are essential to offering competitive products and services to our customers.

### Strong Non-GAAP Operating ROE Outperformance Relative to Industry Peers



Note: Peer index includes TRV, HIG, THG, CINF, CNA and UFCS

**We invite you to read our second Environmental, Social, and Governance Report – Driving Sustainable Impact.** It details our efforts to create a corporate environment where people feel empowered to bring about positive change. It also highlights the accomplishments of our employees, who seek to serve our customers and shareholders while leaving behind a better world.

**John J. Marchioni**  
President and  
Chief Executive Officer



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# UNDERSTANDING AND ATTEMPTING TO MITIGATE CLIMATE CHANGE RISK

As a property and casualty insurance company, understanding and helping mitigate climate change perils for our business and customers is core to our operations and strategy. We believe climate change increases the unpredictability of the frequency and severity of natural catastrophes, and that human-driven activities play a meaningful role. Over the past decade, the property and casualty insurance industry has experienced many significant insured catastrophe losses from natural disasters and abnormal weather events. In 2020, our industry experienced a near-record level of property catastrophe loss frequency.

## HIGHLIGHTS

- We have a robust enterprise risk management framework to manage our underwriting risk through stringent underwriting standards, limits on coastal property exposure, risk-sharing through prudent reinsurance purchases, and modeling and managing our catastrophe risk aggregations, coupled with strong oversight from senior management and the Board of Directors
- We provide prompt and responsive claims handling for policyholders and claimants after severe catastrophic events, and safety management programs, proactive weather alerts, and safety guides to help customers mitigate risk of loss
- We do not underwrite specific environmentally hazardous classes of business, such as coal mines, thermal coal plants, or oil sands extraction
- We do not invest in any new direct debt or equity of companies that generate more than 30% of their revenues from thermal coal mining or electricity generated from coal
- We invest in solar-generation limited partnerships, and built a ground-mounted solar photovoltaic facility at our corporate headquarters
- We have reduced our energy and water consumption at our corporate headquarters and regional offices through the installation of LED lights and automated plumbing fixtures
- We repurpose comingled recyclables each year, and we eliminated Styrofoam products in the corporate headquarters cafeteria



## CLIMATE POLICY

Selective acknowledges the scientific consensus that climate change is a significant risk for our planet and that human activities are increasing greenhouse gas concentrations in the Earth's atmosphere. We believe climate change contributes to the increasing unpredictability of natural catastrophes, such as hurricanes, floods, severe convective storms, and wildfires. We view natural disasters as among the most serious and severe risks facing our policyholders, communities, and business. As an insurance company, we believe it is our corporate responsibility to help mitigate climate change impacts for all of our stakeholders. We have centered our initiatives on the following:

### **Climate exposure oversight and risk management:**

We manage our aggregate catastrophe risk exposure through strict underwriting guidelines, sophisticated modeling, and reinsurance risk-sharing programs. Responsibility for measuring, assessing, and mitigating environmental risks resides with our Enterprise Risk Management (ERM) function. Our Executive Risk Committee, which includes our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and General Counsel, oversees ERM. The Boards of Directors of our insurance subsidiaries have oversight of climate change risk assessment and mitigation efforts.

### **Helping our customers:**

Our customers' safety and well-being is our top priority. We strive to help them prevent losses or recover quickly after facing a loss. We seek to achieve this through: (i) our field-based safety management program, which provides customers with risk evaluation and onsite improvement suggestions; (ii) proactive electronic communications and weather alerts to help our customers mitigate exposures; and (iii) prompt and responsive claims service to help customers recover after experiencing loss from catastrophes. We also seek to promote environmentally conscious behaviors among our customers through our product offerings.

### **Capital allocation directed away from some environmentally hazardous classes:**

We primarily underwrite low- and medium-hazard, small- and mid-market commercial lines risks with minimal exposure to environmentally hazardous classes. We do not underwrite specific insurance risks related to coal mines, thermal coal plants, or oil sands extraction and related pipeline projects. As part of our ESG-aligned Investments strategy, we are integrating ESG factors into our investment processes and will require the same of our third-party investment managers. Selective will not make any new direct debt or equity investments in thermal coal enterprises, including companies that generate (i) 30% or more of their revenue from the ownership, exploration, mining, or refining of thermal coal, or (ii) 30% or more of their electricity generation from thermal coal.

### **Reducing our carbon footprint:**

As an insurance holding company, Selective is not a meaningful greenhouse gas emitter. However, we actively seek to reduce our carbon footprint through: (i) reducing our use of natural resources; (ii) increasing our energy efficiency; and (iii) recycling waste materials. Also, as strong proponents of renewable energy production, we have invested in solar generation limited partnerships and we built a 2.9-megawatt DC ground-mount solar photovoltaic facility at our corporate headquarters.



# CLIMATE EXPOSURE OVERSIGHT AND RISK MANAGEMENT

Our Chief Risk Officer heads a team responsible for our overall climate risk management strategy, which the Boards of Directors of our Insurance Subsidiaries oversee.

*“We have a strong ERM framework to assess, model and help mitigate risks, including risks related to climate change. We are proud of our long-term track record of managing catastrophe risk volatility through conservative underwriting, sophisticated risk oversight, and prudent reinsurance purchases.”*

- **Chris Cunniff**  
SVP, Chief Risk Officer



## ERM Function

Our ERM framework is designed to identify, measure, report, and monitor our major risks (including catastrophe risks) and develop appropriate responses to support the successful execution of our business strategy. Our ERM unit is part of an internal control structure that operates with three lines of defense:

- Individual functions that deliberately assume and manage risk on a day-to-day and business operational basis;
- A dedicated ERM team led by the Chief Risk Officer, reporting to the Chief Financial Officer; and
- Internal Audit – which provides objective assurance as to the assessment of the adequacy and effectiveness of our internal control environment

## Risk Oversight

**Executive Risk Committee (ERC):** The ERC is responsible for the holistic evaluation and supervision of our risk profile and determination of future risk management actions in support of overall risk appetite. The ERC requires various management committees to report their analysis and management of specific major risks. Our ERC, which includes our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and General Counsel, oversees ERM.

**Board of Directors:** Our Board oversees our ERM process and sets our overall risk appetite. The Board's various committees oversee risks specific to their areas of supervision and report their activities and findings to the entire Board.

### BOARD OF DIRECTORS

- Diversified backgrounds with strong insurance and financial expertise
- Overall risk oversight, with responsibility for individual risks handled by dedicated committees



### EXECUTIVE RISK COMMITTEE (ERC)

- Consists of CEO and direct reports/ Chief Risk Officer (CRO); all functions represented
- Responsible for ERM, with specific risks managed by various management committees



### ERM UNIT

- Led by CRO; reports to the CFO
- Responsible for identifying, monitoring and reporting key risks to the ERC and BOD



## Climate Change Risk Oversight

Our ERC has charged the Chief Risk Officer and the ERM Unit with accountability for the assessment and management of climate change-related financial risks. Two particular focus areas are the potential "physical risks" of loss due to our underwriting activities and potential investment impacts. Potential investment impacts include the risk of investment losses on mortgage-backed securities exposed to flooding and "transition risks", as political, regulatory, and societal preferences for lower-carbon technologies may reduce the market value of some energy, transportation, and other investments with high carbon footprints.

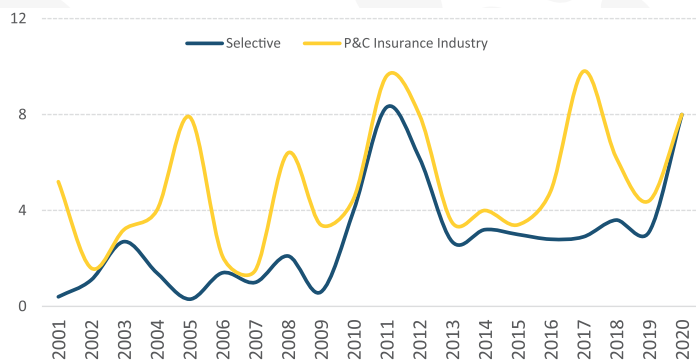
## Catastrophe Risk Management

The ERM function models and monitors catastrophe risk, including the ongoing assessment of catastrophe risks within our pre-determined limits. Our underwriting and risk management frameworks employ risk mitigation tools, including:

- i. Setting underwriting guidelines;
- ii. Implementing limits, deductibles, and exclusions; and
- iii. Risk-sharing through reinsurance programs.

We have established a robust long-term underwriting record of consistently outperforming the property and casualty insurance industry in terms of catastrophe loss impact on financial results, and managing catastrophe loss volatility.

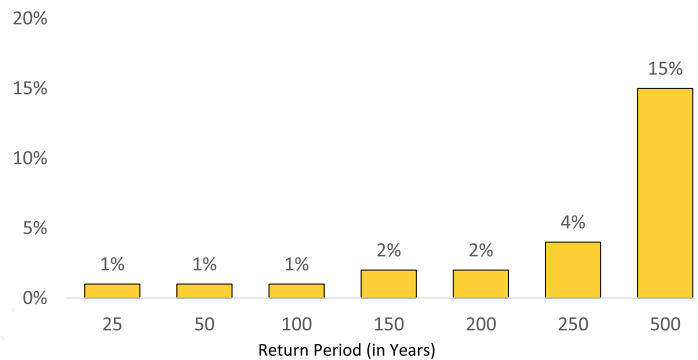
### Annual Impact of Catastrophe Losses on Reported Combined Ratio



Note: Catastrophe loss impact for P&C Insurance industry based on estimates from AM Best Aggregates & Averages

We model many natural catastrophe perils, including exposures related to severe convective storms, hurricanes, wildfires, earthquakes, snowstorms, and hail against our geographic and business risk mix. Of these, hurricane risk is our most significant natural catastrophe peril exposure, especially at the tail of the risk distribution. We review our risk exposure using a third-party vendor model and proprietary analysis. The third-party vendor model provides a long-term view that closely relates modeled event frequency to historical catastrophe activity. The model is adjusted to reflect assumptions for certain un-modeled costs, such as the impact of loss expenses, residual market assessments, and automobile-related losses.

### Net Single-Event Hurricane Loss\* as a % of Equity



\* Single event hurricane losses are net of reinsurance, after tax, and reinstatement premiums as of 1/1/21. GAAP equity as of 12/31/20.

Modeled estimates provide a range of potential outcomes, and we review multiple estimates to understand our catastrophic risk. Our current catastrophe reinsurance program exhausts at approximately a 1-in-220 year return period. We manage catastrophe risk conservatively. With our current exposure and reinsurance purchases, we have estimated net exposure to a 1-in-250 year (0.4% probability of exceedance) hurricane event, equal to 4% of our equity capital.

We report our modeled results for hurricane risk on a net of reinsurance basis and our risk tolerance compliance status quarterly to the ERC and the Board of Directors. Our catastrophe model outputs are integrated into our Economic Capital Model, which stochastically models our most

significant risks. Our property catastrophe risk mitigation initiatives include:

- 1) Quarterly monitoring of hurricane tail event stress scenarios to assess the impact on surplus, GAAP equity, operational leverage, debt leverage, and capital position relative to the target and minimum capital requirements; and
- 2) Conservative reinsurance treaty purchases ceding excess exposures to third-party reinsurers, with an average rating of "A" by AM Best Company and a specialization in these extreme risks.

### Managing our Operational Risk

In addition to understanding and mitigating underwriting risk, we also have robust plans in place to ensure operational continuity in the event of unforeseen or catastrophic events. We have Business Continuity Plans ("BCP") in place for the key data processing facility (Disaster Recovery Plan), the leadership team (Executive Crisis Management Plan), and key operational areas. These plans are reviewed at least annually and updated as applicable, and our ERC meets quarterly to review key actions and continuity status across all departments. Testing is performed annually and can involve "tabletop" exercises and planned hands-on tests.

The COVID-19 pandemic posed a meaningful operational challenge, but our employees transitioned seamlessly to a remote work environment and continued to provide excellent service to our customers and distribution partners. To manage and monitor COVID-19-related risks, our ERC met regularly in 2020, actively reviewing and addressing all significant operational, compliance and financial risk-related matters. This oversight included matters such as employee health and safety, facilities, information technology, premium collections, investments, liquidity and capital. We did not need to modify any of our existing internal controls or processes in a significant way in response to the pandemic, highlighting the strength of our continuity plans and protocols.

## HELPING OUR CUSTOMERS MITIGATE CLIMATE RISK

We strive to educate our customers and increase their preparedness for climate change-related events to prevent or minimize loss. When catastrophes occur, our Claims team responds promptly, deploying to impacted areas to help our customers recover from covered losses.

### Safety Advice from our Locally-Based Specialists

Our safety management specialists visit customers' and potential customers' business locations to conduct approximately 12,000 safety management evaluations annually. These visits result in risk mitigation recommendations to limit potential property losses, such as from flood, wind, or fire. In addition to minimizing or avoiding loss, implementing these recommendations also can reduce insurance premiums. During 2020, 52% of our safety management surveys were conducted virtually, with the remainder done in-person.

### Proactive Messaging and Weather Alerts

As part of our commitment to delivering a superior omni-channel customer experience, we electronically disseminate proactive messages to our customers, helping them prepare for weather events. During 2020, we sent approximately 300,000 proactive weather advisory messages to our customers via e-mail and text.



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## Prompt and Responsive Claims Service

Our Claims team responds promptly to help our customers get back on their feet after experiencing covered losses. Despite the magnitude of the catastrophic weather events during 2020 (including multiple hurricanes, tornados, and a derecho), 81% of reported claims had their initial payments made within the first 30 days. In addition to our significant field-based Claims staff, we also deployed our Catastrophe Response Van to eight regional areas hit hard by natural disasters. By being at or near the disaster areas, our employees could assist our policyholders and distribution partners by conducting field inspections, responding to claims questions, and making in-person claim disbursements. Our SWIFTClaim® process, available to our customers through our mobile application, helped claimants save valuable time on small property and single-vehicle accident claims.

## CAPITAL ALLOCATION AWAY FROM SPECIFIC ENVIRONMENTALLY HAZARDOUS CLASSES OF BUSINESS

We believe that, through our underwriting and investment actions, we can play a part in helping fight climate change. On the underwriting side, we have minimal exposure to specific environmentally hazardous classes of business. Our Sustainable Investment policy incorporates ESG considerations and explicitly states that we will significantly limit our direct investments in securities of companies in specific industries causing meaningful environmental harm.



## GreenPAC® Endorsement

We seek to provide products that create value for our customers while delivering a positive environmental or climate-related impact. To that end, we offer a GreenPAC® endorsement for commercial property, businessowners, and commercial output program policies. This endorsement allows policyholders, within the GreenPAC® coverage limits, to repair or replace covered loss property damage using building materials, components, products, equipment, and construction and design methods and technologies that reduce environmental impact through conservation of energy, water, and other natural resources.

## REDUCING OUR CARBON FOOTPRINT

As a financial services organization, we are not a major producer of greenhouse gases. However, we have several initiatives in place to help reduce our carbon footprint.

### Lowering Energy Use and Increasing Efficiency

- We continue to install energy-efficient LED light bulbs in our corporate headquarters. We expect to gain approximately 800,000-kilowatt hours (kWh) of efficiency per year. We also have invested in LED lighting upgrades and occupancy sensors at some of our field offices through tenant improvement allowances negotiated in new leases.
- We have reduced our water usage through the installation of automatic plumbing fixtures.
- We employ appliances and office machines that are Energy Star® rated. We run our facilities on natural gas instead of oil, and our HVAC system has a free cooling system that uses economizers instead of constant air conditioning.
- Our Information Technology department has accelerated our data center virtualization initiative, decreasing power consumption and increasing our data center's efficiency, while maintaining industry-leading security standards. Hardware and software updates are performed periodically to optimize the performance and security of our environment.

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- We have begun migrating our fleet vehicles to hybrid vehicles, which we expect to be the majority of our vehicles by 2025. In addition, we have plans to install six charging stations for electric vehicles at our Branchville, New Jersey headquarters.

### Solar Energy Proponents:

We built a ground-mounted solar photovoltaic facility at our corporate headquarters in 2019. The facility consists of 7,470 LG 400 Watt solar panels. It generates approximately four million kWh of electricity annually that we sell to others through the electrical grid and New Jersey's Solar Renewable Energy Credit Program. We are in the process of planning and designing a second solar facility, which will increase annual kWh capacity upon completion.



*“As strong proponents of renewable energy production, we were proud to build a solar facility at our corporate headquarters. The energy generated is equivalent to the amount needed to power up to 800 homes a year, which saves an estimated 2,628 metric tons of carbon dioxide or the emissions of 568 cars.”*



*- Sarita Chakravarthi  
SVP, Tax & Assistant Treasurer*



### Waste Management and Recycling

- We have significantly reduced our paper usage, mainly related to customer documents, through initiatives such as paperless policy, paperless billing, and electronic records management.
- Our safety management team proactively began offering our customers and distribution partners strategies and best practices to help businesses reduce food waste, which impacts food security and could reduce the release of methane gas emissions from landfills.
- As part of a company-wide program, we repurpose commingled recyclables.

- In 2019, we eliminated Styrofoam products in our corporate headquarters cafeteria, reducing usage from a peak of approximately 7,000 pounds per year. We also plan to significantly reduce plastic use in our cafeteria and around our campus.

### Information Technology: Increased Recycling and More Efficient Energy Usage

We are committed to ensuring that all our unwanted electronic equipment is recycled properly. We work with several technology recyclers who adhere to the most stringent environmentally and socially responsible hazardous electronic material practices. Our electronics recycling program incorporates secure and responsible disposal to ensure data security and privacy.

# PROVIDING CUSTOMERS WITH EMPATHETIC CLAIMS SERVICE AND RISK MITIGATION SOLUTIONS

We are committed to offering responsible property and casualty insurance products that help our customers recover after facing loss, mitigate the risk of loss, and disperse risk aggregation across society. Our sophisticated digital and self-service capabilities strive to provide customers with a seamless omni-channel experience. Our distribution partners recognize our exceptional customer service, delivered primarily through our field-based model, and they consistently rank us among the highest service-oriented carriers in the industry.



## HIGHLIGHTS

- 81% of 2020 catastrophe claims had their initial payment made within the first 30 days
- Customer Overall Satisfaction (OSAT) score of 8.6 in 2020 and 8.7 so far in 2021
- Proactive loss mitigation customer communications:
  - Over 17,000 vehicle recall notifications
  - Over 1 million weather preparation guides since 2017
  - Over 420,000 customers received messages for food/product recalls since 2018
- Partnering with Praesidium, a sexual abuse-prevention risk management consultancy, to educate distribution partners and customers on risk mitigation strategies
- 43% of customers are registered for digital self-service capabilities
- Our MySelective mobile app won the Best Mobile App Awards' Platinum Award for "Best Mobile Design," 2020 Summer Awards

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*"Our customer is at the center of our business. Engaging our customers with empathy and paying covered claims promptly and appropriately are core business disciplines. We don't view insurance as just a contractual obligation, but rather as a means of helping our customers understand and reduce their risks, and protect our customers' financial well-being by restoring their lives and businesses after a covered loss."*

*- Shadi Albert  
EVP, Insurance Strategy &  
Business Development*

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# RESPONSIBLE PRODUCT OFFERING POLICY STATEMENT

As an insurance organization, we see our primary objectives as (i) helping customers put their lives and businesses back together after suffering a covered loss, (ii) making our customers and communities safer, and (iii) supporting economic recovery and expansion by providing capital that protects against unexpected loss and allows individuals and businesses to invest confidently in growth. While our policies are contractual obligations to pay valid claims, we view them as a means to help our customers understand and reduce their risks and restore their lives, businesses, and financial well-being after a loss. We embed our values into our responsible products and services as follows:

- **Paying claims promptly:** Our claim payments promote the resiliency of our policyholders, claimants, and the communities in which they live. We seek to respond promptly and with care to valid claims, recognizing our role in putting our customers on the road to recovery following a loss to person or property. We have introduced new technologies, including EZ Claim Write and SWIFTClaim® Fast Tracking, to expedite the claims payment process for our customers.
- **Providing our customers with risk mitigation solutions:** Our locally-based safety management specialists visit our customers' places of business to advise on reducing the risk of loss for property or casualty claims. We provide our customers with proactive messages, including weather alerts and product recalls, to help prevent losses. We also partner with third parties to provide our customers with value-added tools, technologies, and services to reduce specific risks, like abuse, distracted driving, water damage, and cyber.
- **A seamless customer experience:** We have invested in technologies that enable our customers to reach us when and how they choose. These include digital self-service, our award-winning app, and live chat capabilities for our distribution partners and customers. With these technologies, we are committed to improving our customers' satisfaction by tracking and then resolving any customer issues or concerns.

- **Coverage from flood perils:** Flooding results in sizable personal and commercial losses each year, and a significant coverage gap exists between risk assumed by policyholders and the coverage they purchase. We partner with the Federal Government as a servicing carrier in its Write Your Own program, offering flood insurance coverage.
- **Reducing environmental impact:** As part of our climate change risk management strategy, we allocate capital away from specific environmentally hazardous underwriting and investment classes. We also offer customers our GreenPac® coverage, which provides the option to replace damaged equipment with a green or sustainable equivalent within the policy limits. Over time, these options can help save energy costs and reduce the policyholder's environmental impact.



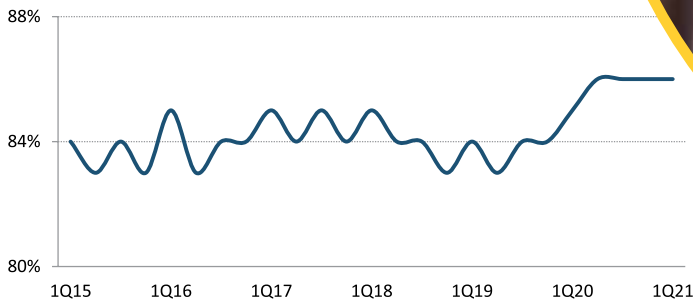


# 2020 – SHOWCASING OUR CUSTOMER SERVICING CAPABILITIES

Last year presented some of the biggest challenges our industry has confronted: a global pandemic and record severe catastrophic loss frequency. Our customer service response to these challenges was exceptional and reinforced our value proposition. We were gratified that our customer satisfaction scores and other servicing metrics held up well – a testament to the hard work of our employees and distribution partners. Our field-based customer-servicing model, risk mitigation services, culture of prompt claims payment, and superior technological capabilities are true differentiators in the marketplace. We increased our business retention rates and grew new business despite 2020’s challenging macroeconomic backdrop.



**Commercial Lines Retention Rates**



Note: Commercial Lines retention rates are based on line of business coverages to our customers, and calculated as a ratio of renewed business over expired business

Ways we helped our customers and distribution partners navigate the challenges of 2020 included:

- Working with our customers on a case-by-case basis, developing flexible payment options, offering premium rebates to reflect reduced driving for personal and commercial auto customers, and providing non-cancellations and other forbearance measures;
- Conducting 52% of our safety management evaluations virtually;
- Providing customers and distribution partners with cybersecurity tools and resources, including free access to online training modules; and
- Using virtual inspections and enhanced communications to keep customers apprised of their claim status.

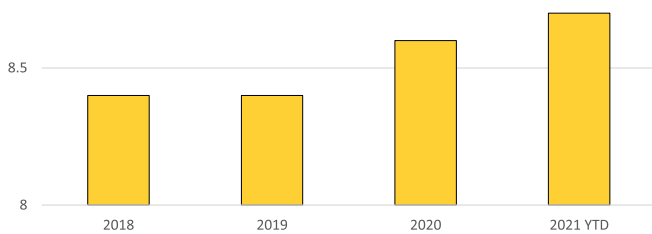
# STRONG FOCUS ON TRACKING AND ENHANCING CUSTOMER SATISFACTION

On an ongoing basis, we measure and track overall customer satisfaction (OSAT) scores and net promoter scores (NPS) based on surveys of our customers conducted by an independent third party. The surveys incorporate feedback based on interactions with our claims, billing, service centers, safety management, and flood operations.

## Strong Customer Satisfaction Scores:

The OSAT survey uses a scale of 1-10, with 10 being the highest. Our customer OSAT scores have been consistently strong in recent years, increased in 2020 despite logistical disruptions caused by COVID-19, and have in fact continued to improve so far this year.

Annual Customer OSAT Scores

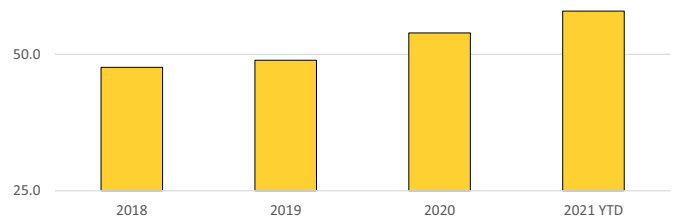


Note: Customers surveys conducted on an ongoing basis by independent third party

## Solid Net Promoter Scores in Recent Years:

The NPS survey is used to measure customer experience and loyalty, and uses a scale from -100 to +100, with scores above +20 generally considered good. Our NPS scores have also been consistently solid in recent years, highlighting the strength of our holistic customer-servicing capabilities.

Annual Customer Net Promoter Scores (NPS)



Note: Customers surveys conducted on an ongoing basis by independent third party



# MAKING OUR CUSTOMERS SAFER

We have a number of initiatives targeted at making our customers safer:

- **Vehicle recall notifications:** Our vehicle recall alert system helps customers speed the time between recall and repair. We send customers and distribution partners messages with National Highway Traffic Safety Administration (NHTSA) information (vehicle make, model, and model year), including the dangers and reasons for the recall and steps the auto manufacturer has taken to resolve the issue.
- **Weather preparation guides:** For large winter storms, tropical storms, and hurricanes, our electronic notifications include guides on structural improvements, roof and drainage, and preventing plumbing from freezing or clogging.
- **Food and product recall notifications:** We target messages to customers with food manufacturing, distribution, or preparation businesses about disease outbreaks and product recalls.

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*“The safety and well-being of our customers are our top priority, and we have developed a number of technologies, tools and services aimed at mitigating risk for our customers. Also, our locally-based safety management team provides safety and risk management advisory programs.”*

*– Brenda Hall  
EVP, Commercial Lines Chief Operating Officer*

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# SAFETY MANAGEMENT HELPS WITH LOSS AVOIDANCE

Our locally-based safety management team provides safety and risk management programs for our Standard Commercial Lines insureds. These services include:

- Onsite risk evaluation surveys that identify potential exposures and provide control measures for mitigation;
- Educating customers through internet-based safety management resources, including an extensive library of coverage-specific safety materials, videos, and online courses, such as defensive driving employee educational safety courses;
- Onsite thermographic infrared surveys aimed at identifying electrical hazards;
- Abuse and molestation exposure and control assessments performed by certified staff;
- Onsite water escape and intrusion assessments with prevention countermeasures; and
- Fleet safety program guidance, including personalized driving data and safety coaching.



Our safety management specialists regularly visit current and prospective customers. During 2020, we enhanced our training with four additional virtual safety management modules:

- Water intrusion;
- Business resiliency planning;
- Construction project safety management; and
- Slip, trip, and fall prevention.

## Protecting Vulnerable Populations

We insure many social service organizations, including schools, churches, and agencies that provide, for example, general counseling, services for the developmentally disabled, and senior citizens' programs. Because these policyholders service vulnerable populations, we have teamed up with Praesidium, a sexual abuse-prevention risk management consultancy. Policyholders have access to Praesidium's expertise and targeted solutions to strengthen their abuse prevention efforts. We lead the insurance industry in the number of employees who have earned the esteemed Praesidium Guardian Certification, with many more expected to be certified in 2021. Our association with Praesidium helps our social service policyholders implement best practices to close safety gaps, decrease risks, and create safer environments for vulnerable children and adults.

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*“Selective Insurance has made an extraordinary commitment to assist their insureds, protect the children, and vulnerable adults they serve from abuse. Our strong partnership with Selective is due to our shared values and passion to protect the vulnerable populations served within organizations. We are extremely proud of the work we have been able to accomplish together.”*

*- Aaron Lundberg, MSW, President & CEO,  
Praesidium*

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We also offered a new educational series for our distribution partners, "Risk Management Solutions: Preventing Abuse." In 2020, we held 27 virtual sessions and had close to 726 of our distribution partners enroll and complete the course, enabling them to join us in fighting abuse.

### **Mitigating Cyber Risk:**

We have coordinated with *Security Mentor*<sup>®</sup> to provide our insureds and distribution partners with complimentary online training on the importance of cybersecurity defenses and risk mitigation for data and privacy breaches. Each of the brief, focused online courses drive real behavior and culture change with engaging, interactive lessons. We find the training so valuable, that we require participation by all our employees. Lessons focus on avoidance, protection, security risks, and identification of phishing tactics.

### **Raising Awareness of Flood Perils:**

Selective is one of the five largest Write Your Own flood insurance providers through the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program (NFIP). We provide NFIP flood insurance for personal and commercial properties in all 50 states. Flooding is a significant property and livelihood loss-causing peril, and one of the least appreciated. According to FEMA, approximately 8.7 million properties are located in flood zones in the United States. An additional 6 million properties outside these zones may have 'substantial' flood exposure according to an analysis conducted by non-profit group First Street Foundation in 2020. Selective is committed to raising awareness of this threat and the importance of purchasing or renewing a flood insurance policy. Specifically, current policyholders are provided various marketing messages on their bills to highlight the importance of a flood insurance policy. Support is also given to agents via training and marketing materials to help them sell flood insurance policies and to communicate to potential customers ways to reduce their flood insurance premiums.

### **Mitigating Risk of Distracted Driving**

Reducing the risk of distracted driving from cell phone and other device use has been a high priority. We believe distracted driving has been a substantial contributor to the higher frequency of automobile accidents in recent years.

- In 2018 and 2019, we rolled out our Selective<sup>®</sup>Drive product to customers with commercial automobile fleets so they could better manage transportation logistics and monitor driving behaviors. The phone-based application provides driving data about sharp braking, turns, speeding,

location, and cellphone usage, including whether there was texting while the vehicle was in motion. Over time, we believe broader adoption of these types of technologies will help increase awareness of poor driving habits

- We have worked with End DD, an organization focused on research and raising awareness among youth around the risk of distracted driving
- We conducted research with Harris Poll identifying prevalence of distracted driving; working with the New Jersey legislature on passage of legislation prohibiting device use and distracted viewing when stopped in traffic or driving
- In 2020, we introduced a telematics-based product for personal auto customers in Ohio and Illinois, with a goal towards influencing and rewarding better driving behaviors



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# ENHANCING THE CUSTOMER EXPERIENCE

- We have invested heavily in technologies and capabilities to meet and exceed evolving customer service expectations. We have delivered an omni-channel platform so all our customers can interact with us in the manner and times most convenient for them. At year-end 2020, 43% of our customers were registered for digital self-service offerings on our website, up from 24% the year before
- Our award-winning MySelective mobile app allows customers to view their policy, report claims, pay bills, and access auto insurance cards on their mobile devices

*“Our omni-channel investments have enabled us to deliver a customer experience that is competitively differentiating as well as aligned to the unique needs of our clients and agents. Providing best-in-class mobile solutions, self-service capabilities, and digital document delivery options are a few examples of how we fulfill on our brand promise.”*

– Giunero Floro  
SVP, Chief Marketing Officer



# CONTINUING TO ENHANCE CLAIMS TECHNOLOGIES AND DRIVE NEW INITIATIVES

Selective takes great pride in paying claims promptly, appropriately, and efficiently. We continue to invest in claims technologies that enhance efficiencies and increase customer access. Some recent initiatives include the introductions of *EZ Claim Write* and *SWIFTClaim® Fast Tracking*, which allow customers to file first notice of loss by uploading pictures through a mobile application.

## Workers Compensation – A Success Story

The Selective workers compensation claims model takes a specialized approach designed to enhance quality of care and increase treatment effectiveness and efficiency. We offer a robust *Return to Work Program*, with centralized claim handling co-located with our telephonic Nurse Case Managers. This facilitates a consistency in execution and enables insureds' employees to return to work earlier. Our *Strategic Case Management Unit* identifies cases that we project could exceed \$100,000 in medical expenses. It uses an escalation risk model to identify high exposure cases and involve our Medical Director quickly. The customer can obtain faster and more effective care, with responsiveness and solutions tailored to their circumstances.



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# BUILDING A HIGHLY ENGAGED TEAM OF EMPLOYEES AND LEADERS

We seek to attract, retain, and develop the best talent, creating a pipeline of employees and leaders that will help position us for future success. We invest significantly in our employees' physical, financial, and social well-being, which is essential to retaining our employees. We offer a collaborative work environment, an accessible leadership team, professional development opportunities, attractive financial rewards, and competitive benefits. Enhancing diversity, equity, and inclusion ("DE&I") at all organizational levels is a substantial focus for us – as a more diverse and inclusive workforce fosters collaboration, innovation, and idea generation. We have implemented several DE&I initiatives over the past year. We will continue to enhance DE&I by reinforcing our commitment, most notably to our employees, but also to our customers, distribution partners, vendors, and other stakeholders.



# ATTRACTING, RETAINING, AND DEVELOPING THE BEST TALENT

We strive to foster a vibrant and engaged culture based on attracting, retaining, and developing the best talent, helping position Selective for continued success in the future. A substantial portion of our employees worked full-time or part-time from their homes even prior to COVID-19. Looking forward, we have provided additional workplace flexibility for the majority of our employees. We have strived to be more than just a place of work for our employees, fostering a culture that values interaction and engagement with family, friends, colleagues, and communities.

*"We recognize that having highly engaged employees leads to better financial performance. We take our employee development, their feedback, and their ideas seriously. The leadership at Selective is committed to making it a great place to work by being accessible and promoting collaboration at all levels."*

*– Cyndi Bennett  
EVP, Chief HR Officer*



## HIGHLIGHTS

- Strong focus on increasing employee retention through attractive health and well-being, financial, and development programs
- All employees have access to over 25,000 online skills training courses and resources, and to a variety of instructor-led training courses
- Low employee turnover at 5.5% in 2020, and strong retention, with 17% of employees having 20 years or more of service
- On average, 30% of open positions are filled by internal employees

## AWARDS

- Selective received the "2021 Best Places to Work" Award from Business Intelligence Group, and named one of "America's Best Mid-Size Employers" by Forbes Magazine in 2019
- Earned designation as Great Place to Work® - Certified for 2020 and 2021



# ATTRACTING AND RETAINING THE BEST EMPLOYEES:

## NextGen Leadership Development Program

We have created a NextGen program to identify and develop leaders, and prepare them to lead Selective in the future. We have graduated one NextGen leaders' class, continued a holistic training and development program for our ongoing second class, and preliminarily identified a third class. In 2020, women and racially diverse employees accounted for 66% of the cohort.



In 2019, we built a new Innovation Lab, named "Launch", at our Branchville headquarters.



## Ignite College Internship and Momentum Trainee Programs

We have created a strong pipeline of future employees through our Ignite college internship, and other recruitment programs. Our Ignite intern program involves a number of activities, including leadership and early career roundtables, networking opportunities with senior leaders, and group projects with a final presentation on a business issue to senior management. Our Momentum trainee program requires our trainees to complete a rigorous program that includes classroom learning, job shadow rotations, and on-the-job training.

In 2019, we hired 57 interns, 34 of which were offered the opportunity to return to Selective in 2020. Of those, 19 were hired back either as a co-op, seasonal support, or as a returning intern. Fifteen were hired into full-time roles, either into our trainee program or entry-level roles.

## Innovation Lab to Spur Idea-Generation and Creativity

In 2019, we built an Innovation Lab, named "Launch", at our Branchville, New Jersey headquarters. Our objective was to establish a platform for new, creative, and transformative ideas that could enhance our business and help shape our future. The Innovation Lab generates ideas and solutions that we expect will help us grow the business profitably, and also help our customers and distribution partners.

## Investing in Training and Building the Leaders of Tomorrow

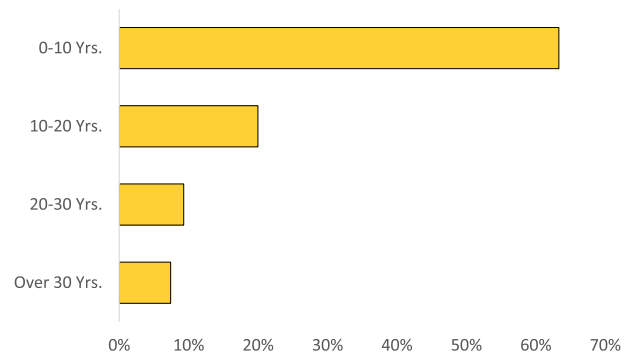
Selective has several programs focused on developing and providing employees with the skillsets they will need for future success in their careers. Selective is committed to the professional development of all our employees, and we are proud to invest in workplace and leadership development skills as part of our *Leadership University* program. All of our employees have access to a number of online skills training courses and resources and a variety of live instructor-led training courses covering topics such as *Unconscious Bias, Diversity, Empowerment and Leadership, Conversations and Feedback, Developing Others, Emotional Intelligence*, and much more.

We require our officers, managers and supervisors to create robust development plans and emphasize year-round development for all employees. In evaluating performance, we focus on business objectives and leadership competencies. For our officers, managers and supervisors, performance is weighted 60% for delivery of their business objectives and 40% for their leadership competencies. By emphasizing both ‘what’ was delivered and ‘how’ it was delivered, we create more talented insurance leaders.

## Strong Employee Retention and Promotion

Our efforts at investing in the talent and capabilities of our employees help us retain our best talent. Our employee turnover was 8.2% in 2019 (compared to the national 9.1% rate reported by Mercer in its US Turnover Survey) and 5.5% in 2020. On average, 30% of open positions are filled by internal employees. Approximately 17% of our employees had been with Selective for over 20 years as of the end of 2020.

**Breakdown of Employee Base by Tenure at Selective**



# A RENEWED FOCUS ON WORKPLACE FLEXIBILITY

Before the COVID-19 pandemic, 28% of our employees worked full time from their homes, often in roles servicing our customers and distribution partners in various regions. Providing workplace flexibility to a substantial portion of our workforce has allowed us to retain high-level talent. It also enabled us to transition smoothly into a fully-remote environment during the pandemic. We have invested significantly in our technology resources to assist our employees, including enhancing cybersecurity tools and resources. As we prepare for our employees to return to a post-pandemic work environment, we have made some permanent changes to our workplace to increase flexibility and enhance employee engagement and productivity.

## Helping our Employees during COVID-19 Pandemic

- Equipped all employees with technology and enhanced collaboration tools to stay connected and facilitate work-from-home
- Enabled flexible work schedules to allow employees to balance their personal and professional commitments
- Launched a Working Caregiver employee resource group to bring together employees seeking support and guidance to balance their work and home life
- Increased employee communications and hosted monthly town hall events to keep them informed and address questions
- For the few essential employees required to, or those employees who chose to work from the office, we introduced special health and safety protocols, including enhanced regular cleaning, hand sanitizer stations, daily health questionnaires, contact tracing, and mask, social distancing, and room capacity requirements
- Raised awareness about mental health issues by sharing resources and practical tools for all employees, including for stress management and locating assistance

## Incorporating More Post-Pandemic Workplace Flexibility

- Providing most employees up to two days per week of work-from-home, with additional flexibility for inclement weather and caring for a short-term sick household member or dependent
- Developing office workspaces that foster collaboration and idea-generation





# SUBSTANTIAL INVESTMENT IN THE WELL-BEING OF OUR EMPLOYEES

We have always invested heavily in the physical, social, and financial well-being of our employees. By fostering a sense of community and personal relationships, our employees can thrive professionally and personally.

## Physical Well-being

The health and well-being of our employees are vital. We offer a range of programs to foster a positive work-life balance. Our benefit programs are designed to enhance our employees' health, provide preventative care, and help manage existing medical conditions. Our offerings include:

- A full menu of benefits programs, including medical, pharmacy, dental, vision, paid time off, and disability;
- Health care plan choice, including health savings accounts and health reimbursement accounts with company seeding;
- Free onsite biometric screenings and annual flu-shots;
- Company-paid smoking cessation programs and products for employees and spouses;
- Company-provided Employee Assistance Program along with web and app-based healthcare advocacy services provided to all employees and their families;
- Free onsite gym membership for headquarters employees and spouses, and partial gym membership reimbursement for remote and field-based employees; and
- Healthy lifestyle reimbursement programs.

## Financial Well-Being

We are committed to fair pay, and we regularly analyze and adjust compensation to ensure both internal equity and alignment with the external market. All of our full and part-time regular employees are eligible to participate in an annual bonus program, and our recognition platform



allows all employees to acknowledge the contributions of other employees. We also offer financial workshops that help our employees plan for the future, regardless of career experience. Some programs that support the financial well-being of our employees and their families include:

- Paid time-off;
- 401(k) savings plan with Roth option (100% Company match up to 4.5% of eligible compensation);
- 401(k) Company contribution after 1 year of service (4% of eligible compensation);
- Tuition reimbursement up to \$5,250 per year;
- Student loan repayment program of up to \$1,200 per year for 5 years;
- All full and part-time regular employees are eligible to participate in our stock purchase program (15% discount with a lookback feature);
- Company-paid life insurance program;
- Generous disability income protection programs and paid parental leave;
- Monetary assistance for adoption and covered fertility services;
- Coverage for autistic dependents;
- A range of flexible work arrangements;
- Academic scholarships for children of employees;
- Long-term incentive plan; and
- Deferred compensation plan.

## Social Well-Being

We support our employees by fostering a culture that emphasizes involvement with family and friends and connections with colleagues and our communities. Company events like Summer Kick-Off, Employee Appreciation Day, the Annual Toy Drive, and Build-a-Bike, allow our employees to socialize, feel valued, and give back. The employee-run VIBES team has been instrumental in enhancing employee engagement through various initiatives, including a company-paid Volunteer Day, Selective Spirit Day, Logo Bowl, and Earth Day Activities.



# DIVERSITY, EQUITY & INCLUSION (DE&I)

Recent events, some violent and tragic, have focused long-deserved attention on social, racial and gender injustice in our country. As a corporate citizen, we believe we can contribute and be part of the solution. Since early 2020, we made meaningful progress advancing DE&I initiatives at Selective.

*“We recognize that to create a highly engaged team of employees and leaders that can innovate, we need employees with diverse cultural backgrounds, ideas and experiences working side-by-side. Promoting DE&I initiatives ensures that, and we also believe it is the right thing to do.”*

– Gloria Ellis  
AVP, DE&I & Employee  
Engagement



## Some of our Recent Initiatives:

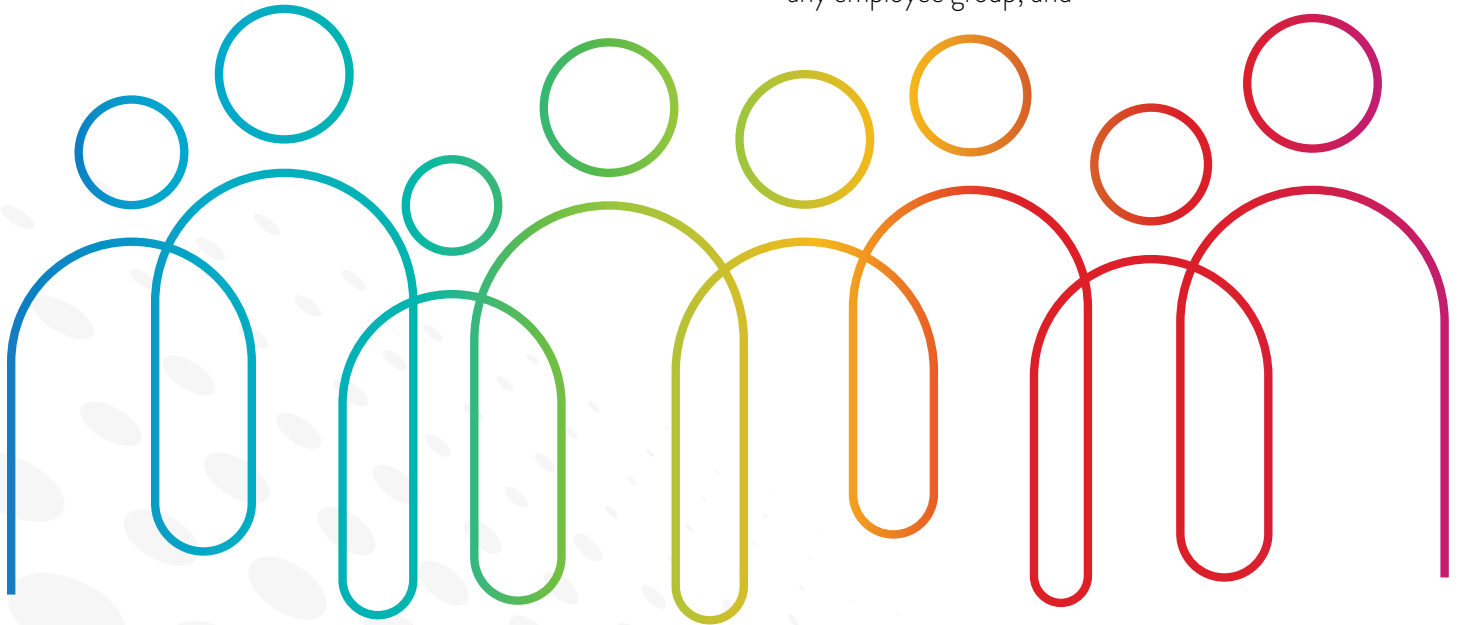
- Senior leadership business objectives tied to supporting and participating in DE&I initiatives
- Appointed a dedicated Diversity and Employee Engagement leader
- Significantly increased Board diversity
- Updated hiring, retention, and promotion practices with goal to increase the level of diversity at all levels within the organization
- Introduced new Working Caregiver employee resource group (“ERG”), with more scheduled to be launched later in 2021
- Significantly increased gender and racial diversity in our NextGen leadership development program
- Mandatory Unconscious Bias training for all new and current employees
- Initiated a series of company-wide conversations around racial equality facilitated by DE&I Council members and our Human Resources team





# OUR DE&I POLICY STATEMENT

At Selective, we respect and value every individual's unique opinions, beliefs, abilities, and perspectives. We are committed to promoting a welcoming culture that celebrates diverse talent, individual identity, different points of view and experiences – and empowers employees to contribute new ideas that support



- Identify and address any conscious and unconscious workplace biases;
- Actively seek out different perspectives, and listen to and value ideas from all levels of our organization;
- Continue to provide fair treatment, access, opportunity, and advancement for all employees, while identifying and eliminating barriers that prevent the full participation of any employee group; and

our continued and growing success. Building a highly engaged team is one of our core strategic imperatives, which we believe is enhanced by diversity, equity, and inclusion. We expect and encourage all employees and all of our business partners to embrace, practice, and monitor the attitudes, values, and goals of acceptance; address biases; and foster diversity of viewpoints and opinions.

By embracing a culture of diversity, equity, and inclusion, we seek to:

- Increase diversity at all levels in our organization through recruitment, hiring, retention, development and promotion practices that help us better reflect our customers and communities and serve their needs more effectively;
- Create an environment where employees can confidently bring their authentic selves to work, share their unique ideas, and contribute to Selective's success;

- Challenge ourselves to engage in courageous conversations, listen to and understand unique and diverse perspectives, and be allies for our fellow employees.

Our DE&I statement and initiatives apply to people of all race, creed, color, religion, age, disability, citizenship, sex, gender, sexual orientation or preference, national origin, military/ veteran status, family/ marital status, medical/ genetic status, and any other status protected by law.



# ENHANCING DE&I REMAINS A MAJOR PRIORITY

Advancing DE&I initiatives is a high priority for our Board of Directors and senior management team. Our Board oversees our human capital management, including our DE&I efforts. The Chief Human Resources Officer and other members of senior management regularly present to the Board on our progress in these areas. The Board’s Corporate Governance and Nominating Committee (“CGNC”) oversees ESG-related initiatives and receives regular updates on our DE&I efforts and metrics.

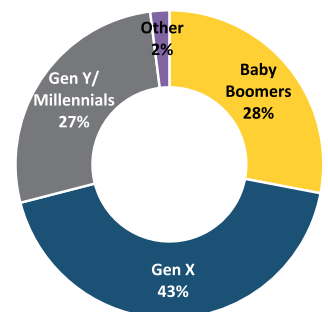
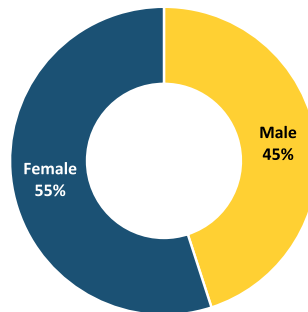
## Strong Focus on Employee Diversity

Selective is actively committed to increasing diversity across our workforce, including gender, ethnicity and race. Our employee base has a strong gender mix. It also includes four generations of our workforce working side-by-side. Approximately 20% of our employees identify as diverse based on racial and ethnic backgrounds, including but not limited to a combination of Black, Latino, and Asian. We have established numerous initiatives to make Selective a more attractive place to work, and a more open, diverse, and inclusive organization. These include:

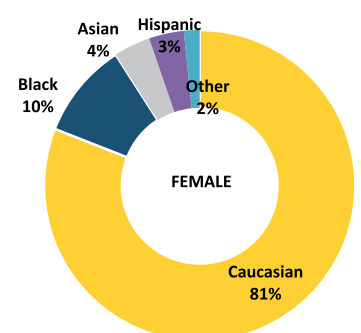
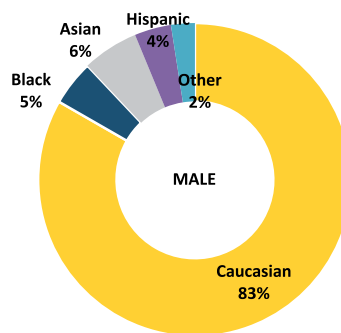
- Requiring diverse candidate pools and diverse hiring interviewing panels for most positions;
- Instituting business objective for all officers that hold them accountable for supporting and participating in DE&I initiatives;
- Creating a management development program for underrepresented groups to increase diversity in first-level management positions;
- Enhancing diversity in our NextGen leadership program to ensure we have a diverse pipeline of candidates for senior management positions;

- Appointing a new Diversity and Employee Engagement leader to prioritize and further embed DE&I into policies and practices, enhance employee engagement, and increase DE&I awareness across the organization;
- Initiating new ERGs including the Black Employee Resource Group and Pride Alliance @ Selective, with additional ERGs to be rolled out in the coming year; and
- Expanding the list of employee holidays to include Martin Luther King Day, as well as a floating holiday to be used to accommodate the observance of any other day important to an employee.

Employee Demographics Breakdown as of Year-End 2020



Employee Ethnicity Breakdown as of Year-End 2020



### Selective's Diversity, Equity & Inclusion Council:

Members of the DE&I Council include employees and senior leaders from various departments and offices. The mission of our DE&I Council is to promote a culture of diversity, equity, and inclusion where all individuals feel respected, are treated fairly and have an opportunity to excel in their chosen careers. To that end, the Council helps facilitate events, focus groups, and seminars to solicit input and ideas around strategy, empowerment, recruiting, personal growth, and inclusion. The Council has been a resource for Management as we have implemented various DE&I initiatives across the company. Over the past year, some of the Council's initiatives have included:

- Partnering with senior leadership to help facilitate company-wide conversations about race, diversity, and unconscious bias;
- Leading the "We Can Do More Challenge," which encouraged employees to participate in over 22 activities that relate to DE&I, including unconscious bias; and
- Encouraging activities that promoted employee engagement during the pandemic, including the We Can Do More Challenge and stories of African American employees during Black History Month.

### Leadership Initiative "Women at Work"

The *Women at Work* organization seeks to support women's career advancement at Selective through networking, mentoring, education, and empowerment. Members come from a diverse, corporate-wide group of employees who volunteer their time to advance the network's mission. In 2020, Women at Work held an event titled "Consciously Unconscious," which focused on identifying unconscious bias in the workplace to advance our value of inclusion. The group also distributed a Summer Resource Guide that provided summer vacation activities for children so employees could maximize their productivity.



# INCREASING DIVERSITY THROUGH DISTRIBUTION PARTNERS AND VENDOR RELATIONSHIPS

In addition to enhancing DE&I initiatives within the company, we are also committed to highlighting the importance of diversity to various stakeholders – including customers, distribution partners, vendors, and our communities. Some of our recent programs have included:

## Women’s Agency Leadership Initiative

We developed the Women’s Agency Leadership Initiative to help our distribution partners increase the number of women in insurance agency leadership roles. The initiative seeks to provide women in insurance opportunities to network, share ideas, and access high-impact training sessions. Since 2017, this initiative has expanded to include female distribution partners from all six of our regions, an annual excess and surplus lines partner event, a virtual flood distribution partner forum, and input and participation from women on our Board of Directors. In 2021, the Women’s Agency Leadership initiative will include two DE&I educational workshops.

## Supplier Diversity Program

We are committed to increasing supplier diversity by providing opportunities for diverse suppliers to compete for our business. Our diversity program seeks to engage the best suppliers who share our values of trust, integrity, inclusion, and service excellence. Selective’s supplier diversity program includes business enterprises owned by racial and ethnic minorities, women, veterans, and lesbian, gay, bisexual and transgender owners. To learn more about our Supplier Diversity Program, please visit <https://www.selective.com/about-selective/diversity-equity-and-inclusion/supplier-diversity>. Our Procurement Department makes good-faith efforts to include at least one certified diverse vendor in all supplier sourcing, and is building and refining a preferred list of diverse vendors.

## Outside Counsel Diversity program

We are committed to actively recruiting and engaging qualified minority- and women-owned outside law firms for our claims handling processes. In selecting new outside law firms, minority and/or women-owned law firm designations are strongly considered.





# HAVING A POSITIVE IMPACT ON OUR COMMUNITIES AND SOCIETY

To a large extent, our success is based on the strength and well-being of the communities we serve and where our employees live and work. We align ourselves with philanthropic programs that help our communities, support organizations through our charitable foundation, and provide opportunities for our employees to volunteer and contribute to enhancing the larger community.

## HIGHLIGHTS

- Financial commitments and investments related to the infrastructure of Branchville, New Jersey – where our corporate headquarters are located
- Annual donations of approximately \$650K made through The Selective Insurance Group Foundation to support local and nationwide charities in 2020
- We matched \$72K in charitable donations by employees and agency partners
- We donated 400 laptops to under-resourced students in and around Cleveland, OH, to help bridge the digital divide
- We increased the number of company-paid Volunteer Days to enable employees with medical training to treat COVID-19 patients throughout the pandemic



# HUMAN RIGHTS POLICY

At Selective, our shared values are the foundation for how we do business: Trust; Integrity; Inclusion; Service Excellence; and Be the Best. United behind these values, we seek to conduct our business in an ethically and socially responsible way.

Selective is committed to being a responsible corporate citizen, respecting, supporting, and advancing human rights issues. Our Code of Conduct, based on our values, has universal respect for human rights and fundamental freedoms, similar to the United Nations' Universal Declaration of Human Rights. We expect all our employees, suppliers, and other business partners to respect and follow our applicable Code of Conduct. We strive to uphold global standards for responsible business, including promoting diversity, equity and inclusion, preventing human trafficking, promoting workplace health and safety, fostering freedom of communication, and supporting our customers. We incorporate these principles in our Codes of Conduct and related training initiatives. Anyone, including employees, can anonymously report Code of Conduct or human rights concerns through our Ethics and Compliance Helpline.

## Our Principles

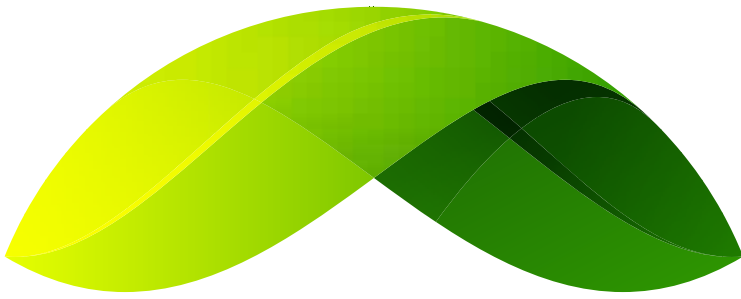
- **Diversity, Non-Discrimination, and Non-Harassment:** We value diversity, equity, and inclusion in our workforce, and in our customers, agents, suppliers, and other stakeholders. Our Codes of Conduct and DE&I policy statements reinforce our commitment to advancing the values of equal opportunity, dignity, and respect for all.
- **Prevention of Human Trafficking, Forced Labor, and Child Labor:** We do not tolerate the use of child labor, forced labor, or human trafficking in any form – in our operations or by providers in our services and products supply chain.
- **Advancement of Workplace Health and Safety:** We are committed to providing a safe and healthy workplace in compliance with applicable law for preventing and reporting accidents, injuries, and unsafe conditions, and fostering behaviors and establishing procedures to protect our employees, business partners, and community.

- **Fostering Freedom of Communication:** We are committed to fostering open communication between our employees and managers, and with our insureds, claimants, and business partners, including the ability to report issues anonymously through our Ethics and Compliance Helpline.
- **Supporting our Customers:** We are committed to offering products and services that support our customers' safety and well-being, provide responsive claims solutions, and help them mitigate risks through value-added services.

We are committed to engaging with our communities and other stakeholders on the potential impacts of our operations, including those related to human rights. To understand, prevent, and mitigate any adverse effects our activities may have, we commit to monitor stakeholder feedback about our adherence to our human rights principles.

Our Chief Compliance Officer is responsible for implementing and overseeing our human rights policies and programs. Our Board of Directors maintains ultimate oversight through the Corporate Governance and Nominating Committee.





## IMPACTING POSITIVE CHANGE

We allocate underwriting capital away from specific environmentally hazardous classes. Similarly, we use our investment allocation process to attempt to influence change by aligning our strategy with ESG principles.



## SUSTAINABLE INVESTMENT POLICY

Selective recognizes the importance of environmental, social, and governance (ESG) risk factors in the management and oversight of our investment portfolio. We believe the consideration of these factors is essential in evaluating investments. We are beginning to incorporate ESG considerations into our investment process. We believe this will enhance our evaluation of investment risks and returns and could improve long-term financial performance. ESG is being integrated into our investment process in the following ways:

- **Governance:** We are working to verify that our third-party investment managers have robust ESG guidelines and protocols, and that they incorporate those factors into their investment process when managing our mandates. We will also begin applying ESG considerations in evaluating internally managed assets and strategies and in evaluating prospective third-party managers
- **Asset allocation:** We will not make any new direct debt or equity investments in thermal coal enterprises, including companies that generate 30% or more of (i) their revenue from the ownership, exploration, mining, or refining of thermal coal, or (ii) their electricity generation from thermal coal. We evaluate all securities in our portfolio that exhibit poor ESG risk characteristics and ratings
- **Impact:** We actively prospect and evaluate investment opportunities that offer compelling financial returns in conjunction with measurable positive environmental or social impact initiatives.

# TARGETED INVESTING TO BENEFIT OUR COMMUNITIES

Selective is committed to investing in the future of the communities in which we operate. We believe that by strengthening our communities, we help ensure our long-term success.

## Investing in Branchville, New Jersey:

As the largest employer in the Borough of Branchville, we believe it is important to support the community. In 2019, we bought the original Selective headquarters building that had been vacant for several years. We are renovating and transforming the building into a private conference center that will house visiting guests and employees. As the central building in the downtown area, we hope its redevelopment will attract investment and more businesses to expand in or move to Branchville. We also assist in the Borough's economic development and community improvement efforts, including developing for the Borough a new municipal website [www.branchville.us](http://www.branchville.us).

## Other infrastructure Investments:

Over the last five years, we invested over \$1 million in enhancing utility infrastructure for our headquarters and the surrounding community. As the owner of the

largest buildings in Branchville, our commitment to convert our furnaces from oil to natural gas was a predicate to the installation of natural gas lines throughout the Borough - as was also the case with our commitment to decommission our septic plant and the installation of sewer lines. These significant investments will benefit the environment and economic vitality of our Branchville community.

## Other investments:

Selective invests in indirect state and federal incentives to finance programs with social benefits or objectives. Examples include investments in low-income housing tax credits, historic property credits, rural investment programs, economic redevelopment credits, renewable energy credits, and scholarship tax credit programs. Selective has been participating in and making significant investments in these types of programs since 2008.





# SUPPORT THROUGH THE SELECTIVE INSURANCE GROUP FOUNDATION

The Selective Group Foundation's mission is to provide grants to not-for-profit, 501(c)(3) organizations that provide health and human services, promote civic responsibility, and support home, auto, and business safety in the communities where we serve and operate. The Foundation makes donations directly to selected organizations, including hospital foundations and other human services organizations, various land and nature conservancies, and local fire, police, and rescue organizations. Donations from the Foundation totaled approximately \$510K in 2018, \$468K in 2019, and \$650K in 2020. In addition, the Foundation also matches up to \$500 donations to qualifying organizations from employees and President's Club agents.

## Some supported organizations include:

- Project Self Sufficiency
- The Newton Medical Center Foundation and the Foundation for Morristown Medical Center
- Karen Ann Quinlan Hospice Foundation
- American Red Cross
- Anti-Defamation League
- NAACP Empowerment Programs
- National Museum of African American History and Culture (NMAAHC)
- Team Rubicon
- New Jersey Pandemic Relief Fund
- St. John's University
- The Casey Feldman Memorial Foundation (EndDD)

In December 2020, Selective launched its Week of Giving campaign to spur charitable giving, build awareness, and generate excitement around the holiday season. The week kicked off with an in-kind donation of 400 laptop computers to the Kids in Need Foundation for under-resourced students. Additionally, Selective supported the following non-profit organizations through donations, raising awareness for their causes, and encouraging employees, independent insurance agents, and customers to get involved:

- Marine Toys for Tots Foundation to help bring joy to less-fortunate children this holiday
- Meals on Wheels America to help end food insecurity
- American Red Cross to help save a life
- Petfinder Foundation to help rescue animals find a "fur-ever" home



# A CULTURE OF STRONG GOVERNANCE AND TRANSPARENCY

We are committed to holding ourselves to the highest ethical standards and being an excellent business partner to our policyholders and distribution partners. We have a diverse and independent Board of Directors, who have strong oversight of our various senior management-led initiatives. We have a robust set of ethics and anti-corruption policies. We provide mandatory in-person or online interactive training on, among other topics, our Code of Conduct, Practical Ethics in the Workplace, and Understanding and Preventing Sexual Harassment. We have strong policies and protocols in place around critical areas such as data privacy and cyber risk mitigation. Our Sustainability Committee, a group of employees and leaders from across the organization, is tasked with making specific recommendations on environmental, social, and governance initiatives, with oversight from senior management and Selective's Board of Directors.

## HIGHLIGHTS

- Sustainability Committee responsible for developing plans, objectives, and reporting around ESG initiatives
- A Code of Conduct setting legal and ethical standards
- Reporting methods for suspected Code of Conduct violations
- Stringent privacy and data security policies
- Robust cyber security policies and protocols
- Technology to safeguard information and systems
- Independent Board oversight



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*“As a publicly-traded company in a regulated industry, Selective takes its obligations to policyholders, claimants, shareholders, and other constituencies seriously. We consistently have been recognized for our governance practices, and we apply the same thoughtfulness and discipline to all aspects of corporate citizenship.”*

*- Michael Lanza  
EVP, General Counsel*

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## A STRONG COMMITMENT TO SUSTAINABILITY FROM MANAGEMENT AND THE BOARD

Our *Sustainability Committee* is comprised of leaders and employees from across our organization. It is responsible for developing plans and objectives around ESG initiatives, and reports its progress quarterly to senior leadership and the Board of Directors. The committee's initiatives are overseen by senior management (including our Chief Executive Officer, Chief Financial Officer, and General Counsel) and the Corporate Governance and Nominating Committee ("CGNC") of the Board of Directors. Both receive detailed quarterly reports on our sustainability-related strategic initiatives. Major objectives of the Sustainability Committee include:

- Making ongoing recommendations for sustainability initiatives to senior management and the Board, and setting longer-term goals;
- Partnering with internal committees and organizations for sustainability thought leadership and implementation of targeted programs;
- Helping raise company-wide and external awareness around the importance of sustainability; and
- Monitoring and regularly reporting on progress to senior leadership and the Board of Directors.

*"As Chairperson of the Corporate Governance and Nominating Committee, which has ESG oversight, I am pleased by Selective's progress on ESG initiatives over the past few years. For Selective, ESG embraces principles embedded in the company's strategy and day-to-day operations. We believe that addressing the impacts of climate change, delivering positive customer experiences and helping them mitigate their risks, and building a highly engaged team of diverse employees and leaders, are integral to our overall strategy and success."*

*– Cynthia (Cie) S. Nicholson  
SIGI Independent Director and Corporate Governance  
and Nominating Committee Chairperson*



## Our Code of Conduct

Selective has adopted a Code of Conduct that provides legal and ethical standards for our employees. At Selective, we use our Code to enforce some of our core values by:

- Identifying the steps to be taken when faced with a possible or actual conflict of interest;
- Providing various resources to report actual or suspected acts of unethical or illegal conduct; and
- Mandating ethical business conduct among all staff and board members.

Failure to acknowledge policies and complete related training results in immediate termination of access to our company's information systems. Our policy acknowledgment and training programs include:

- Conflict of Interest Policy and Disclosure Form
- Code of Conduct
- Insider Trading Policy
- Workplace Safety and Security Policy
- Preventing Sexual Harassment
- Expense Policy Handbook
- Written Information Security Program
- Records and Information Management Policy

## Establishing a Code for our Suppliers

We have established a supplier code highlighting our beliefs and values, holding our vendors to a high set of standards. Our Supplier Code of Conduct outlines our expectations for all our suppliers.

## Reporting suspected Code of Conduct violation:

All Selective employees and Board members are directed to raise any suspected Code of Conduct violation or any concern they may have. These concerns can be channeled through the following confidential or discrete methods:

- Reporting through our Ethics and Compliance Helpline by voicemail or web form, which is monitored by the General Counsel and Chief Compliance Officer, the Chief Audit Executive, and the Chairperson of the Audit Committee of the Board of Directors; and
- Directly contacting our General Counsel and Chief Compliance Officer, Chief Audit Executive, Audit Committee Chairperson, or Chief Human Resources Officer.

All reported suspected Code of Conduct violations are logged in a database where they are tracked until resolution. These reported matters are investigated by the appropriate area within the organization with involvement with the Legal and Internal Audit Departments.

All employees acknowledge the Code of Conduct annually and participate in training on its content.



# SUPPLIER CODE OF CONDUCT

We expect all our suppliers to adhere to our Supplier Code of Conduct and act ethically and follow applicable legal standards everywhere they operate. Our suppliers are responsible for ensuring that all their employees, affiliates, distributors, subcontractors, agents, and others they engage, comply with our Supplier Code of Conduct.

## We expect our suppliers to:

- **Treat their workers with dignity and respect.** Suppliers must not threaten workers with or subject them to harsh or inhumane treatment, and they must clearly communicate disciplinary policies and procedures to their workers. Suppliers should value diversity, equity, and inclusion and commit to advancing equal opportunity for all.
- **Not engage in or support the use of child labor, trafficked, or slave labor.** Suppliers must comply with all laws governing child labor, bonded, indentured, trafficked, or slave labor.
- **Comply with environmental, health, and safety standards.** Suppliers must comply with applicable environmental, health, and safety laws and regulations, provide workers with a safe environment conducive to worker health, provide necessary work-related medical treatment, and implement corrective actions to eliminate likely causes of injury. Suppliers who provide their employees residential facilities must ensure those facilities are safe and conducive to worker health.
- **Comply with all applicable wage and hour laws.** Suppliers must comply with minimum wage, hour and overtime, and other compensation element requirements and provide all legally-mandated benefits.
- **Permit free communication:** Workers must be able to openly communicate and share ideas and concerns with management about working conditions and management practices without fear of discrimination, intimidation, or harassment.

- **Work against corruption and infringement of intellectual property rights.** Suppliers must not engage in corruption, bribery, extortion, or embezzlement, and they must comply with related laws and regulations. They must respect and refrain from infringing on others' intellectual property rights, including patents, trademarks, copyrights, and other proprietary rights.
- **Protect confidential information.** Suppliers must protect information entrusted to them by Selective, our affiliates, customers, or other suppliers. Confidential information may only be used and disclosed in a manner authorized by our policies. Confidential information includes, without limitation, any business information of Selective, our customers, business partners, or other suppliers not generally known to the public.

At its discretion, Selective may require suppliers to respond to surveys, certifications, and other methods validating compliance with this Code. We may take any action that we deem appropriate if a supplier does not respond to our efforts to validate compliance or we learn that a supplier is not adhering to this Code.

Note: Our supplier code of conduct statement applies to non-discrimination against employees based on race, creed, color, religion, age, disability, citizenship, sex, gender, sexual orientation or preference, national origin, military/ veteran status, family/ marital status, medical/ genetic status, and any other status protected by law.

# SECURING OUR BUSINESS: DATA PRIVACY AND GOVERNANCE

Selective's Corporate Ethics and Compliance Program's Privacy and Data Security Policy provides baseline standards for protecting personal information and sensitive corporate information. Selective implements these standards without limitation through:

- Comprehensive information security policies, standards, and procedures subject to ongoing testing, self-assessment, and revision, including periodic review by our internal audit department and input from third-party experts;
- Designated individuals in senior roles who lead our data security team;
- Technology intended to help safeguard information and systems and monitor events;
- Mandatory employee training, testing, and awareness programs;
- Active monitoring of data security risks by our enterprise-wide risk management group and senior leadership team; and
- Robust initial assessment of third-party vendors' information security practices and ongoing periodic security assessment and risk mitigation initiatives for third-party hosted applications.

## DATA PRIVACY POLICY

Selective uses Personal Information to conduct our business. For example, Personal Information may be used in underwriting an insurance policy or adjusting a claim. We understand and appreciate the trust our customers and others place in us to protect that information. Our Chief Compliance Officer is responsible for oversight of our data privacy policies and protocols.

We take our privacy obligations seriously. Among other steps we have taken:

- Our employees, insureds, and distribution partners participate in training, testing, and awareness programs concerning privacy and information security;
- We regularly evaluate our data security practices to take appropriate measures to help safeguard and protect Personal Information in our control from unauthorized access. We provide timely and appropriate notices, as required by law, if there is unauthorized access to that information;
- We work with our service providers and suppliers who have access to Personal Information to include appropriate data security measures in our contracts; and
- We assess new vendors' information security practices and periodically review security assessment and risk mitigation initiatives for third-party hosted applications.

For more details on how Personal Information may be used, a person's rights to access or update information, and how individuals may limit its use or disclosure, please visit our website [www.selective.com/site-services/privacy-notice](http://www.selective.com/site-services/privacy-notice).



## Cyber Security Remains a Critical Area of Focus

We recognize the significant impact cyber-attacks can have on our stakeholders, including our customers, distribution partners, vendors, and investors, as well as on our business. Consequently, we have made multi-year investments in cybersecurity. We believe our cybersecurity program positions us well to safeguard our systems and entrusted information. We work with carefully selected industry-leading security consulting and technology partners and follow security-minded design principles, including "defense-in-depth." The cybersecurity team is overseen by our Executive Risk Committee. Similarly, it works with our Enterprise Risk Management function on business alignment and procuring cybersecurity insurance. Our cybersecurity program balances responsiveness to rapidly-changing threats with ensuring long-term results. It focuses on six key areas:

- **Proactive cybersecurity**, including cyber threat hunting, ethical hacking campaigns, and periodic cybersecurity program assessments;
- **Reactive cybersecurity processes** that we regularly test using incident response and disaster recovery exercises, based on realistic scenarios;
- **Endpoint controls** that provide data encryption, threat detection, malicious software defense, and data backups;
- **Identity and access management** controls that include multifactor authentication and additional safeguards for staff with elevated privileges;
- **Employee cyber risk awareness programs** that leverage general education, role-based training, and simulated phishing attacks; and
- **Third-party risk management** and security standards that include due diligence, continuous monitoring, and cyber risk scoring.



# GOVERNANCE BEST PRACTICES

The Board and Management regularly consider best practices in corporate governance and shareholder feedback, and modify our governance policies and procedures as warranted. Our current best practices include:

## Independent Oversight

- Majority (82%) Independent Directors;
- Independent Key Committees; and
- Strong and Engaged Independent Lead Director.

## Engaged Board / Shareholder Rights

- Directors elected annually;
- Majority voting policy;
- No over-boarding issues;
- Nomination age limit of 75 for election; and
- 75% minimum attendance is required.

## Good Governance

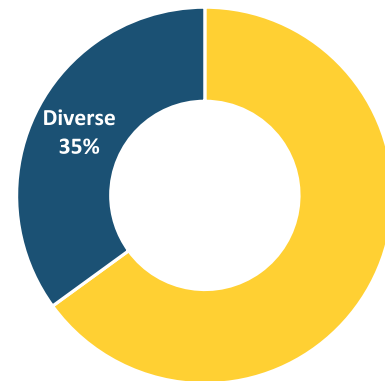
- No poison pill;
- Adoption of incentive-based compensation recoupment policy;
- Stock ownership guidelines for directors and senior officers;
- Prohibition on hedging company stock by officers, directors, and employees;
- No excise tax gross-ups in employment agreements; and
- Board and governance committees review political expenditures.

## Board Diversity

In evaluating the suitability of individual director nominees, the Corporate Governance and Nominating Committee (“CGNC”) considers diversity, including gender, race, and culture, along with personal expertise in areas expected to contribute to the Board’s effectiveness, such as general operations, technology, finance, marketing, financial reporting, and human resources, among others.

Six of our 17 current directors self-identify as diverse. Three directors self-identify as female; three directors self-identify as underrepresented minorities (meaning an individual who self-identifies as Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities); and two directors self-identify as LGBTQ+. Two of the Board’s standing committees are currently chaired by women.

### Director Diversity



Note: Diversity includes members that self-identify as female, underrepresented minorities and LGBTQ+

## Executive Compensation/ Salary & Employee Benefits Committee

Since our initial say-on-pay proposal in 2011, our stockholders have overwhelmingly supported our compensation decisions. At our 2020 Annual Meeting of Stockholders, approximately 99% of votes cast by our stockholders on an advisory basis approved our named executive officers' compensation. In conjunction with our regular review of our compensation practices, we considered these results and, in light of our stockholders' indicated support for our compensation decisions, did not make any material changes in our compensation decisions and policies. We have continued to emphasize providing a well-calibrated combination of both short-term and long-term incentive compensation, which we believe rewards our executives for delivering stockholder value.

### Executive Compensation Program

The objective of our executive compensation program is to attract, retain, and motivate executive talent to drive the organization's success by creating stockholder value through profitable growth and effective risk management.

Our compensation program is designed to (i) promote and align both the short- and long-term interests of our executives with those of our stockholders, (ii) reward the achievement of our business objectives through the execution of our Strategic Business Plan Framework and its five strategic imperatives, (iii) recognize our executives for their individual achievements by motivating them to execute their duties and responsibilities in a manner not reasonably likely to have a material adverse effect on our operations or results; and (iv) promote ESG and DE&I through the incorporation of related performance objectives and goals for executives. We aim to provide these highly talented and qualified executives with compensation that is competitive, both in value and mix of short-term and long-term cash and stock-based components, with the total compensation paid by other property and casualty insurance companies and other companies with which we compete for executive talent.



When evaluating our named executive officers' compensation, the Salary and Employee Benefits Committee considers (i) our overall results compared to budget and projected industry results, (ii) the company's profitability as measured by our combined ratios, (iii) our ability to profitably grow net premiums written, (iv) our investment income performance compared to both budget and benchmark targets, (v) progress on ESG and DE&I initiatives, and (vi) retention of top talent.

Consistent with our pay-for-performance philosophy, we link our annual incentive awards to pre-determined financial and strategic business objectives and individual contributions. We align our long-term compensation to the achievement of pre-determined specific performance measures that impact the generation of long-term stockholder value.

### Role and Function of the Salary and Employee Benefits Committee

The Salary and Employee Benefits Committee of the Board of Directors ("SEBC") oversees executive compensation. It retains an independent executive compensation consultant, Exequity LLP ("Compensation Consultant"), to advise it on executive and director compensation matters. The Compensation Consultant (i) reviews named executive officers' compensation structure and amounts, (ii) prepares comprehensive competitive compensation analyses for our named executive officers, (iii) provides counsel to the SEBC about award metrics, compensation components, amounts allocated to those components, and the total compensation opportunities for the named executive officers, and (iv) attends SEBC meetings.

The Compensation Consultant has advised the SEBC since 2007. The Compensation Consultant does not provide Selective any services other than advising the SEBC on executive and director compensation matters. Based on applicable SEC and Nasdaq rules, the SEBC has determined that the Compensation Consultant does not have a conflict of interest with Selective.



# APPENDIX

## Selective EEO-1 Data as of December 31, 2020

(Actual Employee Count)	Male					Female					Total				
Job Categories	White	Black	Hispanic/ Latino	Asian	Other	White	Black	Hispanic/ Latino	Asian	Other	White	Black	Hispanic/ Latino	Asian	Other
Executives/ senior level managers	98	3	2	7	1	38	2	3	3	1	136	5	5	10	2
First/ mid-level managers	155	9	5	9	3	125	13	2	8	3	280	22	7	17	6
Professionals	535	29	24	48	16	593	62	21	32	10	1,128	91	45	80	26
Sales workers	68	0	2	0	0	55	1	0	0	0	123	1	2	0	0
Administration support	52	11	7	0	6	277	56	22	8	9	329	67	29	8	15
Other	4	0	1	0	0	0	0	0	0	0	4	0	1	0	0
<b>Total</b>	<b>912</b>	<b>52</b>	<b>41</b>	<b>64</b>	<b>26</b>	<b>1,088</b>	<b>134</b>	<b>48</b>	<b>51</b>	<b>23</b>	<b>2,000</b>	<b>186</b>	<b>89</b>	<b>115</b>	<b>49</b>

(Percentage of Employees)	Male					Female					Total				
Job Categories	White	Black	Hispanic/ Latino	Asian	Other	White	Black	Hispanic/ Latino	Asian	Other	White	Black	Hispanic/ Latino	Asian	Other
Executives/ senior level managers	62%	2%	1%	4%	1%	24%	1%	2%	2%	1%	86%	3%	3%	6%	1%
First/ mid-level managers	47%	3%	2%	3%	1%	38%	4%	1%	2%	1%	84%	7%	2%	5%	2%
Professionals	39%	2%	2%	4%	1%	43%	5%	2%	2%	1%	82%	7%	3%	6%	2%
Sales workers	54%	0%	2%	0%	0%	44%	1%	0%	0%	0%	98%	1%	2%	0%	0%
Administration support	12%	2%	2%	0%	1%	62%	13%	5%	2%	2%	73%	15%	6%	2%	3%
Other	80%	0%	20%	0%	0%	0%	0%	0%	0%	0%	80%	0%	20%	0%	0%
<b>Total</b>	<b>37%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>	<b>45%</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>82%</b>	<b>8%</b>	<b>4%</b>	<b>5%</b>	<b>2%</b>

Note: EEO-1 data based on self-identification and reporting by employees

## Selective Board Diversity Data as of December 31, 2020

(Actual Employee Count)	Male					Female					Total				
Job Categories	White	Black	Hispanic/ Latino	Asian	Other	White	Black	Hispanic/ Latino	Asian	Other	White	Black	Hispanic/ Latino	Asian	Other
Number of Directors	12	2	0	0	0	2	0	1	0	0	14	2	1	0	0
Percent Breakdown of Directors	71%	12%	0%	0%	0%	12%	0%	6%	0%	0%	82%	12%	6%	0%	0%