

Stakeholder Engagement and Section 172(1) Statement

For the year ended 31 December 2019

Unum Limited

Section 172 Companies Act 2006

The Directors understand their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act.

The Board consider the key stakeholders to be:

- ① Customers and Distribution Partners
- ④ Community and Environment
- ② Employees
- ⑤ Parent company, Unum Group, and
- ③ Regulators
- ⑥ 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 Engagement

Stakeholder	Form of Engagement
1. Customers and Distribution Partners	
<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 have appointed one of the Non-Executive Directors to have specific responsibility for oversight of Customers and regular updates to the Board. The Company has put in place a Customer Feedback Committee (CFC) which ensures that the Company puts the Customer at the heart of its business; ensures feedback from Customers is understood and acted upon and ultimately ensures Customers are confident that they are dealing with a business, sensitive to potential Customer vulnerability and where the fair treatment of Customers is central to corporate culture. The CFC provides regular updates to the Board.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
1. Customers and Distribution Partners (continued)	
Distribution Partners are key stakeholders who distribute our products to our Customers and potential Customers.	<ul style="list-style-type: none">• During 2019 the Company conducted Customer and Distribution Partner research whilst developing its Help@hand proposition. The research supported the view that Customers value services and tangible benefits as part of their insurance proposition.• The Risk Function 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 Company has formed a Customer Experience Team which engages divisional leaders and ambassadors to continue to review the way Customers are served.• The Board receives regular reports on Customer (both employer and employee) and Distribution Partner satisfaction and complaints.• The Board review and approve material strategic developments to enhance the Company's Customer and Distribution Partner propositions.



Outcome from Engagement

- ✓ The Company continued to provide training for all new and existing employees to demonstrate sensitivity to potentially vulnerable Customers, and the importance of Treating Customers Fairly.
- ✓ Customer and Distribution Partner experience measures are incorporated into the Performance Based Incentive Scheme.
- ✓ Customer and Distribution Partner feedback helped to shape proposition development and broaden distribution routes in 2019 via Corporate Partnerships and Help@hand.
- ✓ A new online enrolment portal for Unum Dental, and a new quote and buy portal to improve Distribution Partner experience and indirectly the Company's Customers were launched following Distribution Partner feedback.
- ✓ Unum was named as Best Group Risk Provider at the annual 2019 Workplace Savings and Benefits Awards.
- ✓ Customer and Distribution Partner feedback was considered in the formulation of the 2020-2025 Strategy.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
2. 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, townhalls, blogs and numerous employee groups. • The Board hold discussions with a cross-section of Leadership Team members at Board Meetings and at other events. • The Chair of the Board meets employees for informal, two way, questions and answer sessions. • The Company operates an Employee Consultative Group (ECG). At least one member of the Board 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 that serve as strategic partners with the Unum Office of Inclusion and Diversity. Each ERG includes at least one Executive Sponsor.



Outcome from Engagement

Consideration of Employee feedback helped the Board and Senior Leadership to:

- ✓ Formulate the 2020-2025 Strategy.
- ✓ Carry out the refurbishment of catering facilities at the Dorking and Basingstoke sites.
- ✓ Form enhanced parental leave policies and a new parent buddy programme.
- ✓ Achieve 'Disability Confident Leader' status.
- ✓ Evaluate and continue investment in the Women in Finance Charter, Accelerated Leadership and Graduate programmes.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
3. 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. • The Company submits regulatory returns and responds to requests in a timely manner. Annual returns are approved by the Board, and they receive monthly updates on key metrics. • The tax strategy is approved by the Board and published on the Company website and 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 its Brexit planning with HMRC and the PRA.
- ✓ The Company has responded to regulatory rule changes directly, and via the Association of British Insurers (ABI).
- ✓ Approval of Annual Returns and approval of Transitional Measure on Technical Provisions application to PRA.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
4. Community & 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 & Social Responsibility (CSR) activities centre around three key pillars of community involvement: Education; Health and Wellbeing; and Arts, Culture and Sport. 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 a number of charity events throughout the year. This included attending the annual Parliamentary reception at which the annual CSR report was launched before a number of senior representatives of the many charity, voluntary and educational institutions that the Company worked with during the year. • The CSR programme includes partnering with charities that align with the Company's values and three key pillars of community involvement. We also encourage employees to work with charities that they are passionate about and 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. • In 2019 a 'Green Team' was launched, with Board and Executive Committee sponsorship, who will support the Company in its journey to establish more sustainable practices within its workplaces.



Outcome from Engagement

- ✓ The Company is proud to have been awarded the Gold Payroll Giving Quality Mark for the last seven years. This is awarded to companies that have at least 10% of their employees donating to charities through payroll giving.
- ✓ The Company raised £388,000 through employee engagement and corporate matching in 2019 and volunteered 685 employee days 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.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
5. 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 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.• 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.
- ✓ Following consideration of investor expectations, financial performance and its regulatory capital interim dividends of £25.0 million, and a final dividend of £30.0 million were approved.

Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
6. 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 material outsourcing arrangements, including Information Security. • Annually, a supplier payment update is provided to the Board. • New suppliers are subject to a formal due diligence process which includes data and Information Security considerations. • Regular meetings are held with key suppliers.



Outcome from Engagement

- ✓ The Company promotes awareness of its policies and monitors compliance with its Procurement Policy. This Policy sets out the standards of ethical, social and environmental conduct expected by the Company.
- ✓ The Company's Modern Slavery statement is available on its website.
- ✓ Suppliers have strengthened IT controls following the Company's requests.

Unum European Holding Limited

Section 172 Companies Act 2006

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The Board consider the key stakeholders to be:

- 1 Employees
- 2 Regulators
- 3 Community and Environment
- 4 Parent company, Unum Group and,
- 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 with staff that perform administrative, management and other services on behalf of 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, townhalls, blogs and numerous employee groups.• The Board hold discussions with a cross-section of Leadership Team members at Board meetings and dinners.• The Chair of the Board meets employees for informal, two way, questions and answer sessions.• The Company operates an Employee Consultative Group (ECG). At least one member of the Board (the CEO) 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 that serve as strategic partners with the Unum Office of Inclusion and Diversity. Each ERG includes at least one Executive Sponsor.



Outcome from Engagement

Consideration of Employee feedback helped the Board and Senior Leadership to:

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Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
2. Regulators	
<p>The Company is part of the Solvency II EEA group of companies and is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the 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. • The Company submits regulatory returns and responds to requests in a timely manner. Annual returns are approved by the Board, and they receive monthly updates on key metrics. • The tax strategy is approved by the Board and published on the Company website and 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

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Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
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Section 172 Companies Act 2006 (continued)

Stakeholder	Form of Engagement
4. Unum Group	
<p>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.</p>	<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. • Members of Unum Group Executive are invited to observe Board and Committee meetings periodically.



Outcome from Engagement

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Section 172 Companies Act 2006 (continued)

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Outcome from Engagement

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- ✓ The Company's Modern Slavery statement is available on its website.
- ✓ Suppliers have strengthened IT controls following the Company's requests.

Approved by the Board
April 2020

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.