

Unum Limited

Corporate Governance Report

For the year ended 31 December 2022

The Company is a private limited Company and is therefore not required to comply with the UK Corporate Governance Code 2018 (“the Code”) published by the Financial Reporting Council that applies to premium listed companies. For the year ended 31 December 2022, the Company operated its own governance arrangements, which adopt and reflect elements of the Code, the Companies Miscellaneous Reporting Regulations 2018 and the Wates Principles that the Directors considered appropriate given the size and complexity of the Company.

Company Purpose and Board Leadership

Unum Limited is an employee benefits provider offering financial protection through the workplace and is focused on Income Protection, Life Insurance, Critical Illness and Dental 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 strategy, delivering propositions and services our customers value, delivering shareholder return, 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 People, 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. This includes the appointment to the Board in 2021 of Michael Simonds (Executive Vice President, Chief Operating Officer, Unum Group) as a Non-Executive Director, 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

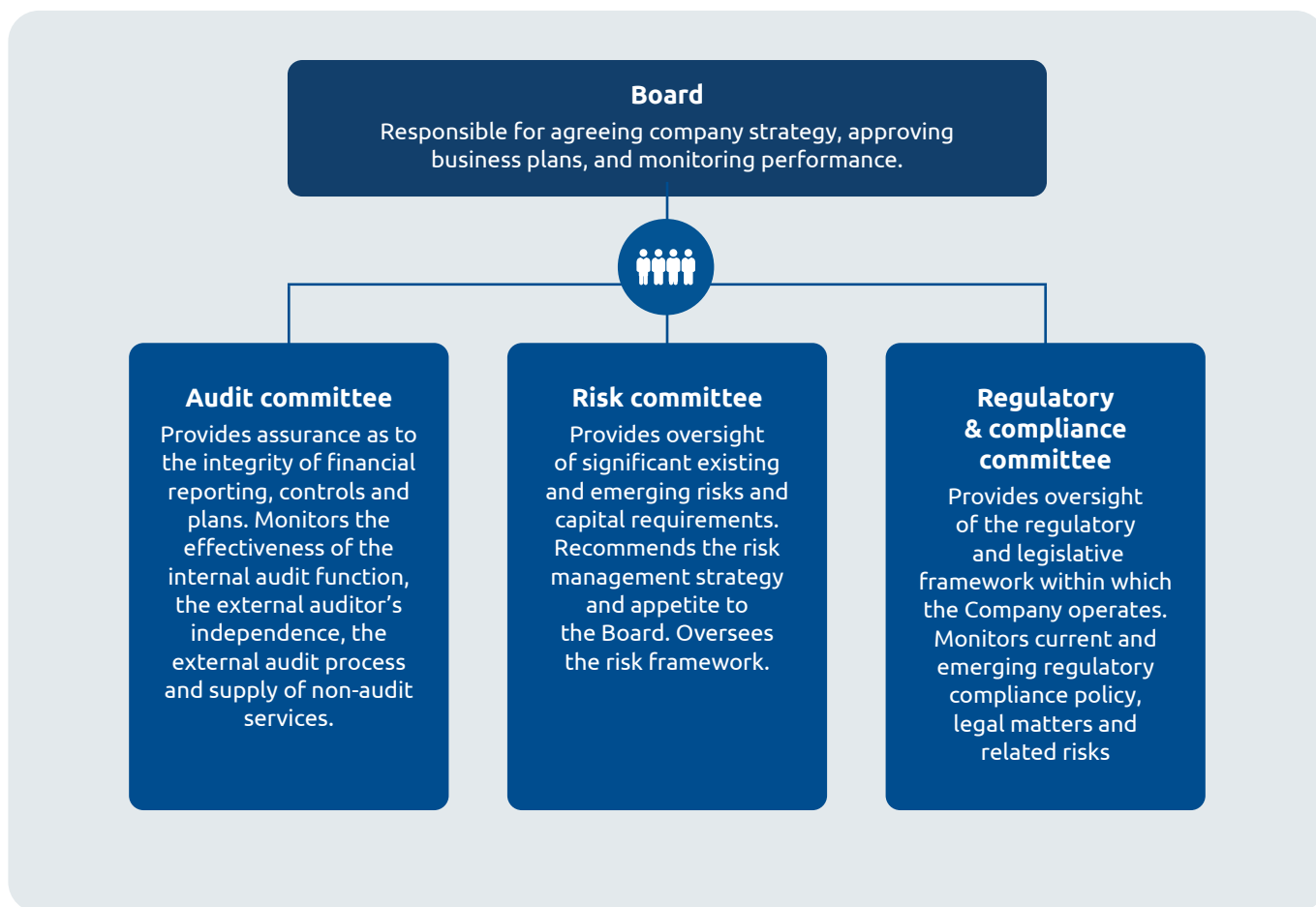
The Board appreciates the different perspectives and experiences the Company's stakeholders bring. The Company believes in inclusion and diversity and recognises the benefits diversity can bring to its Board of Directors and the importance of taking an active role in its Inclusion and Diversity and responsible business agendas. The Company is a signatory of the 'Women in Finance Charter', the 'Race at Work charter' and holds Disability Confident Leader level 3 accreditation, and the Non-Executive Directors have sponsored the Company's 'Women in Leadership' programme. 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 environmental sustainability. The Chair meets with the Company's charity partners on behalf of Unum.

The Board has 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. The Board is 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. The Board Committees are all 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, 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 Unum European Holding Company Limited 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.

Unum European Holding Company Limited 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

The Board of Directors comprises two Executive Directors (the Chief Executive Officer and Chief Financial Officer), five Independent Non-Executive Directors and one Non-Executive Director. 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.

Sarah Davies was appointed to the Board as an independent Non-Executive Director on 1 October 2022.

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.

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, most recently spending 5 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 Unum Limited and Unum European Holding Company Limited, 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.

Clifton Melvin, Chair Chair Nomination Committee

Clifton has significant experience of both the insurance and retail financial services sectors. He is a Fellow of the Institute of Actuaries and has enjoyed an executive career at Winterthur

Life UK, GE Capital Europe, KPMG and AXA; his Non-Executive experience includes Standard Life, Saga Services Ltd and Just Retirement Ltd. Clifton is also an independent Non-Executive Director of Unum European Holding Company Limited.

Cheryl Black, Senior Independent Non- Executive Director Chair Regulatory and Compliance Committee, and Remuneration Committee

Cheryl brings senior level board experience with recognised expertise in business transformation, combining both leadership and financial skills. During her executive career Cheryl worked at Telefonica O2 UK, Scottish Water and EDF; her Non-Executive experience includes Skipton Building Society, Southern Water Services, NHS 24 and Telefonica UK Pension Trustee Ltd and she currently holds Trustee positions at Scottish Widows MasterTrust and the Scottish Rugby Union. Cheryl is also an independent Non-Executive Director of Unum European Holding Company Limited.

Nicholas (Nick) Poyntz-Wright, Independent Non-Executive Director Chair Risk 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 Unum European Holding Company Limited.

Stuart Vann, 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 Unum European Holding Company Limited.

Sarah Davies, Non-Executive Director (with effect from 1 October 2022)

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 Unum European Holding Company Limited.

Michael (Mike) Simonds, Non-Executive Director

Mike, a Non-Executive Director, has been Chief Operating Officer with Unum Group since 2020, with responsibility for all US and International operations. He has worked in leadership roles with Unum since 1994, including President and CEO of Unum US, as well as Chief Operation Officer and Chief Marketing Officer for the business line. Mike's considerable experience, drawn from the much larger US employee benefits market, has added to the overall knowledge within the Board and his insightful participation as a NED has enriched and strengthened the Board, since his appointment in 2021.

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, Audit and Regulatory & Compliance committees:

- Business strategy
- Customers
- Responsible Business, including ESG and climate change
- Business plans
- Service targets and supplier outsourcing arrangements
- Capital and liquidity solvency position
- Investment strategy
- Risk appetite
- Political, economic, legal, regulatory & 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
- Terms of Reference

During 2022, the Board also considered:

- Consumer Duty
- Independent Non-Executive Director appointment
- Rotation of the external audit firm

Appointment of new external audit firm

To satisfy the mandatory requirement to rotate the Company's statutory external auditor for the 2024 year-end, the Audit Committee recommended that the provision of external audit services be put out to tender during 2022. The scope of the tender included the UK statutory and regulatory reporting of the Company's immediate parent company (Unum European Holding Company Limited) and its subsidiaries. Following a transparent and competitive process, including presentations from candidate firms and discussions with management, the Audit Committee recommended to the Board of Directors that Mazars LLP be selected as the Company's external auditor with effect from 1 January 2024.

The Board unanimously approved the selection of Mazars in December 2022. Ernst & Young LLP has confirmed its intention to resign following completion of the audit for the year ending 31 December 2023.

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, where access to and discussion with the leadership team is encouraged, 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.

2022 Board and Committee meeting member attendance

	Board Tenure at 31/12/2022*	Board	Regulatory & Compliance Committee	Audit committee	Risk committee
Number of meetings		9	5	7	7
	Years	Attended	Attended	Attended	Attended
Independent Non-Executive Directors					
Clifton Melvin (Chair)	8.4	9/9	5/5	7/7	7/7
Cheryl Black	8.4	9/9	5/5	7/7	7/7
Nick Poyntz-Wright	3.5	9/9	5/5	7/7	7/7
Stuart Vann	1.6	9/9	5/5	7/7	7/7
Sarah Davies (appointed 1 Oct 2022)	0.25	3/3	2/2	2/2	2/2
Non-Executive Director					
Mike Simonds	1	9/9	5/5	7/7	7/7
Executive Directors**					
Mark Till		9/9	NA	NA	NA
Jon Fletcher		9/9	NA	NA	NA

* Independent Non-Executive Directors are typically expected to serve three three-year terms. There is no right to re-nomination by the Board, either annually or after any three-year period.

** The Executive Directors are members of the Board only