

Unum Limited

Corporate Governance Report

For the year ended 31 December 2023

For the year ended 31 December 2023, the Company operated its own governance arrangements which the Directors consider appropriate given the size and complexity of the Company. Our governance framework adopts and reflects elements of the Wates Principles for Large Private Companies Code, the Companies Miscellaneous Reporting Regulations 2018 and the UK Corporate Governance Code 2018 (which applies to premium listed companies).

Company Purpose and Board Leadership

The Company is an employee benefits provider offering financial protection through the workplace and is focused on Income Protection, Life Insurance, Critical Illness, Dental Insurance and Optical Cover. The Company's mission is to help and protect more people. 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. The Company believes that workplace wellbeing is integral to all businesses. The Company offers a range of tools designed to help businesses and to support their employee wellbeing strategy.

The Board of Directors is responsible for agreeing the Company's strategy, delivering propositions and services which our customers will value, delivering an appropriate rate of return to the shareholder, approving business plans, and monitoring performance. Details of the Company's strategy are set out in the Strategic Report.

The Board recognises the importance of its role in setting the tone of the Company's culture and embedding it throughout the business. Ultimately this responsibility puts the customer at the heart of everything the Company does and is a foundation stone of its culture and its purpose.

The Company has clearly defined corporate values 'We are Unum' that guide what it does and the decisions it makes. They set out what is at the heart of Unum – helping the working world thrive throughout life's moments – and how this is fundamental to achieving its business objectives, how it helps build a place people aspire to work and how it enables the Company to better serve its customers.

'We are Unum' complements the wider framework of the Company's vision, values, leadership expectations, customer experience vision and Code of Conduct to comprehensively articulate what the Company stands for and the behaviours expected from its employees.

The Board recognises that culture is a key driver of behaviours and performance, and annually reviews its Culture Framework which includes a suite of key behaviour-based metrics supported by insights from a regular employee engagement survey. The Board regularly receives assurance on how the business is performing against the Culture Framework from the HR, Compliance, Risk and Internal Audit functions.

Appropriate mechanisms are in place to ensure that the Board has a clear understanding of the views of Unum Group, the Company's sole shareholder and ultimate parent undertaking. During 2023 and until his resignation on 9 February 2024, this included Michael ('Mike') Simonds (who was Executive Vice President, Chief Operating Officer, Unum Group) sitting as a Non-Executive Director on Unum UK's Board, and periodically inviting other senior representatives of Unum Group to observe Board and Committee meetings.

The Company has a Whistleblowing Policy which is reviewed and approved by the Board annually. Stuart Vann, Chair of the Audit Committee, is the Whistleblowing Champion.

Responsible Business: Inclusion, Diversity and Corporate Social Responsibility

The Board appreciates the different perspectives and experiences the Company's stakeholders bring. The Company believes in inclusion and diversity and recognises the benefits diversity can contribute to its Board of Directors and the importance of taking an active role in its Inclusion and Diversity and Responsible Business agendas. The remuneration of the Chief Executive Officer and Human Resources Director have a diversity target component linked to them.

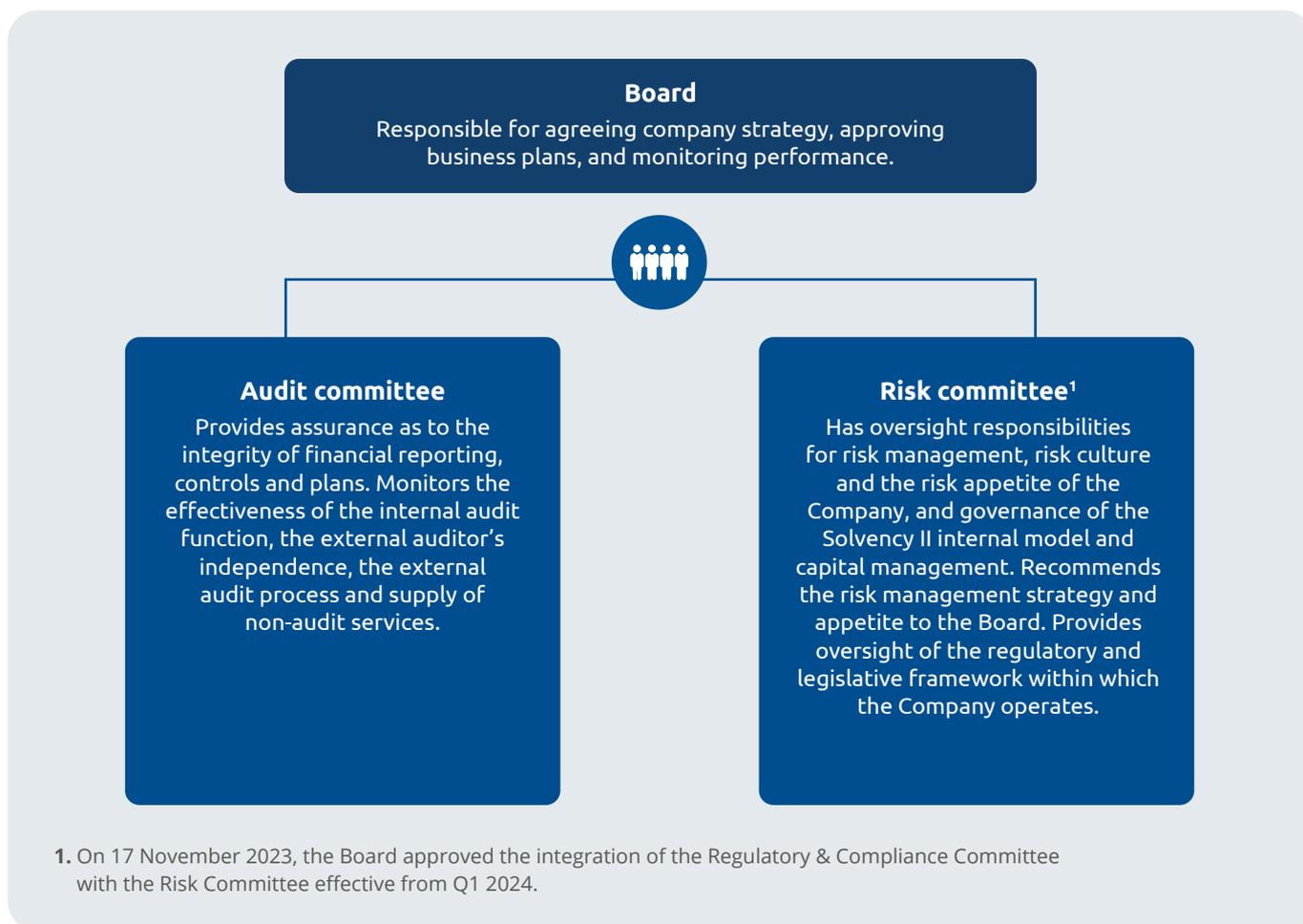
Unum UK's Chair and Non-Executive Directors (NEDs) play an active role in its Responsible Business agenda, which includes community outreach and our impact on the environment. The Chair meets with the Company's charity partners on behalf of Unum.

The Board have agreed collective responsibility for engagement with employees and consequently have not assigned responsibility to one specific Director.

Division of Responsibilities

The Company has a clear governance structure and defined roles and responsibilities at all levels. During 2023, the Board was supported by the Audit, Risk and Regulatory & Compliance Committees, and by the Nomination and Remuneration Committees of the Company's immediate parent, Unum European Holding Company Limited. On 17 November 2023, the Board approved the integration of the Regulatory & Compliance Committee with the Risk Committee effective from Q1 2024. The change was agreed having given consideration to the structure of the Board and its committees, the size and strategic needs of the organisation and the need for a framework which supports an effective Board process and decision making.

The Board committees are chaired by independent Non-Executive Directors. They bring objective judgement on all issues of strategy, performance, resources and standards of conduct. The Company has a separate Chair and CEO with a clear division of responsibilities. The responsibilities of the Company's Board committees are as follows:



Remuneration

The Company does not directly employ staff. It has a resourcing and services agreement with its immediate parent company, Unum European Holding Company Limited (UEHCL), under which it is provided with staff that perform administrative, management and other services on behalf of the Company. These staff are referred to as employees in this Annual Report. The costs are reported under the relevant headings in the income statement.

Senior executives' remuneration levels, which are established in accordance with the remuneration framework and policy, are approved by the UEHCL Remuneration Committee following feedback on the proposals from the Human Capital Committee of Unum Group. Executive reward includes longer-term performance measures and incentives for our Executive Directors, including links to operation within risk appetite.

UEHCL also has a Nomination Committee, whose principal purpose is to oversee the process for Board and Committee composition, including the nomination of new members, and also to consider Executive Committee succession planning.

Compensation Programme Structure

Our executive compensation philosophy is to reward performance that helps us achieve our corporate objectives, increase shareholder returns, attract and retain talented individuals, and promote a culture of ownership and accountability in the company. We do this by:

- Offering base salaries that reflect the competitive market as well as the roles, skills, abilities, experience and performance of employees;
- Providing incentive opportunities for all employees based on the achievement of corporate and individual performance goals; and
- Aligning the long-term interests of management and shareholders by offering performance-based equity compensation opportunities and requiring senior officers to own a specified value of Unum Group shares and retain equity awards for a specified period of time after vesting.

We seek to operate a remuneration policy and practices that are in line with the Group's business and risk strategy, risk profile, objectives, performance, values and risk management practice and the long-term interests of the organisation and all of its stakeholders (including customers, shareholders, policyholders, intermediaries, employees and regulators).

Board Composition and Activities

At the time of approval of this report, the Board of Directors comprises two Executive Directors (the Chief Executive Officer and Chief Financial Officer) and four Independent Non-Executive Directors. The Chair of the Board was independent on appointment. The Board look for diversity of thought and experience, shared values, empathy and for leaders who display and encourage candour and effective challenge when considering appointments to the Board.

Mark Till Chief Executive Officer

As CEO, Mark leads Unum UK, creating a clear strategy and providing an environment which delivers the best service possible for our customers. Mark is also the Chair of the Supervisory Board of Unum Poland.

He joined Unum in February 2021, attracted by the Company's strong customer focus and the caring culture that helps people at difficult moments in their lives. He is passionate about helping people secure their financial wellbeing.

Before joining Unum, Mark held several leadership roles in financial services, including five years at Aegon UK as Managing Director, Platform Solutions. There he was responsible for leading the company across pensions, investment platforms, asset management and personal protection.

Jonathan (Jon) Fletcher Chief Financial Officer

Jon is a Director of the Company and the Company's immediate parent company UEHCL, as well as a member of the Supervisory Board of Unum Poland and leads the Finance and Underwriting function at Unum UK.

Prior to Unum, Jon was an Executive Director at EY and held a number of senior roles in the Finance function at HBOS (Insurance Division). Jon was appointed Chief Financial Officer in January 2017. He is a Fellow of the Institute of Actuaries.

Nicholas (Nick) Poyntz-Wright, Chair Chair Nomination Committee

Nick has significant experience of both insurance and retail financial services. He is a Fellow of the Institute of Actuaries and was previously CEO of Skandia UK and Director of Long-Term Savings and Pensions at the Financial Conduct Authority. He is a Non-Executive Director with the Phoenix Group, sitting on the Boards of its life subsidiaries as well as chairing the Investment Committee. He was previously on the Board of Just Retirement Limited, part of Just Group. Nick is also an independent Non-Executive Director of UEHCL.

Stuart Vann, Senior Independent **Non-Executive Director** Chair Audit Committee

Stuart has over two decades of executive experience within the General Insurance sector. A qualified accountant, he has an in-depth understanding of customer growth, innovation, brand, digital distribution, operations, data analysis and regulatory matters, having previously been the CEO of esure Group Plc. Stuart is currently a Non-Executive Director of British Gas Insurance Limited and British Gas Services Limited, Chairing the Audit Committee as well as previously chairing the Remuneration Committee. He was also previously Chair of Gocompare.com the price comparison site, with involvement in the business via esure's ownership for 10 years. Stuart is also an independent Non-Executive Director of UEHCL.

**Sarah Davies, Independent
Non-Executive Director**
Chair Risk Committee

Sarah has significant senior level board and executive experience within the General Insurance sector. Her previous roles have included Group Chief Operating Officer (COO) of Aspen Insurance Holdings Ltd, Operations Director at AEGIS London, Group COO of DARAG and Non-Executive Director of Coverys Managing Agency. She holds an MSc in Industrial/ Organisational and Business Psychology and has worked as an executive coach and business psychology consultant, with a focus on talent development, inclusion and diversity. Sarah is currently Chair of Howden Insurance Brokers and a Non-Executive Director of Howden Reinsurance Brokers and Mitsui Sumitomo Insurance (Europe). Sarah is also an independent Non-Executive Director of UEHCL.

**Jonathan (Jon) Dye, Independent
Non-Executive Director
(appointed 17 November 2023)**
Chair Remuneration Committee

Jon is a recognised leader in the insurance industry and brings a strong executive record in business growth and of transforming performance, culture, and customer focus. He is currently CEO of Hiscox UK and prior to that was CEO of Allianz UK for eight years. Jon served as Chair of the Association of British Insurers (ABI) between 2019 and 2021. He is a law graduate from the University of Cambridge and a Fellow of the Chartered Insurance Institute. Jon is also an independent Non-Executive Director of UEHCL.

Board activities

In addition to matters referenced in the Company's Section 172 statement in the Strategic Report, the following matters are routinely considered by the Board. The Board also receive regular updates on the matters delegated to the Risk and Audit committees:

- Business strategy and plans
- Customers
- Responsible Business, including environmental, social and governance (ESG) and climate change
- Service targets and supplier outsourcing arrangements
- Capital, liquidity and solvency position
- Investment strategy
- Political, economic, legal, regulatory and competitor landscape
- Emerging risks
- Employee wellbeing
- Culture framework
- Inclusion and Diversity
- Dividends
- Annual Report and Accounts, Solvency II and other regulatory reporting
- Effectiveness of Internal Audit
- Board effectiveness
- Risk and Governance, including risk appetite and emerging risks
- Terms of Reference

During 2023, the Board also considered:

- Board and Committee composition
- Independent Non-Executive Director appointment
- Compliance with the new Consumer Duty Regime
- Transition to the new external audit firm in 2024

Transition to a new external audit firm

In order to satisfy the mandatory requirement to rotate the external audit firm, Ernst & Young LLP's final audit of the Company is for the year ended 31 December 2023. As resigning auditor, Ernst & Young LLP have confirmed their intention to resign on completion of the 2023 audit.

Following a transparent and competitive tender process undertaken in 2022, the Audit Committee recommended to the Board of Directors and the Board unanimously approved that Mazars LLP be selected as the Company's external audit firm commencing with the 2024 financial year.

The appointment of Mazars is subject to shareholder approval, which will be sought following completion of the 2023 audit.

Board Effectiveness and Training

The Board fosters a culture of openness and transparency with conversations both inside and outside of the Boardroom. The Chair holds regular meetings with other Non-Executive Directors without Executive Directors being present.

The annual Board effectiveness and performance review process enables individual Directors to comment on the Board's performance.

Directors attend structured induction training, and regular training thereafter, with relevant access to and discussion with the leadership team facilitated, to allow the directors to familiarise themselves with the business and current topics. Directors are not subject to annual re-election but attend regular training to ensure they remain suitably qualified to continue their role.

2023 Board and Committee meeting member attendance

	Board Tenure at 31/12/2023 ¹	Board ²	Regulatory & Compliance Committee ³	Audit Committee	Risk Committee ^{2,3}
Number of meetings		11	5	5	7
	Years	Attended	Attended	Attended	Attended
Independent Non-Executive Directors					
Nick Poyntz-Wright (Chair)	4.5	11/11	5/5	5/5	7/7
Stuart Vann	2.6	11/11	5/5	5/5	7/7
Sarah Davies	1.3	11/11	5/5	5/5	7/7
Jon Dye (appointed 17 November 2023)	0.1	1/2	0/0	0/0	1/2
Clifton Melvin (resigned 9 August 2023)	9.0	9/9	4/4	4/4	5/5
Cheryl Black (resigned 17 November 2023)	9.3	10/10	5/5	5/5	6/6
Non-Executive Director					
Mike Simonds (resigned 9 February 2024)	2.0	10/11	5/5	5/5	6/7
Executive Directors⁴					
Mark Till		10/11	N/A	N/A	N/A
Jon Fletcher		11/11	N/A	N/A	N/A

1. Independent Non-Executive Directors typically serve up to a nine-year term.
2. A short, sequential Risk and Board meeting was convened in December for routine approvals. The CEO and recently appointed independent NED had prior commitments; the meeting was quorate with the CFO and three NEDs attending.
3. On 17 November 2023, the Board approved the integration of the Regulatory & Compliance Committee with the Risk Committee effective from Q1 2024.
4. The Executive Directors are members of the Board only.

unum.co.uk

Unum Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered Office and mailing address: Milton Court, Dorking, Surrey RH4 3LZ. Registered in England 983768. Unum Limited is a member of the Unum Group of Companies.