TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

Task Force on Climate-related Financial Disclosures report

To ensure our business actions accurately reflect our climate-related risks, Unum recently completed a Task Force on Climate-Related Financial Disclosures (TCFD) analysis in partnership with an external firm.

This assessment and scenario analysis provided a meaningful view of our current inclusion of climate-related opportunities and risks and will serve as inputs to our planning going forward. The assessment confirms our determination that risks related to climate change are not material to Unum today, as we believe we can effectively manage the impacts of these risks as they materialize over time. We have addressed several short-term disclosure gaps identified in the assessment within our ESG report and in this climate change section.

EXPLANATION OF TCFD ASSESSMENT

The TCFD is the leading global framework for assessing climate risk and will help Unum quantify risks and opportunities of climate change within various warming scenarios. The TCFD is referenced and largely aligns with requirements from the UK Prudential Regulatory Authority. The recommendations of the TCFD represent these four thematic areas that represent core operational elements, including: (1) governance, (2) risk management, (3) strategy and (4) metrics and targets.

The approach:
Unum has completed the TCFD assessment in partnership with an external firm which included the following:

- Review of current TCFD gaps with comparison to leading insurance industry practices and TCFD guidelines
- Comparison of UK PRA expectations against TCFD recommendations
- Qualitative risk assessment across all of Unum's business functions with insights into largest drivers of impacts including magnitude
- Quantitative scenario analysis of the transition risk in Unum's investment portfolio modeling the climate change impacts at < 2^0C and > 2^0C scenarios across multiple time horizons.
- Quantitative scenario analysis of Unum's underwriting practices modeling the climate change impacts under < 2^0C and > 2^0C scenarios across multiple time horizons.
- The climate change scenarios were based on the International Energy Agency (IEA)

OUR CORE OPERATIONAL ELEMENTS

governance

risk management

strategy

metrics and targets

GOVERNANCE

Our [sustainability governance] is highlighted in the ESG report.

The executive risk management committee is responsible for overseeing our enterprise-wide risk management (ERM) program. The chief risk officer, who is a member of the executive risk management committee, has primary responsibility for our ERM program and is supported by management committees and other governing bodies.

Senior management who sit on the ERM committee, are updated quarterly on all current and emerging risks including climate change. A sustainability working council of leaders across key functions and business areas throughout the enterprise was established to recommend and oversee sustainability issues, including climate change. As climate-related risks materialize, "risk owners" are identified and charged with providing the relevant committees with regular updates on changes to the inherent risk level and the status of mitigating initiatives.

Additionally, the Board is updated quarterly on all current and emerging risks including climate change. As part of their oversight of the Company's strategic direction and risk management, Board members monitor progress on Unum's ESG strategies and initiatives. Discussions with senior management focus on the rapidly changing landscape, opportunities for leadership, and execution against strategic goals and priorities. The Board and committees are regularly engaged on issues related to corporate social responsibility, public policy, inclusion and diversity, corporate culture, and climate change.

Each of these groups work to develop and review the company's ESG strategy, review important environmental, social and governance topics on a quarterly basis and helps guide the Company's strategic sustainability focus and initiatives.

RISK MANAGEMENT

Effectively taking and managing risks is essential to the success of our Company. To facilitate this effort, we have a formal ERM program with a framework comprising the following key components:

- **Risk appetite**
- **Risk-aware culture and governance**
- **Risk identification and prioritization**
- **Risk modeling and controls**
- **Risk reporting and communication**

Risk appetite

Unum maintains a risk appetite policy which not only describes the risks we are willing to take, but also defines the amount of enterprise risk exposure we deem acceptable in pursuit of our goals. It highlights boundaries, tolerances and limits within which the Unum Group is to operate. The policy forms the foundation upon which the Unum Group's Enterprise Risk Management (ERM) program is based. The policy summarizes the most significant risk categories, the risk strategy and the principles embedded in the risk management strategy. Climate risk is determined to be within our risk appetite and not currently a principle risk to Unum over our planning horizons. However, management and the Board recognizes the importance of responsibly managing climate-related risks to both shareholders and the future of Unum and its operating businesses.

Risk-aware culture and governance

We employ a risk management model under which risk-based decisions are made daily on a local level. To achieve long-term success, risk management must be the responsibility of all employees. The individual and collective decisions of our employees play a key role in successfully managing our overall risk profile. Our culture is reinforced by our system of risk governance. Unum has developed a corporate sustainability steering council and working council to advise, develop strategic initiatives and implement key initiatives under our ESG strategic framework. The Board Governance Committee oversees Unum's strategy, reputation and activities concerning corporate sustainability. It regularly reviews and discusses ESG developments, including the advancement of Unum's ESG program and key initiatives. We have increased ESG disclosures and used a materiality assessment and international frameworks to guide these disclosures.

In addition, our Board has an active role, as a whole and through its committees, in overseeing management of our risks, including climate change.

The Board is responsible for the oversight of strategic risk and regularly reviews information regarding our capital, liquidity and operations, as well as the risks associated with each. The risk and finance committee of the Board is responsible for oversight of our risk management process, including financial risk, operational risk and any other risk not specifically assigned to another board committee. The Finance Committee also oversees risks arising under our business resiliency programs, including disaster recovery and business continuity risks. The Regulatory Compliance Committee of the board is responsible for oversight of risks related to regulatory, compliance, policy and legal matters, both current and emerging, and whether of a local, state, federal or international nature. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks in addition to the risk information it receives directly.

Risk identification and prioritization

Risk identification and prioritization is an ongoing process, whereby we identify and assess our risk positions and exposures, including notable risk events. ERM and other second-line bodies rely on the collective observation, acumen and diligence of the entire enterprise to identify new and emerging risks related to climate change. Knowing our potential risks allows us to monitor and manage their possible effects by adjusting our strategies as appropriate.

In addition, the Company seeks additional inputs and perspectives from various outside parties like trade groups, consultants, business periodicals and networks. The risks identified through these channels are generally introduced in risk committees to leverage the subject matter expertise in assessing the potential impacts of identified risk to Unum's operations. As part of our climate risk identification process, we engaged with a consultant to complete a formal TCFD assessment.

Climate risks can manifest themselves in different ways and in different combinations depending on how climate change scenarios materialize.

For example, a warming scenario of <2°C, which is aligned with the Paris Agreement track for net zero carbon emissions by 2070, would potentially result in transitional climate risks for Unum over the next 20 years:

TCFD RISK	RISK MANIFESTATION	TIME HORIZON	POTENTIAL IMPACT TO UNUM
Change in customer behavior	Customer preferences shift toward sustainable products/companies, and demand for Unum products reduces if climate strategy is not adequately integrated into business processes.	10 years	Increase in lapses and reduction in premiums leads to reduced profitability.
Contraction of market demand	Loss of group business in impacted sectors, e.g. oil and gas; decline in value of fossil fuel-based investments.	20-30 years	Loss of group business; Increased volatility/ potential for losses in investment portfolio.

By contrast, a warming scenario of >2°C, which incorporates today's policy intentions and targets that have already been announced, would potentially result in physical climate risks for Unum over the next 20 years:

TCFD RISK	RISK MANIFESTATION	TIME HORIZON	POTENTIAL IMPACT TO UNUM
Extreme weather events	Extreme events lead to increasing mortality/ incidence rates and impacts to reinsurance market; decrease in real estate values and economic instability.	10-20 years	Assumptions used in pricing/valuation are incorrect and cause a deficiency in reserves, earnings and capital impacts; unable to rely on reinsurers to pay claims as expected; investment portfolio experiences volatility, interest rates depressed.
Extreme variability in weather patterns	Higher rain, wind and flooding, and extreme hot and cold temperature events lead to increasing mortality/incidence rates.	30 years	Assumptions used in pricing/valuation are incorrect and cause a deficiency in reserves, earnings and capital impacts.
Rising mean temperatures	Rising temperatures cause increasing heat-related deaths and vector-borne diseases, increasing the likelihood and severity of pandemics.	30 years	Assumptions used in pricing/valuation are incorrect and cause a deficiency in reserves, earnings and capital impacts.
Decreased air quality	Decreasing air quality causes diminishing health outcomes.	30 years	Assumptions used in pricing/valuation are incorrect and cause a deficiency in reserves, earnings and capital impacts.

Once a portfolio of relevant risks has been established, "risk owners" are identified. These can be Risk Committee members with first-line knowledge of a specific risk, charged with identifying inherent risk levels, mitigating activities and risk indicators, and providing the committees with regular updates on changes to the inherent risk level and the status of mitigating initiatives. Through these regular reports, the second-line can monitor residual risk levels and ensure appropriate management of the risks.

Risk modeling and controls

Unum recognizes the long-term inherent risks of climate change, but we believe we have the ability to manage these risks such that the residual risk is immaterial over our planning horizons and currently not a significant risk to our corporate strategy or our solvency.

For transition risk related to climate change, we believe our disciplined approach to providing financial protection products at the workplace puts us in a position of strength. In contrast to many multi-line peer companies, we do not offer retirement savings, traditional medical benefits, or property and casualty insurance. Our corporate strategy is focused on providing group, individual and voluntary benefits, either as stand-alone products or combined with other coverages, that create comprehensive benefits solutions for employers. We have market leadership positions in the product lines we offer and believe this combination of focused expertise and experience is a competitive advantage forming the foundation of our approach to risk management. The products and services we provide have never been more important to employers, employees and their families, especially given the emergence of the COVID-19 pandemic. Our strategy remains centered on growing our core businesses through investing and transforming our operations and technology to anticipate and respond to the changing needs of our customers, expanding into new adjacent markets through meaningful partnerships and effective deployment of our capital across our portfolio.

For physical climate-related risks, certain geographies and demographics are more likely to be affected by extreme weather and temperature variability. Our business is well-diversified by geography, industry exposures and case size, and we continue to analyze and employ strategies that we believe will help us navigate the current environment. Our business is concentrated in group contracts, which can be repriced based on experience, and the group business is centered around the working age population, which significantly reduces the vulnerability of our block of business to climate change impacts. Furthermore, many of our products have offsetting mortality and morbidity impacts from climate change that further diminish the impact to Unum. For example, rising mean temperatures can lead to an increase in vector-borne diseases, increasing the likelihood and severity of pandemics. This would lead to unfavorable life and short-term disability claims, while long-term care, long-term disability and individual disability insurance are likely to see favorable claims behavior.

At the core of our climate risk management strategies is our prudent underwriting with effective risk selection, pricing discipline, sound reserving practices and high-quality claims management. We manage concentration risk so that individual exposures will not threaten our solvency. We monitor our concentration exposures against internally established limits, and we make conscious efforts to diversify our earnings sources to reduce potential volatility. We have underwriting guidelines to restrict writing high levels of coverage on any individual which has limits on the volume of coverage we will write on an employer/group. We also have various reinsurance treaties that cap our exposure. These agreements include capping individual exposure on life and accidental death and disability coverage along with maintaining a catastrophic reinsurance program that protects the surplus from a major natural or man-made disaster. In addition, we can leverage our existing economic models and scenario testing to help us better understand our business and related exposures to climate change, monitor our risk limit and tolerance levels, contribute to preemptive and contingent action planning, and influence our strategic choices and decision-making.

We use a 1-in-20 stress to simulate an extreme but plausible event to get a better understanding of the potential volatility in distributable earnings we could experience over our planning horizon.

An infectious disease pandemic is part of our annual scenario process. The analysis for this scenario incorporates all the impacts from short- and long-term claim behavior, sales and premium impacts, and the general economic slowdown both under our historical assumptions and new assumptions developed specifically during the COVID-19 pandemic.

To assess concentration of risk and keep our exposure within our risk appetite, Unum has developed underwriting and pricing protocols to review any policy that could potentially lead to a large loss event and track in-force cases.

We manage our asset and liability cash flow match and our asset and liability duration match to manage interest rate risk. Asset and liability portfolio modeling is updated on a quarterly basis and is used as part of the overall interest rate risk management strategy. The majority of our liabilities related to insurance contracts are not interest rate sensitive, and we therefore have minimal exposure to policy withdrawal risk.

Our ability to reprice many of our products significantly reduces interest rate and incidence risk related to climate change. Group products, such as LTD and Group Life, can be repriced after the expiration of rate guarantee periods. These rate guarantee periods are typically three years or less, allowing reflection of higher incidence rates in future pricing, if needed. Pricing rates on new sales are updated annually, reflecting updated assumptions on interest rates and other insurance risk, and our management teams have regular meetings on both renewal and new business pricing. Individual voluntary benefits products other than life insurance are offered on a guaranteed renewable basis which allows us to reprice in-force policies, subject to regulatory approval. Group voluntary benefits products are offered primarily on an optionally renewable basis which allows us to reprice or terminate in-force policies.

We have formal investment policies and guidelines that include overall quality and diversification objectives and establish limits by asset class, investment rating and single issuer. Our investment policies and guidelines require integration of ESG factors into our credit risk assessment making ESG a key part of our investment decision-making process.

Our investment research analysts use a variety of ESG data to assign an ESG Risk rating to substantially all the securities in our portfolio on at least a semi-annual basis. Climate risk assessment is intrinsic to the environmental pillar, and analysts consider both physical and transition risk in relation to climate change.

Annually, we apply a stress test to our asset portfolio using historical default rates and downgrade patterns similar to what occurred during the 2008-2010 recession. Doing so not only ensures that we can withstand a credit shock but tracks evolving credit quality of the portfolio over time, including the impacts of climate change.

While ERM monitors potential disruptions to our business operations from climate change, such as rising temperatures and health crises, our business continuity, facilities and crisis management teams prepare for such eventualities. Our business continuity and crisis management programs prepare and respond to climate-related incidents that may impact our services and operations. We implement site-specific risk mitigation and action plans, and have local crisis management teams to manage incidents at each of our offices.

Risk reporting and communication

ERM reports are a standard part of our quarterly senior management and Board meetings. The reports summarize our existing and emerging risk exposures, as well as report against the tolerances and limits defined by our risk appetite policy. Climate change is currently identified as an emerging risk and opportunity in our quarterly risk reporting. Within this report, we monitor the increasing pressure on Unum to disclose climate-related information and confirm levels of integration of climate change into business processes. Furthermore, we monitor shifting customer preferences and demand for Unum products. As climate change contributes to increased spread of infectious or contagious diseases and increases demand for our products, Unum is responding by including additional diagnoses covered in our products, allowing for modularity in benefits selection and plan design across various geographies, and continuing to build our support around return-to-work services and overall employee well-being. In addition, while climate change introduces a risk of higher lapse rates in industries most impacted, it also presents an opportunity for Unum to expand into new sectors (e.g. renewable energy) that may see more value in the products that we offer.

Annually, we file our Own Risk and Solvency Assessment (ORSA) summary report with the applicable insurance regulators for our U.S. insurance subsidiaries. We will continue to consider the emergence and potential impacts of climate change in our ORSA.

STRATEGY

The underwriting scenario supports our belief that we can effectively manage the impacts of climate risks, both transitional and physical, as they materialize over time. We analyzed the sensitivities of our key insurance risk factors, e.g. morbidity, mortality, persistency and longevity of policyholders, to climate change impacts under different warming scenarios across multiple time horizons. Our ability to reprice group contracts is a significant mitigant against climate change-related risks. Furthermore, our business is diversified across geographies and we perform regular concentration risk studies to limit the impacts from hurricanes, wildfires, extreme heat and flooding. Our exposure to higher risk industries is relatively limited and we have the ability to replace any lost business with new sectors that are likely to emerge. While climate change could potentially lead to unfavorable life and short-term claims under certain scenarios due to increased mortality and incidence, in these scenarios the impacts would not be universally adverse across our diverse product portfolio, and under other scenarios some claims experience may be favorable based on changing customer behavior and technological advances.

The quantitative analysis for underwriting scenarios supports our perspective on financial impacts ranging from negative to positive dependent on the scenario, with significant ability within our business to mitigate and manage emerging impacts. We evaluated the long-term impacts of certain broad climate-related scenarios on our inforce business over a 30-year time horizon, capturing the impacts to each material product with long-term risk exposure. Certain products like Group Life and Disability were excluded from this analysis given our ability to react and manage the exposure and pricing of the business. For the quantitative analysis, we modeled each scenario's financial impact relative to baseline expected cash flows for claims incidences and recoveries, mortality and lapses. Additionally, we evaluated the impacts of scenarios related to operating expenses relative to our baseline expenses, and the impact of interest rate scenarios to the extent that we have investment risk underlying products in our portfolio. We considered the renewability features for the contracts underlying each product segment, and determined the extent to which future rate increases might be a further mitigant to emerging financial pressures from adverse impacts by product.

The quantitative scenario analysis for investments supports our decision to integrate climate change analysis into our overall ESG risk assessment process to help us better understand and monitor the changing landscape.

We have identified the Energy and Utilities sectors as having more risk associated with climate change. We believe our portfolio is well-positioned. We will continue to monitor climate risk exposure. There are a few sectors that have emerged which may present investment opportunities. We continue to evaluate the risks and merits of these investment opportunities seeking to maximize the benefits to our customers and all stakeholders.

METRICS AND TARGETS

Our primary focus on climate-related targets is reducing our carbon footprint as a company. This is an area that we are currently monitoring and will continue to explore. We track our carbon footprint with the target of a 3 percent reduction.

Other environmental metrics and reports are shown in the ESG report including:

- **Disposition and waste reduction**
- **Water use**
- **GHG Emission statement of assurance including Scope 1 and 2 emissions**

We invest in renewable energy and green bonds and actively monitor climate change factors so that our disclosures are consistent with industry standards. Analyzing the impact of climate change to our portfolio is embedded into our investment research process and included in our ESG factors.

We continue to evaluate the need for additional disclosures and targets in accordance with regulatory requirements, stakeholder expectations and sound business practices.

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