

Stakeholder Engagement and Section 172(1) Statement

For the year ended 31 December 2020

Unum Limited

Section 172 Companies Act 2006

The Directors continue to promote the success of Unum Limited (“the Company”) in accordance with Section 172 of the Companies Act 2006.

The Board consider the key stakeholders to be:

- | | |
|-------------------------|------------------------------|
| 1 Customers | 5 Community and environment |
| 2 Distribution partners | 6 Parent company, Unum Group |
| 3 Employees | 7 Suppliers |
| 4 Regulators | |

The table below outlines the methods used to engage with stakeholders and the key outcomes impacting the Company’s decisions and strategies during the year.

Stakeholder Engagement

Stakeholder	Form of Engagement
1. Customers	
<p>The Company and Board play a critical role in helping to protect the financial futures of individuals and their families and the services offered help people when they need it most. This responsibility puts the customer at the heart of everything the Company does and is a foundation stone of the Company’s culture and purpose.</p>	<ul style="list-style-type: none"> The Board has a Non-Executive Director who has specific responsibility for oversight of customers and provides regular updates to the Board. The Customer Feedback Committee (CFC) ensures that the Company puts the customer at the heart of its business, ensures feedback from customers is understood and acted upon, that the business is sensitive to potential customer vulnerability and that the fair treatment of customers is central to corporate culture. The CFC provides regular updates to the Board. The Board undertook a customer value assessment across all product lines as a result of the FCA directive to conduct a review of the impact of Covid-19.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
1. Customers (continued)	
	<ul style="list-style-type: none"> • The Risk team lead monthly meetings with the Head of Customer Experience, Operational Training and the CFC to review risk events that have customer impact and ensure action is taken to understand and remedy route causes. • The Board receives regular reports on customer (both employer and employee) satisfaction and complaints. • The Board review and approve material strategic developments to enhance the Company's customer propositions. • The company engaged and supported customers where they requested flexible payment options as a result of the impact of the Covid-19 pandemic. • The Board assessed its obligations to ensure the Company treated customers fairly as a result of Dental and Optical practices being closed due to the Covid-19 pandemic (late March to early June 2020). • The Board endorsed the Company's Covid-19 customer support programme, including communications extending services to more customers and increasing the frequency and its range of wellbeing webinars to customers.



Outcome from Engagement

- ✓ The Company made one-off, discretionary Dental & Optical Promise e-voucher payments totalling c. £2.8m to recognise the limited access policyholders had to dentists and opticians during the initial Covid-19 lockdown in 2020.
- ✓ As a result of the customer value assessment exercise, a number of product enhancements were proposed including reimbursement of dental PPE charges in order to enhance customer value.
- ✓ Almost 250,000 employees are eligible for Help@hand. As of 31 December 2020, the service had offered more than 8,400 consultations, 31% of which were appointments were for mental health support.
- ✓ Direct engagement with customers was substantially increased during the pandemic with brokers and customers reacting positively to Unum's fast response in communicating and reacting to Covid-19. Online wellbeing events were delivered to 11,700 customers.
- ✓ The Company supported customers by implementing tailored payment plans during the Covid-19 pandemic.
- ✓ The Company continued to provide training for all new and existing employees to demonstrate sensitivity to potentially vulnerable customers and the importance one of its core values: Treating customers fairly.
- ✓ Customer experience measures are incorporated into the Performance Based Incentive Scheme.
- ✓ Customer feedback was a key input to the formulation of the 2021-2026 Strategy.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
2. Distribution Partners	
<p>Our Brokers are key partners in distributing our products to our customers and potential customers.</p> <p>Our distribution networks and partners are chosen for their ability to present to a potential client the benefits associated with our products.</p>	<ul style="list-style-type: none"> • The Board via the Regulatory and Compliance Committee receive regular updates on Broker experience and review performance against a large number of measures, including satisfaction measures. • The Board receive regular reports from management on Distribution Partner satisfaction and complaints. • Management regularly reviews distribution performance and provide updates to Board. • The Board review and approve material strategic developments devised by the distribution and marketing areas to enhance the Distribution Partner propositions. • The Board review product and proposition enhancements, key risks and customer value across the product and services portfolio as part of product governance procedures on a quarterly basis which includes insights and feedback received from intermediaries and broker partners.



Outcome from Engagement

- ✓ During the transition period of working remotely as a result of the Covid-19 pandemic, we worked with our distribution partners to maintain effective customer communications.
- ✓ Distribution Partner experience measures are incorporated into the Performance Based Incentive Scheme.
- ✓ Distribution Partner feedback helped shape proposition development and broaden distribution routes in 2020 via corporate partnerships and Help@hand.
- ✓ We gathered Distribution Partner feedback and launched enhancements to our quote and buy portal in 2020 to improve their experience
- ✓ We considered Distribution Partner feedback as we formed the 2021-2026 Strategy.
- ✓ Broker feedback, employee and employer and broker engagement metrics were analysed to establish the risk and customer value ratings for the product and services portfolio.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
3. Employees	
<p>The Company has no employees. It has a resourcing and services agreement with a parent company, Unum European Holding Company Limited, under which it is provided with staff that perform administrative, management and other services on behalf of the Company.</p> <p>The Board recognises that the culture and values of Unum UK underpin the effective delivery of the Company's strategy.</p> <p>Regular engagement takes place throughout the year to update, inform and gather feedback from employees.</p>	<ul style="list-style-type: none"> • Employee surveys, virtual townhalls, blogs, wellbeing webinars and numerous employee group activities around CSR and inclusion and diversity shared with the Board. • The Board hold discussions with a cross-section of Leadership Team members at Board Meetings and at other events. • The Company operates an Employee Consultative Group (ECG). At least one member of Executive Management meets quarterly with the ECG to discuss points raised by employees and reports back to the Board. • Employee Resource Groups (ERGs) are employee led, voluntary groups which focus on key aspects of culture (e.g. inclusion). Each ERG includes at least one Executive Sponsor. • During the Covid-19 pandemic the Board met regularly to consider the impact on employee welfare. • The ECG were consulted and had input into the planned organisation changes the Company announced in Q3 2020.



Outcome from Engagement

- ✓ As a result of the Covid-19 pandemic, the Board and Senior Leadership agreed that the company moved to scale back all but essential office-based activities with almost all of our teams operating remotely using technology from their homes. This included the provision of employee support in terms of their mental and physical wellbeing, system access and home office set up.
- ✓ Formation of a working group consisting of leadership representatives from several departments to consider the future of work in light of the Covid-19 pandemic, staff surveys and engagement which reflected their experiences of working remotely. There were regular updates to Senior Leadership.
- ✓ In 2020, the Company signed the Business in the Community Race and Work Charter.
- ✓ Senior Leadership provided regular virtual staff briefings and online wellbeing support and regularly updated the Board.
- ✓ Senior Leadership formally engaged with the ECG via a consultation process following the announcement of the company restructure in September 2020 to ensure all employees had a forum in which to ask questions, express their concerns and provide feedback on the proposals and updated the Board.
- ✓ Evaluated and continued investment in the Women in Finance Charter, Accelerated Leadership and Graduate programmes.
- ✓ Conducted an employee engagement survey which showed an employee engagement score of 74%, which is 4 percentage points higher than 2019.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
4. Regulators	
<p>Unum Limited is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and PRA.</p> <p>The Company and the Board understand that meeting its tax obligations is part of its contribution to society. Her Majesty's Revenue and Customs (HMRC) is a key stakeholder.</p>	<ul style="list-style-type: none"> • Members of the Board/Executive team are interviewed by the PRA as part of the Periodic Summary Meetings (PSMs) process. • The Board and Senior Leadership team routinely engage with the regulators. • The Company is open and transparent in its interactions with all its regulators. As a result of the Covid-19 pandemic, the Board engaged more regularly with regulators to update them on the Company's position. • The Company submits regulatory returns and responds to requests in a timely manner. The Board approve annual returns and receive monthly updates on key metrics. • The tax strategy is approved by the Board and published on the Company website. This sets out how the Company engages with HMRC. • The Company settles its tax obligations in a timely manner. • The Company routinely engages with its dedicated Customer Compliance Manager at HMRC.



Outcome from Engagement

- ✓ Open and regular dialogue with the regulators, who as a result have a good understanding of the Company's business.
 - ✓ The Company shared updates on the impacts of Covid-19 and Brexit with the PRA and HMRC.
 - ✓ Engaged with our regulators on the actions the Company took during 2020 to strengthen its solvency position.
 - ✓ Approval of Annual Returns and approval of Transitional Measure on Technical Provisions application to PRA.
 - ✓ Reviewed and challenged the Own Risk and Solvency Assessment (ORSA) process and provided challenges on elements of it during the year
- included those in relation to the strategic plan, pricing and underwriting risk, internal model validation activity and the appropriateness of management actions.
- ✓ The Committees reviewed and challenged the stress and scenario testing plan prioritising the importance of certain potential scenarios, e.g. the Covid-19 pandemic and the associated management actions, which, where necessary, would be required to keep within capital risk appetite. Risk mitigation plans are formulated to address all areas where the Company's exposure exceeds, or is expected to exceed, its Board – agreed risk appetite.
 - ✓ The Company has responded to regulatory rule changes directly and via the Association of British Insurers (ABI).

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
5. Community and environment	
<p>The Company embraces social responsibility, community engagement, environmental sustainability, and supports employees in improving the lives of others and making a difference in its communities.</p> <p>The Company's corporate and social responsibility (CSR) activities centre around key pillars of community involvement, including improving educational and employability opportunities for those from underrepresented or disadvantaged communities and building healthier, sustainable and inclusive communities. Highlights of its community activities can be found on the Company's website.</p>	<ul style="list-style-type: none"> • The Chair plays an active role in supporting the CSR programme and regularly represents Unum at charity events. In addition, the Chair has continued to meet with our charity partners during the year. • The CSR programme includes partnering with charities that align with the Company's values, inclusion and diversity and the key pillars of community involvement. We also encourage employees to work with charities that they are passionate about – Unum staff support over 100 charities in any given year. • All employees are actively encouraged to get involved with CSR activities, through regular communication about the Company's CSR work. Employees are provided with two volunteering days each year. Unum also offers a matching scheme for eligible charity donations. • The 'Green Team', with Board and Executive Committee sponsorship, supports the Company in its journey to establish more sustainable practices within its workplaces.



Outcome from Engagement

- ✓ The Company won the Gold Payroll Giving Quality Mark for an eighth consecutive year.
- ✓ While traditional fundraising and volunteering opportunities were severely restricted due to the pandemic, the Company and its employees used virtual meetings to reach our communities.
- ✓ The Company raised over £200,000 through employee engagement and corporate donations and volunteered 1,282 volunteering hours to charitable organisations which align with the Company's Corporate and Social Responsibility pillars.
- ✓ The Chief Risk Officer has been allocated with responsibility for the risks from climate change, and the Company Chair has the same responsibility on behalf of the Board.
- ✓ We responded quickly to the needs of our communities at the start of the pandemic by awarding a number of charitable grants to support those most severely impacted.
- ✓ Our annual Food Drive raised over £9,000 for food banks and a homelessness charity.
- ✓ We funded a number of emergency charitable grants to support smaller charities most immediately impacted by the pandemic, including the provision of IT equipment to support digital inclusion and PPE for a homelessness charity.
- ✓ Our employees carried out virtual befriending for those in our communities living with dementia as part of our national charity partnership with Alzheimer's Society.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
6. Unum Group	
Unum Limited is a private company in the UK, owned by Unum European Holding Company Limited. It is ultimately owned by Unum Group who are listed in the US.	<ul style="list-style-type: none">• The composition of the Unum Ltd Board mirrors that of Unum European Holding Company Limited.• The UK CEO is an Executive Officer of Unum Group. The Board and Senior Leadership have regular meetings with Unum Group.• The Chair attends the Unum Group Annual General Meeting and meets with the Unum Group Chair and other senior Unum Group executives and Board members.• The Chair regularly meets with the US Chief Operating Officer.• Members of Unum Group Executive are invited to observe Board and Committee meetings regularly.



Outcome from Engagement

- ✓ Unum Group has supported and continues to support Unum Limited's solvency and liquidity position through capital, reinsurance and investment initiatives including a capital investment of £10m during 2020.
- ✓ The Company's three-year strategic plan is approved by the Unum Limited Board and shared with, and approved by, the Unum Group Board.
- ✓ The Board received an update on Unum Group's corporate sustainability strategy.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
7. Suppliers	
<p>The Company's suppliers are key to the smooth running of its business.</p>	<ul style="list-style-type: none"> • The Board monitors Unum's material outsourcing arrangements periodically. • Annually, a supplier payment update is provided to the Board. • New suppliers are subject to a formal due diligence process which includes but is not limited to, data privacy, information security and contractual considerations. • Regular meetings and ongoing due diligence takes place with all material/critical and key suppliers. • Unum aligns, where possible, with the Unum Group Third Party Risk Management (TPRM) processes and policies.



Outcome from Engagement

- ✓ The Company promotes awareness of its policies and monitors compliance with its Global Procurement Policy. This policy sets out the standard expected by the Company when engaging with suppliers, including ethical, social and environmental conduct.
- ✓ Unum requires all new and existing suppliers to sign a Modern Slavery declaration and/or produce

their published statement to ensure compliance with modern slavery laws. For further details, the Company's modern slavery statement is available on its website.

- ✓ We have engaged with our suppliers to understand if and how Brexit will affect them and what planning they have done to mitigate the expected risks.
- ✓ We have engaged with our suppliers extensively to ensure that IR35 regulations are correctly implemented in future engagements.

Unum European Holdings Company Limited

Year ended 31 December 2020

Section 172 Companies Act 2006

The Directors continue to promote the success of Unum Limited (“the Company”) in accordance with Section 172 of the Companies Act 2006.

The Board consider the key stakeholders to be its:

- 1 Employees
- 2 Regulators
- 3 Community and environment
- 4 Parent company, Unum Group
- 5 Suppliers

The table below outlines the methods used to engage with stakeholders and the key outcomes impacting the Company’s decisions and strategies during the year.

Stakeholder	Form of Engagement
1. Employees	
<p>The Company has a resourcing and services agreement with its subsidiary Unum Limited, under which it provides staff that perform administrative, management and other services on behalf of the Unum Limited.</p> <p>The Board recognises that the culture and values of Unum UK underpin the effective delivery of the Company’s strategy.</p> <p>Regular engagement takes place throughout the year to update, inform and gather feedback from employees.</p>	<ul style="list-style-type: none"> • Employee surveys, virtual townhalls, blogs, wellbeing webinars and numerous employee group activities around CSR and inclusion and diversity are shared with the Board. • The Board hold discussions with a cross-section of Leadership Team members at Board Meetings and at other events. • The Company operates an Employee Consultative Group (ECG). At least one member of the Executive Management meets quarterly with the ECG to discuss points raised by employees and reports back to the Board. • Employee Resource Groups (ERGs) are employee led, voluntary groups which focus on key aspects of culture (e.g. inclusion). Each ERG includes at least one Executive Sponsor. • During the Covid-19 pandemic the Board met regularly to consider the impact on employee welfare. • The ECG were consulted and had input into the planned organisation changes the Company announced in Q3 2020.



Outcome from Engagement

- ✓ As a result of the Covid-19 pandemic, the Board and Senior Leadership agreed that the company moved to scale back all but essential office-based activities with almost all of our team operating remotely using technology from their homes. This included the provision of employee support in terms of their mental and physical wellbeing, system access and home office set up.
- ✓ Formation of a working group consisting of leadership representatives from several departments to consider the future of work in light of the Covid-19 pandemic, staff surveys and engagement which reflected their experiences of working remotely. There were regular updates to Senior Leadership.



Outcome from Engagement (continued)

- ✓ In 2020, the Company signed the Business in the Community Race and Work Charter.
- ✓ Senior Leadership provided regular virtual staff briefings and online wellbeing support and regularly updated the Board.
- ✓ Senior Leadership formally engaged with the ECG via a consultation process following the announcement of the company restructure in September 2020 to ensure all employees had a forum in which to ask questions, express their concerns and provide feedback on the proposals and updated the Board.
- ✓ Evaluated and continued investment in the Women in Finance Charter, Accelerated Leadership and Graduate programmes
- ✓ Conducted an employee engagement survey which showed an employee engagement score of 74%, which is 4 percentage points higher than 2019.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
2. Regulators	
<p>The Company is part of the Unum UK Solvency II Group of Companies and is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and PRA.</p> <p>The Company and the Board understand that meeting its tax obligations is part of its contribution to society. Her Majesty's Revenue and Customs (HMRC) is a key stakeholder.</p>	<ul style="list-style-type: none"> • Members of the Board/Executive team are interviewed by the PRA as part of the Periodic Summary Meetings (PSMs) process. • The Board and senior leadership team routinely engage with the regulators. • The Company is open and transparent in its interactions with all its regulators. As a result of the Covid-19 pandemic, the Board engaged more regularly with regulators to update them on the Company's position. • The Company submits regulatory returns and responds to requests in a timely manner. The Board approve annual returns and receive monthly updates on key metrics. • The tax strategy is approved by the Board and published on the Company website. This sets out how the Company engages with HMRC. • The Company settles its tax obligations in a timely manner. • The Company routinely engages with its dedicated Customer Compliance Manager at HMRC.



Outcome from Engagement

- ✓ Open and regular dialogue with the regulators, who as a result have a good understanding of the Company's business.
- ✓ The Company shared updates on the impacts of Covid-19 and Brexit with the PRA and HMRC.
- ✓ Engaged with our regulators on the actions the Company took during 2020 to strengthen its solvency position.
- ✓ The Committees reviewed and challenged the impact of and prioritising the importance of certain potential scenarios, e.g. the Covid-19 pandemic and the associated management actions, which, where necessary, would be required to keep within capital risk appetite. Risk mitigation plans are formulated to address all areas where the Company's exposure exceeds, or is expected to exceed, its Board – agreed risk appetite.
- ✓ The Company has responded to regulatory rule changes directly, and via the Association of British Insurers (ABI).

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
3. Community and environment	
<p>The Company embraces social responsibility, community engagement, environmental sustainability, and supports employees in improving the lives of others and making a difference in its communities.</p> <p>The Company's corporate and social responsibility (CSR) activities centre around key pillars of community involvement, including improving educational and employability opportunities for those from underrepresented or disadvantaged communities and building healthier, sustainable and inclusive communities. Highlights of its community activities can be found on the Company's website.</p>	<ul style="list-style-type: none"> • The Chair plays an active role in supporting the CSR programme – and regularly represents Unum at charity events. In addition, the Chair has continued to meet with our charity partners during the year. • The CSR programme includes partnering with charities that align with the Company's values, inclusion and diversity and the key pillars of community involvement. We also encourage employees to work with charities that they are passionate about – Unum staff support over 100 charities in any given year. • All employees are actively encouraged to get involved with CSR activities, through regular communication about the Company's CSR work. Employees are provided with two volunteering days each year. Unum also offers a matching scheme for eligible charity donations. • The 'Green Team', with Board and Executive Committee sponsorship, supports the Company in its journey to establish more sustainable practices within its workplaces.



Outcome from Engagement

- ✓ The Company won the Gold Payroll Giving Quality Mark for an eighth consecutive year.
- ✓ While traditional fundraising and volunteering opportunities were severely restricted in 2020 due to the pandemic, the Company and its employees used virtual meetings to reach our communities.
- ✓ The Company raised over £200,000 through employee engagement and corporate donations and volunteered 1,282 volunteering hours to charitable organisations which align with the Company's Corporate and Social Responsibility pillars.
- ✓ We responded quickly to the needs of our communities at the start of the pandemic by awarding a number of charitable grants to support those most severely impacted.
- ✓ Our annual Food Drive raised over £9,000 for food banks and a homelessness charity.
- ✓ We funded a number of emergency charitable grants to support smaller charities most immediately impacted by the pandemic, including the provision of IT equipment to support digital inclusion and PPE for a homelessness charity.
- ✓ Our employees carried out virtual befriending for those in our communities living with dementia as part of our national charity partnership with Alzheimer's Society.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
4. Unum Group	
Unum European Holding Company Limited is a private company in the UK and is ultimately owned by Unum Group who are listed in the US.	<ul style="list-style-type: none">• The UK CEO is an Executive Officer of Unum Group. The Board and Senior Leadership have regular meetings with Unum Group.• The Chair attends the Unum Group Annual General Meeting and meets with the Unum Group Chair and other senior Unum Group executives and Board members.• The Chair regularly meets with the US Chief Operating Officer.• Members of Unum Group Executive are invited to observe Board and Committee meetings periodically.



Outcome from Engagement

✓ The Company's three-year strategic plan is approved by the Unum Limited Board and shared with, and approved by, the Unum Group Board.

✓ The Board received an update on Unum Group's corporate sustainability strategy.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
5. Suppliers	
The Company's suppliers are key to the smooth running of its business.	<ul style="list-style-type: none">• The Board monitors Unum's material outsourcing arrangements periodically.• Annually, a supplier payment update is provided to the Board.• New suppliers are subject to a formal due diligence process which includes, but is not limited to, data privacy, information security and contractual considerations.• Regular meetings and ongoing due diligence take place with all material/critical and key suppliers.• Unum aligns, where possible, with the Unum Group Third Party Risk Management (TPRM) processes and policies.



Outcome from Engagement

- ✓ The Company promotes awareness of its policies and monitors compliance with its Global Procurement Policy. This policy sets out the standard expected by the Company when engaging with suppliers, including ethical, social and environmental conduct.
- ✓ Unum requires all new and existing suppliers to sign a modern slavery declaration and/or produce their published statement to ensure compliance with modern slavery laws. For further details, the Company's modern slavery statement is available on its website.
- ✓ We have engaged with our suppliers to understand if and how Brexit will affect them and what planning they have done to mitigate the expected risks.
- ✓ We have engaged with our suppliers extensively to ensure that IR35 regulations are correctly implemented in future engagements.

APPROVED BY THE BOARD

April 2021

unum.co.uk

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