



# CORPORATE SUSTAINABILITY REPORT | 2020

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# LETTER FROM OUR CEO

I am pleased to present our 2020 Corporate Sustainability Report (CSR), which provides an update on our progress and reaffirms our commitment to social responsibility.

For more than four decades, Primerica has been unwavering in our commitment to serve middle-income households in North America and help create financially independent families. We serve our clients through a network of more than 130,000 independent life insurance-licensed representatives dedicated to making a real impact in our communities.

As a Company, we firmly believe our success will be amplified as we adopt and implement policies that place the well-being of our clients, sales force, employees and their families at the forefront of our business strategy. We also believe that sound, sustainable business practices are crucial to building trust and enhancing our Company's reputation.

We intend for our CSR to provide our stakeholders with valuable information in a format that is easy to understand. Last year, we introduced an Environmental, Social, and Governance (ESG) Snapshot that shows various ESG metrics over the most recent three-year period, as well as the Sustainability Accounting Standards Board (SASB) disclosure metrics that we believe are most relevant to our industry and business model. Investors indicated that they found the additional information to be useful, and we have updated the appendices to reflect the most recent data.

As you will see in this report, since last year we've made positive changes to reflect our dedication to improving the health and overall well-being of our employees, and we enhanced several initiatives to underscore our commitment to ESG issues. Our hard work didn't go unnoticed: In 2020, we were named to *Forbes'* 2020 list of "Best Employers for Women," jumping into the top 25 of only 300 U.S.-based companies to receive this recognition. Also, Primerica was named to the 2020 Bloomberg Gender-Equality Index (GEI), which tracks the financial performance of public companies committed to supporting gender equality through policy development, representation, and transparency.

I want to thank our stakeholders for your continued interest in Primerica and for supporting our efforts as we endeavor to do what's right for our stockholders, our clients, our sales force, our employees, and the thousands of communities in which we live and work.



Sincerely,

A handwritten signature in black ink, reading "Glenn J. Williams". The signature is fluid and cursive, written on a light gray background.

Glenn J. Williams  
CEO



# ABOUT PRIMERICA

Primerica, Inc., headquartered in Duluth, GA, is a leading provider of financial services to middle-income households in the United States and Canada. Over 130,000 licensed independent contractor representatives educate Primerica clients about how to better prepare for a more secure financial future by assessing their needs and providing appropriate solutions. We do this through term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. We insured over 5 million lives and had approximately 2.5 million client investment accounts at December 31, 2019. Primerica, through our insurance company subsidiaries, was the No. 2 issuer of term life insurance coverage in North America in 2019. Primerica stock is included in the S&P MidCap 400 and the Russell 1000 stock indices and is traded on The New York Stock Exchange under the symbol “PRI.”



## **Caution Regarding Forward-Looking Statements**

This report may contain forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this report is available in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as may be updated by any subsequent Quarterly Reports on Form 10-Q, available in the “Investor Relations” section of Primerica's website at <https://investors.primerica.com>.

## **Non-GAAP Measures**

In addition to reporting financial results in accordance with U.S. generally accepted accounting principles (“GAAP”), Primerica presents certain non-GAAP financial measures in this report. Primerica's definitions of non-GAAP measures may differ from other companies' definitions. More detailed financial information, including reconciliations of GAAP to non-GAAP financial measures, are available in the Company's quarterly Financial Supplement located at <https://investors.primerica.com>.

This report also includes non-GAAP, non-audited measures, such as workforce data, diversity-related sales force data and environmental information, that enhance investors' understanding of Primerica's ESG impact. Such non-GAAP measures are intended to provide a different type of information that is not covered by our financial statements.



# ENABLING ACCESS FOR UNDERSERVED MARKETS

For more than 40 years, our core business model has centered on enabling access to financial information, products and services for traditionally underserved markets throughout North America. Every day, we help middle-income families make informed financial decisions and we provide them with a strategy and means to gain financial independence. Our commitment to serving our clients is unwavering and defines who we are as a company. The products we provide – primarily term life insurance and a range of investment and savings products – help meet critical needs and put families on the path toward financial security.

## MIDDLE-INCOME CLIENT FOCUS

Our clients typically have household incomes between \$30,000 to \$100,000, which represents almost 50 percent of households in the U.S., according to the 2019 U.S. Census Bureau Current Population Survey. These families have been underserved by the financial industry and, as a result, they have significant unmet financial needs including:

- *Many have inadequate or no life insurance coverage.* Individual life insurance sales in the United States declined from 12.5 million policy sales in 1975 to 9.4 million policy sales in 2019, according to the Life Insurance Marketing and Research Association International, Inc. (LIMRA).<sup>1</sup> An insurance industry report from Swiss Re Institute notes that families in

the U.S. need approximately \$25 trillion of additional life insurance to be properly protected.<sup>2</sup> The only insurance that Primerica has sold since our inception is term life insurance. We firmly believe term life insurance offers the best life income protection for our clients because it provides a higher level of coverage at a lower cost than whole life insurance. The average face amount of a Primerica term life policy is \$248,000 (as of December 31, 2019). Given the limited incomes and tight budgets of some middle-income families, Primerica also offers life insurance policies with coverage amounts as low as \$15,000 and premium payments as low as \$15 per month. We believe a significant portion of our life insurance policies are issued to families who previously had been uninsured.

<sup>1</sup> LIMRA, "U.S. Individual Life Insurance Yearbook," September 24, 2019 <sup>2</sup> Swiss Re Institute, "Life Underinsurance in the U.S.," September 21, 2018

- *Many need help saving for retirement and other personal goals.* These families often lack meaningful savings and investments. According to 2019 data from the National Institute on Retirement Security, 57 percent of working-age people in America don't have any money in a retirement account – whether an employer-sponsored 401(k) or an IRA – and aren't covered by defined-benefit pensions.<sup>3</sup> We develop personalized savings programs for our clients using our proprietary Financial Needs Analysis tool (which we refer to as an FNA), suitability screening, as well as specialized tools. Primerica offers a wide range of mutual funds, annuities, managed investments and segregated fund products through leading third-party providers in the industry. Because the Company is not a bank and does not have regulatory authority to make loans, Primerica is unable to participate in microfinance.
- *Many need to reduce their debt.* Many of these families have numerous debt obligations from credit cards, auto loans, student loans, and home mortgages. We help our clients address these financial burdens by providing personalized and client-driven debt resolution techniques.
- *Many prefer to meet face-to-face when considering financial products.* Historically, many middle-income consumers have indicated a preference to meet face-to-face when considering financial products or services. As such, we have designed our business model to address this preference in a cost-effective manner through our network of more than 130,000 life

insurance-licensed independent sales representatives. As discussed later in this report, in order to continue to conduct business while complying with social distance mandates in light of the COVID-19 pandemic, beginning in March 2020 our independent contractor sales force transitioned seamlessly from in-person meetings with potential clients to meetings conducted via Zoom and other digital meeting technology.

## PROMOTING FINANCIAL KNOWLEDGE

When clients are empowered to make informed decisions, they can move toward a better future. In turn, this success positively affects their households and the communities around them. Our HOW MONEY WORKS™ publication is a key part of Primerica's continuing commitment to providing financial education and is available free to anyone upon request. Our independent sales representatives work directly with Primerica's clients in one-on-one, personal interactions. It's an informal, consultative approach that occurs at the time and place of the client's choosing, often at the client's kitchen table. The sales process is dependent on assuring that our clients understand the basics of sound fiscal management. Primerica's representatives use the Financial Needs Analysis to help clients gain a clear picture of their overall financial health, highlighting strengths and areas of improvement. Our representatives will then recommend financial products and services to help meet the unique needs of each client.

Promoting financial knowledge extends beyond the work we do with our clients. The Primerica Foundation

<sup>3</sup> National Institute on Retirement Security, "Retirement in America: Out of Reach for Most Americans?" September 20, 2018





provides funding for programs and initiatives that promote financial literacy such as the Junior Achievement Economic Empowerment Initiative, the Georgia Consortium for Personal Financial Literacy, and the Georgia Council on Economic Education. Additional information about The Primerica Foundation and Primerica's community involvement may be found later in this report.

Additionally, our distribution model is designed to provide an entrepreneurial business opportunity for individuals to supplement their income by offering an opportunity to become an independent sales representative and distribute financial products on a part-time basis without leaving their current jobs. Representatives who are already life-insurance licensed pay nothing to join our business. For new representatives who are unlicensed, a nominal up-front fee provides them with everything they need to get licensed, including examination fees and access to comprehensive pre-licensing classes. As a result, we allow representatives to obtain their life insurance licenses at a much lower cost than what they would face on their own. Our unique compensation structure, technology, sales support, and back-office processing are designed to enable our sales representatives to successfully grow their businesses and help more families become financially independent.

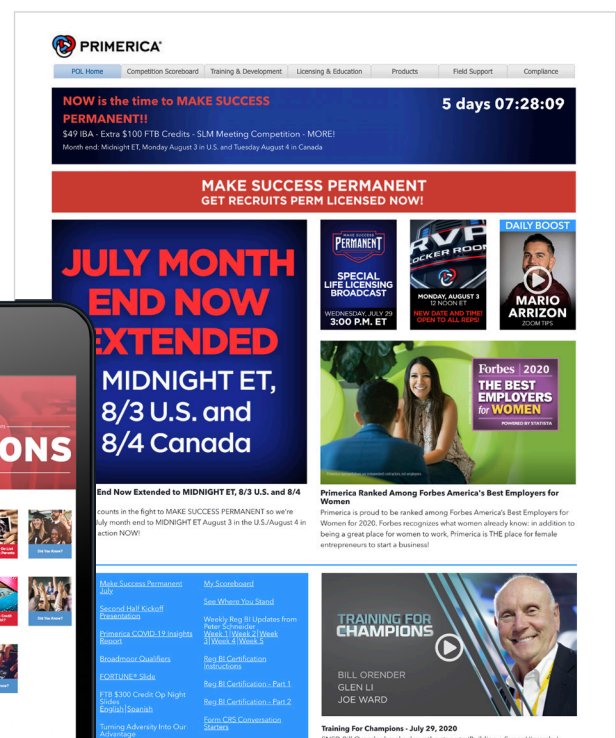
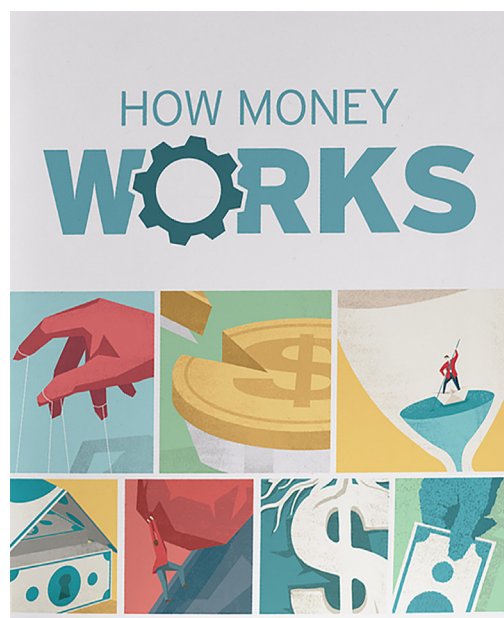
## RESPONSIBLE PRODUCT OFFERINGS

Primerica is committed to providing the right products for the middle-income market: products that are simple to understand yet suitable for the needs of this critical population. We regularly review our product mix to ensure that we're offering our clients the opportunity to invest in responsible products and services. As part of our review,

we monitor the social impact and risks of our current products offerings, and we make enhancements when necessary. Our managed accounts platform includes several ESG-related investment options, including:

- Dana ESG/SRI Equity Strategy, which invests in 50 to 55 stocks that have been screened using Dana's 20+ investment process on Environment, Social, Governance and Socially Responsible factors;
- Dana Catholic Equity Strategy, which invests in 50 to 55 stocks and follows the U.S. Conference of Bishops investment guidelines on social responsibility and environmental governance issues;
- Sage ESG Global Strategy, which invests in 15 to 20 Exchange Traded Funds (ETFs) that have been screened using Sage's Environment, Social, and Governance factor process;
- Sage ESG Core Plus Fixed Income Strategy, which invests in 7 to 8 Bond ETFs are screened using Sage's Environment, Social and Governance factor process.

In regard to life insurance, we only offer term life insurance because it provides our clients with significant death benefit coverage at an affordable premium. Our commitment to responsibility extends to our term life underwriting; as an incentive to encourage our clients and employees to adopt a healthier lifestyle, we provide lower premium rates to non-tobacco users. Further, during the COVID-19 pandemic, Primerica did not modify our underwriting guidelines or make other changes to our life insurance policy standards as was done by others in the industry.







# VALUING HUMAN CAPITAL

**At Primerica, we take seriously our responsibility to protect and promote human rights and act with due diligence to avoid negatively impacting others and address any issues in this critical area as they occur. We work to foster a safe, inclusive, and respectful workplace, and appreciate the fundamental rights of our employees, including equal opportunity for everyone, a safe and healthy workplace, freedom from discrimination, and freedom from child labor.**

We strive to create a workplace that offers a wide range of opportunities for our employees and is open, collaborative, and inclusive. To that end, we've deepened our engagement with employees by listening to their feedback, and we're investing in their well-being so that they can help us deliver successful business outcomes, superior customer service, and value for all stakeholders. Human capital investment at Primerica has never been stronger. Our employees and our independent sales force serve as the foundation of our success and engaging and empowering them is essential if we are to fulfill our mission of enabling families to live financially independent lives. In response to racial unrest in the United States in the summer of 2020, our Chief Executive Officer engaged with members of our sales force and employees to ensure that lines of communication were open. We also posted a message on our social media pages reinforcing our support for diversity and unity. In response to employee requests, employees were given a half-day off on

Juneteenth and opportunities for extended conversations on matters of race, equality and diversity are being created for employees. For more information about our efforts in this important area, see "Diversity, Equality and Inclusion" below.

## **CREATING AN ENVIRONMENT WHERE EMPLOYEES THRIVE**

With over 2,000 employees throughout North America that support more than 130,000 life insurance-licensed sales representatives, solid human capital management practices are central to our success. We believe a more engaged workforce will be more productive and passionate in delivering on our mission of helping middle-income families achieve lifetime financial security. We also understand that the health and safety of our employees is of paramount importance, and we strive to provide comprehensive health and other benefits to enable our employees to live healthier, more fulfilling lives.



We work to ensure that our employees understand our strategic direction and corporate goals as well as recognize their role in achieving our success. A variety of communications tools is used to ensure that everyone stays well-informed, including quarterly officer meetings, quarterly video messages to all employees from our CEO, annual employee town hall meetings, regular departmental newsletters, company-wide email blasts, and television monitors in all breakrooms displaying critical Company and employee information. Throughout the COVID-19 pandemic, our CEO has provided a weekly video message to all employees with information about how the Company has been responding to the crisis and plans for the employee workforce.

As discussed below, we help employees reach their full potential as both individuals and professionals by providing them with opportunities to sharpen their skills, embrace new challenges, and advance their professional and personal growth. These efforts all take place in an environment that respects and rewards individual and team achievement and provides employees with the tools they need to be successful. For example, in 2019 the Company supported employees in their initiative to create a monthly lunch support group for parents of children with special needs.

## SUPPORTING EMPLOYEE HEALTH AND WELLNESS

To help ensure the health and vitality of our employees, we provide them with a comprehensive benefits package that offers an assortment of individual and family health care options, free flu shots at all employee locations, tobacco cessation programs, telemedicine, and on-

site healthcare including eye exams, dental services, mammograms and other health screenings.

Our commitment to enhancing the lives of our employees extends beyond traditional corporate health and wellness benefits. For example, Primerica offers 12 weeks of paid maternity leave as well as paid paternity and adoption leave for our employees to spend important time with a new child.

New for 2020, Primerica offers covered employees' access to 2nd.MD at no cost. With 2nd.MD, members can connect with board-certified, expert doctors for a second opinion regarding a new or existing diagnosis, treatment plan, surgery, medications or treatment for a chronic condition.

Through our partnership with Heal, Primerica introduced in 2019 a unique program offering employees two convenient options for doctor visits: Home visits, available 7 days a week, 365 days a year from 8:00 a.m. - 8:00 p.m.; and on-site doctor visits at Primerica's headquarters available at least twice monthly. Both options cover annual physicals (at no cost to most employees) as well as sick visits at a minimal cost based on an employee's deductible and coinsurance.

Also in 2019, the Company launched Livongo, an innovative health benefit that makes it easier for employees (and their covered family members) to live with diabetes. Livongo provides a connected meter that automatically uploads blood glucose readings to a participant's private account and gives instant insights, unlimited testing strips, and one-on-one coaching, all at no cost to the employee and dependents. Employee participation in this new program has been strong as it is expected to make it easier for participants to manage their diabetes.

Primerica offers its employees and their eligible family members a robust Employee Assistance Program (EAP). Our EAP provides confidential consulting services for personal and/or work-related issues, including well-being, stress, productivity, depression, anxiety, family matters, substance abuse, and financial difficulties. Additionally, we offer a Work Life Program as a resource and referral service, to help employees find practical solutions to help with issues such as childcare, adult care, education, adoption, moving, home repairs, wellness, and more. We also provide employees with Teladoc, an innovative service that provides quality care for non-emergency health issues through phone or video consults. In 2020, we extended our Teladoc services to include behavioral health.



Through our partnership with Cigna, we have a pre-disability program to help at-risk employees stay healthy and productive at work. Cigna has vocational coaches who work with the employee and appropriate medical provider to deliver individualized ergonomic assessments and recommend workstation adjustments. As a result, employees have received equipment such as ergonomic chairs, keyboards, and sit-to-stand desks. As sit-to-stand desks have become more popular among employees generally, we have also provided an opportunity for employees to purchase their own sit-to-stand desks for use at Primerica's offices through regular payroll deductions.

To help families deal with the medical impact of the COVID-19 pandemic, the U.S. government passed The Family First Coronavirus Response Act, which provides sick leave benefits under certain circumstances for employees of companies with fewer than 500 workers. Despite the fact that Primerica was exempt from coverage under the act because we have more than 500 employees, we created our own Special Paid Sick Leave Policy that provides new sick leave benefits in addition to our pre-existing policies regarding planned and unplanned time off and short-term disability benefits. This new policy covers our employees and their dependents. Most Primerica employees were authorized to telework and be paid at their regular pay rate under our new Working from Home Policy, which was created as a direct response to COVID-19. Teleworkers as well as covered employees who were unable to work due to personal situations as a result of COVID-19 were entitled to up to 160 hours of special sick leave (150 hours for employees in Canada) paid at two-thirds of their regular pay.

Primerica has taken extra steps to help ensure the health and safety of our employees during the COVID-19 pandemic. In addition to moving the vast majority of our employees to remote work (see "Flexible Work Options" below), we developed a four stage plan to repopulate our facilities as the risk of the pandemic declines, which will gradually move most of our employees from a remote-working arrangement to in-office working. We will not populate our corporate offices at pre-pandemic levels until state and local governments and nationally recognized health organizations have indicated that it is safe to do so. For those employees who are coming into the office, many adjustments were made to ensure we maintain a clean, safe and comfortable working environment, including:



- Requiring health self-checks prior to entering any Primerica facility;
- Social distancing, including lower capacity limits in conference rooms, café tables and elevators, one-directional stairways, and facilities closed to visitors. Six feet markers and instructional posters are displayed in common areas;
- Requiring masks (provided by Primerica) when entering the building and in all areas of the workspace, except personal office or cubicles and not within 6 feet of someone else;
- Making gloves, disinfecting wipes and temperature checks available to all on-site employees;
- Providing additional daily cleanings of corporate facilities plus a deep cleaning of all personal workspaces; and
- Applying Nanoseptic, a self-cleaning surface product, to door handles, push bars, push pads, elevator buttons and other common touch points.

## FINANCIAL WELL-BEING

As part of our standard benefits package, we provide our employees with an award-winning 401(k) retirement savings plan with a generous company match. We auto-enroll new employees into our 401(k) plan to ensure that they will fully benefit from the company match, and our employee participation rate for 2019 was 92 percent.

We strive to keep employee medical premium increases below market. For 2020 most employees' premiums remained unchanged and we anticipate only a nominal increase in 2021. To provide support to our employees seeking degree programs and certifications, our employee college tuition reimbursement policy covers up to \$5,250, which is the maximum allowable before it becomes taxable income for our employees. We also provide a student loan assistance program.

# Forbes | 2019

## THE BEST EMPLOYERS for WOMEN

POWERED BY STATISTA

# Forbes | 2020

## THE BEST EMPLOYERS for WOMEN

POWERED BY STATISTA

The Company also offers a popular dependent care spending account to all employees. Under this program, employees are able to contribute pre-tax money to cover dependent daycare services that are required in order for the employee (and spouse, if applicable) to work.

At our corporate headquarters, the Company subsidizes a cafeteria that's open to all employees and visitors. This employee benefit has proven to be quite popular, and it serves a business purpose by helping to foster cross-departmental relationships and enhance productivity. In 2019, we installed a new "micro market" to provide an assortment of nutritious snacks and beverages to employees. The micro market is self-serve, self-pay, and always open.

Primerica was recognized by *Forbes* as a 2020 and 2019 Best Employer for Women and was named to the 2020 Bloomberg Gender Equality Index. While we continue to strive for improvements in gender equity, we are proud of our track record in this area. Approximately 64 percent of our employees are female, and women hold over 48 percent of the positions at or above the Vice President level as of December 31, 2019. See "Workforce Data" in Appendix A for more information on women in our workforce. The chart below details various gender-based pay metrics:

	2019	2018	2017
Proportion of the top pay quartile composed of women <sup>4</sup>	47%	48%	48%
Proportion of the upper middle pay quartile composed of women <sup>4</sup>	59%	58%	61%
Proportion of the lower middle pay quartile composed of women <sup>4</sup>	72%	76%	76%
Proportion of the lower pay quartile composed of women <sup>4</sup>	77%	78%	78%
Global mean (average) raw gender gap	37%	37%	39%
Global median raw gender pay gap	29%	32%	30%

<sup>4</sup> Quartiles are determined by aligning all global employees' compensation from highest to lowest then dividing the list into four equal cuts. The highest compensated is the top quartile, followed by upper-middle quartile, lower-middle quartile, and lower quartile, respectively. Compensation includes base salary, bonus, stock, and any other monetary benefit(s).

### FLEXIBLE WORK OPTIONS

Primerica believes that it's important to have an adaptable work environment in order to accommodate special circumstances that might arise. In the face of the COVID-19 pandemic, Primerica was able to quickly move more than 90 percent of our employees to remote "work from home" situations, while continuing to effectively serve our clients. The vast majority of our employees continued to work from home through the issuance of this report.

While the pandemic offered a unique opportunity for remote work, we realize that our employees often find themselves dealing with family or health-related issues that can temporarily prevent them from coming into our offices to do their work. As such, we offer our employees flex-time and work from home opportunities in order for them to continue to be productive in their work roles while managing through personal circumstances.

### CULTIVATING TALENT

Primerica's continued success requires a high-performing team. In order to help actively develop new pools of talent among our employee base, we have developed two specialized employee programs to facilitate managerial and leadership development training. Our Talent Development Program, established in 2015, brings

together a select group of high potential employees for a year of opportunities that include special development goals, private sessions with executive management, and leadership training through the University of Georgia. In 2018, we established a Strategic Advisory





Team composed of a small group of individuals who meet monthly throughout a one-year period. The goals of the program are to (1) expose participants to the corporate strategic plan and teach them to think strategically, (2) bring in new ideas from a diverse and talented group and (3) foster and deepen relationships across the Company. Participants spend the year discussing strategic alternatives, researching various issues and brainstorming new ideas, including potential new revenue streams for the Company. To expand their exposure to aspects of the Company outside of their day-to-day business roles, participants in both of these programs also meet with the Board of Directors and attend field programs throughout the year.

Primerica's plans to launch "Primerica Excellence," a day-long event for 20 employees, was put on hold due to the COVID-19 pandemic, but the program is expected to commence with an in-person event in 2021. Participants will hear presentations about various aspects of the Company, including Finance, Marketing, Distribution, Technology, Strategy, and Corporate Reputation. Speakers will include senior management and a member of Primerica's Board of Directors, as well as a senior sales leader from the independent contractor sales force.

## TRAINING AND PERSONAL DEVELOPMENT

Primerica's Learning Center provides quality learning and development options for our employees. The Learning Center maintains a well-stocked professional development program - including online, self-directed classes as well as instructor-led classes on topics such as MS Office, personal and managerial leadership development, and providing exceptional customer service.

We also offer a wide range of special programs and events for employees including Lunch & Learns topics such as

identity theft protection, personal safety and women's self-defense, and family caregiving. We also provide health and lifestyle improvement classes such as yoga, healthy eating, and stress management.

## DIVERSITY, EQUALITY AND INCLUSION

Diversity and equality are very important to Primerica. We strive to build an inclusive working environment where people feel accepted, where their ideas are welcomed and they are treated equally, and where they can make a positive impact on our business and in the community. At Primerica, we respect and appreciate all individuals and embrace both our differences and similarities. The vast majority of our employees - more than 1,700 - work at the Company's headquarters in suburban Atlanta, and our diverse workforce reflects the local market. As part of the hiring process, Human Resources reviews the slate of candidates for professional and managerial level positions to monitor the diversity of the candidate pool.

Primerica is using the talent programs described earlier in this report to develop a pipeline of diverse talent. During 2020, 33 percent of the combined participants in the Strategic Advisory Team and Talent Development Program were racially diverse, and 53 percent were women.

In 2020, Primerica was named to the 2020 Bloomberg Gender Equality Index (GEI), which tracks the financial performance of public companies committed to supporting gender equality through policy development, representation, and transparency. The GEI measures gender equality across five pillars: female leadership and talent pipeline; equal pay and gender pay parity; inclusive culture; sexual harassment policies; and pro-women brand. The firms included in this year's index scored at or above a global threshold established by Bloomberg to reflect a high level of disclosure and overall performance across the framework's five pillars. Primerica was one of only 325 companies across 42 countries to be included in the GEI.

In 2020, Primerica was again named to *Forbes'* list of America's Best Employers for Women. Recipients of this honor are chosen based on an independent survey of U.S. employees nationwide and on a review of publicly available company information. Primerica ranked in the top 25 of only 300 companies receiving this honor in 2020. Primerica was first named to the prestigious listing in 2019.



Primerica fosters a work environment in which diversity, equality and inclusion are embraced, employment-related decisions are not discriminatory or retaliatory, and employees treat each other with mutual respect and dignity. The Company's Equal Employment Opportunity and Anti-Harassment Policy may be accessed through [http://www.primerica.com/public/forms/pdf/Equal\\_Employment\\_Opportunity\\_and\\_Anti\\_Harassment\\_Policy\\_8\\_2018.pdf](http://www.primerica.com/public/forms/pdf/Equal_Employment_Opportunity_and_Anti_Harassment_Policy_8_2018.pdf), and employees are regularly trained on the requirements of the policy. The Company's Board of Directors has delegated to the Corporate Governance Committee responsibility for overseeing management's implementation of the policy.

Our entrepreneurial business opportunity has broad appeal. As a result, the sales force spans racial, gender, and ethnic classifications and includes adults of all ages. Advancement within our sales force has always been based solely on performance, which fosters equality within its diverse ranks. Primerica's sales force utilizes strategic market groups to encourage professional and personal growth and development, including Women in Primerica, the African American Leadership Council, and the Hispanic American Leadership Council. These groups provide opportunities for networking and mentorship, sales and business management training, and deep learning opportunities customized for these respective market segments. At the end of 2019, Primerica had over 5,000 Regional Vice Presidents (RVPs) – independent contractors who devote their full-time attention to their businesses and have offices to support their organizations. In addition, of over 280,000 recruits and 45,000 new life licensed agents in 2019, 55 percent and 57 percent respectively, were women. As of June

30, 2020, 33 percent of RVPs were women, 21 percent were African American, and 15 percent were Hispanic. Approximately 62 percent of the life-licensed sales force are Millennials, Gen Z representation is growing, and we have created programs designed to help ensure the success of these dynamic generations.

We also have a strong culture of celebrating successes across our Company through extensive recognition programs. Motivating our independent sales representatives is critical to achieving our corporate goals, and it helps ensure consistency of performance and encourages our sales representatives to boldly move forward with growing their businesses.

### **SATISFIED EMPLOYEES AND SALES FORCE MEMBERS**

In order to monitor our progress and gauge employee satisfaction, we conduct annual employee surveys and provide detailed results to department heads and managers as well as to our Board of Directors. Adjustments to policies, programs, and benefits package are made based on this feedback, as needed.

Each year, we hold a series of town hall meetings at our Georgia headquarters and at our Canadian head office in Mississauga, Ontario. Our CEO and President jointly lead the meetings and provide updates on the Company's performance and strategic direction, as well as information on benefits enhancements, policy changes, and other workplace topics. The meetings always end with a lively question and answer segment, and employees are encouraged to raise issues of concern and offer suggestions for improvement. Employees are





also provided the opportunity to submit questions and suggestions in advance. Following the meeting, we make available on our corporate intranet a closed-captioned video replay of a town hall meeting and we distribute company-wide a summary of the suggestions along with the resulting changes. Through attendance or viewing of the town hall meetings or participation in providing suggestions or reviewing the results, these meetings touch nearly all of our employees.

Some examples of changes coming out of our town hall meetings include:

- launching a “summer casual” dress code to run from Memorial Day until Labor Day (which was subsequently made permanent);
- increasing the number of employees eligible to participate in LOMA life insurance education courses (LOMA is an international trade association for the insurance and financial services industry);
- initiating twice monthly HEAL on-site medical visits at Primerica’s headquarters;
- providing “sit-to-stand” desks for employees to purchase at a discounted rate that are paid for through direct payroll deductions;
- installing an always open “micro market” to provide an assortment of nutritious snacks and beverages to employees; and
- establishing a quarterly “Breakfast with the CEO” program.

Our employee tenure and retention rates speak volumes for the work environment and culture that we have created over the past 43 years. Our Operating Team – composed of Primerica’s top corporate leaders – averages approximately 25 years with Primerica, and

we have many employees who have spent their entire careers here. Equally important, in 2019 our employee retention rate was 90 percent, which is slightly above the national average according to the Society for Human Resources Management.

As a result of our comprehensive efforts, Primerica has been named a “Top Workplace” by The Atlanta Journal-Constitution for seven consecutive years from 2014 to 2020. In 2020, we ranked 7th out of 25 companies in the “large companies” category (500+ employees). This Top Workplace recognition is based on an annual employee survey conducted by the state’s flagship newspaper. The 2020 survey yielded over 2,000 confidential comments from our employees, the overwhelming majority of which were positive, and over half of Primerica’s employees participated in the survey.

We also see lengthy tenure among many senior field leaders, several of whom have been with Primerica since its inception. As of June 30, 2020, over 28,000 of our independent sales representatives had been with the Company for more than 10 years, and over 12,000 of them had been with Primerica for more than 20 years. This continuity of sales force leadership is critical because these leaders help ensure that representatives understand Primerica’s goals, and that we’re all working together to meet the needs of our clients and drive business growth.

## SUPPORTING THE SALES FORCE

We maintain a robust culture of recognition and celebration of success, and we provide a wide-reaching support system designed to enable members of our sales force to achieve their business goals. Included among those are monthly RVP broadcasts produced internally in Primerica’s state-of-the-art production facility, weekly communications updates, as well as weekly training broadcasts to all sales representatives. We also assist sales representatives with licensing training as well as marketing and technical support.

To further our sales force diversity efforts, in late 2016 we launched a recruiting initiative designed to attract and retain former members of the U.S. armed forces as they end their service to our country and transition into private sector careers. The program has been successful, and we are pleased to do our small part to help former military members transition into the next phase of their professional lives.





PRIMERICA EMPLOYEES PLAY A ROLE IN THE SELECTION OF SOME OF THE NON-PROFIT ORGANIZATIONS FUNDED BY OUR FOUNDATION. THROUGH THE ANNUAL EMPLOYEE CHOICE VOTE, EMPLOYEES VOTE FOR THE NON-PROFIT AGENCY OF THEIR CHOICE.



OUR CULTURE OF CARING IS REFLECTED IN THE ACTIVE EMPLOYEE PARTICIPATION IN THE PRIMERICA EMPLOYEE VOLUNTEER PROGRAM. PRIMERICA EMPLOYEES ARE ALWAYS READY TO ROLL UP THEIR SLEEVES TO HELP MAKE THEIR COMMUNITY A GREAT PLACE TO LIVE AND WORK.







# BUILDING STRONG COMMUNITIES

**Primerica is deeply committed to improving the communities in which we live and work. The financial knowledge we impart and the products we provide help to empower families to realize their financial goals. Through the resources of Primerica and The Primerica Foundation – combined with the many volunteer efforts and contributions of our employees – we provide critical support to community-based organizations and help change lives for the better.**

## PHILANTHROPIC FOCUS

Giving back is an integral part of Primerica's culture and it helps define who we are. Our commitment to the communities we serve extends to every area of the business – from the financial education we provide to our support of local residents in need. In concert with our corporate initiatives, Primerica's philanthropic focus supports programs that meet critical needs of individuals and families, and in turn, builds stronger communities. Primerica helps those in need through a combination of corporate charitable contributions, employee volunteerism, strategic community partnerships, and grant funding from The Primerica Foundation.

## THE PRIMERICA FOUNDATION

For over four decades, Primerica has served middle-income households throughout the United States and Canada. Our purpose is simple: to create financially

independent families. Primerica's corporate philanthropy supports underserved populations and helps develop self-sufficiency among low-to moderate income individuals and families. The mission statement of The Primerica Foundation guides its corporate group-wide giving strategy: The Primerica Foundation is committed to supporting community causes that contribute to the obtainment and preservation of self-sufficiency for the underserved and low-to moderate-income families and individuals. Primerica charitable and Foundation funding largely aligns with three of the United Nations Sustainable Development goals: No Poverty; Quality Education; and Other/Greater Societal Good.

Primerica's social responsibility initiatives aim to enhance employee, sales force and stockholder value by contributing to the greater societal good. We accomplish this by supporting our local communities through corporate charitable giving, in-kind services, employee



volunteerism and grant funding from The Primerica Foundation. Since its founding in 2011, our Foundation has provided over \$9 million in grants to non-profit organizations in our communities. Over the years, these organizations have positively impacted hundreds of thousands of people, and we are proud to be a part of those efforts.

Through August 2020, Primerica charitable and Foundation funding has already supported over 100 non-profit organizations and positively impacted more than half a million people. Special highlights from the year include:

- HomeFirst Gwinnett – Partnered with Gwinnett County and United Way to support an assessment center for the needs of the homeless and to open the county's first homeless shelter;
- Junior Achievement (JA) – Supported financial literacy through JA Finance Park and as a founding partner of 3DE, a new immersive educational experience for Georgia high school students; and
- American Red Cross – Held four blood drives and donated a much-needed bio-medical vehicle to transport blood and help save thousands of lives across Metro Atlanta and beyond.

In response to the impact that the COVID-19 pandemic has had on local communities, The Primerica Foundation quickly sprang into action and provided \$300,000 in support to front-line organizations that are making an immediate difference. Our donations went to organizations like the Atlanta Community Food Bank, the Community Foundation for Northeast Georgia COVID-19

Fund, The Salvation Army, the United Way of Greater Atlanta COVID-19 Fund, as well as Feeding America and Food Banks Canada.

Primerica employees play a role in the selection of some of the non-profit organizations funded by our Foundation through the annual Employee Choice Grants. Employees vote for the non-profit agency of their choice from among a vetted list of organizations, and the five organizations with the most votes each receive a \$10,000 grant.

In 2020, our Foundation was named one of the Top 25 Georgia-based company-sponsored foundations by the Atlanta Business Chronicle for the fifth consecutive year. In 2018, our Foundation received the Gwinnett County Chamber of Commerce's D. Scott Hudgens Humanitarian Award for best exemplifying the spirit of compassion and generosity within the community. The Foundation also received the Benefactor of the Year Award from Gwinnett Technical College in recognition of funding scholarships for deserving students in 2018. In 2019, Primerica received the "Green Community Partner Award" from Gwinnett Clean and Beautiful. This award is presented annually to an outstanding community partner that demonstrates excellence in engaging members of the community to help keep Gwinnett County clean, green, and more livable.

## EMPLOYEE AND SALES FORCE INVOLVEMENT

We encourage our employees and sales representatives to help make their communities better places to live and work. They are active members of their communities and are involved in local organizations including non-profit, civic, and religious organizations, local government, and youth sports activities, to name a few. Importantly, they



share the Company's interest in making a meaningful difference in the lives of others, every day.

Our culture of caring is reflected in our Employee Volunteer Program. Primerica employees are always ready to roll up their sleeves to help make a positive difference. We support their dedication to volunteerism by giving employees an extra day off each calendar year to volunteer for an organization of their choice. In addition, employees pledging at least one hour of their pay per month to the United Way or The Primerica Foundation can receive an "Angel Day," which is a day off with pay.

Our employees give their time and support to many worthy causes, including:

- Meals on Wheels – Many of our employees spend their lunch hour delivering meals to the homes of senior citizens to ensure that older home-bound citizens have healthy food choices;
- Salvation Army Angel Tree – For the holidays, employees provide gifts of clothing and toys for less fortunate children and senior citizens;
- Salvation Army Can-a-thon – Employees assist Salvation Army staff with collecting and sorting canned goods received through public donations;
- Adopt-A-Road – Teams of Primerica employees go outside four times a year and work to clean a dedicated stretch of road, where they pick up trash and remove illegal signage; and

- Gwinnett Great Days of Service – Primerica organizes a team of about 50 employees to assist various non-profit organizations located in Gwinnett County.

As a result of our strong employee volunteerism, we have received numerous awards and recognition from non-profit organizations. We have proudly supported the world's largest Relay for Life event as Presenting Sponsor in Gwinnett County since 2013 and have been named a National Team of Excellence annually since 2017. The 2020 Relay for Life campaign, which normally runs in the spring of each year, was rescheduled for the fall of 2020 due to the COVID-19 pandemic. The 2020 event will occur after publication of this report, and we will include 2020 fundraising data in our 2021 Corporate Sustainability Report. In 2019, Primerica received top honors as the recipient of Gwinnett's Spirit of Giving and Top Fundraising Team Awards, raising nearly \$120,000 for the American Cancer Society. Primerica has contributed more than \$619,000 to the American Cancer Society to benefit cancer research and patient programs, primarily through employee fundraising.



# ENVIRONMENTAL RESPONSIBILITY

**As a financial services company, we do not have manufacturing facilities that can be targeted for significant reductions to our environmental footprint. As a result, we believe our greenhouse gas emissions and carbon footprint are lower than those of many other companies. That said, we recognize the significant challenges presented by climate change to our world, and environmental sustainability is a component of our corporate responsibility efforts.**

Primerica is paying attention to the current state of the environment and we are doing what we can to ensure that these important resources are available for future generations. Under the direction of our Chief Operating Officer, we have made positive strides in reducing our impact on the Earth's resources, and we will continue to make strategic decisions to drive improvements in environmental sustainability. Primerica has been

recognized for its environmental leadership by Gwinnett County Clean and Beautiful. We are a 3-time award winner and corporate sponsor of the Great American Clean-up Challenge Award in the areas of "Clean up our Neighborhood," "Wipeout Graffiti," and "Grow Green." Several of the steps we

have taken to make a meaningful difference in the world around us are highlighted below. In addition, we distribute auto and homeowners' insurance on behalf of a third party and, as a result, we do not assume the underlying risk that climate change poses with respect to those policies.



Primerica is working to launch its Impact Committee in late 2020. This employee-created and driven group of volunteers will focus on broadening Company and employee awareness of environmental issues. The Impact Committee will encourage and enable Primerica employees to minimize their environmental footprint at the home office and beyond by reducing consumption and waste. The group expects to meet at least quarterly, if not more frequently, and will work in tandem with Primerica's operations team to devise and help implement two to three positive environmental changes per year that will have a larger impact over time.

### RECYCLING INITIATIVES

The financial products we sell have historically relied on paper, which slowed the process of helping our middle-income clients become properly protected and set on a path to financial independence and was not environmentally friendly. Primerica has been at the forefront of implementing leading technology –





particularly in regard to digital applications for our sales force – in order to reduce paper usage and improve efficiency. In 2011, Primerica introduced TermNow, a cutting-edge product that is underwritten electronically to qualifying clients within an average of less than 60 seconds after completion of a short questionnaire. This change alone has reduced paper usage by around 5 million pieces. We also eliminated paper medical records in 2013, which has saved over 30 million pieces of paper. In that same year, Best’s Review listed Primerica as one of the Top 10 Innovators for our TermNow product. In 2019, over 94 percent of our new life insurance applications were made electronically. Our robust, company-wide recycling program continues to reap significant environmental benefits. We continuously strive to reduce our imprint on the environment and expanded our recycling efforts in 2017 by implementing a single-stream recycling program. As a result of our change to a single-stream approach, we reduced an additional 18 tons of paper yearly since the program’s inception. In 2019, the Company set a record of more than 1,300 tons of paper

and cardboard recycled. The idea for this expansion came directly from employee feedback.

Over the past two years, throughout our home office campus we replaced more than one million Styrofoam cups with paper cups that flow through our single-stream recycling program.

## CORPORATE HEADQUARTERS

Our 365,000 square foot corporate headquarters was built in 2013 to meet LEED standards. Environmental features of our home office include:

- Efficient energy consumption;
- LED lighting;
- Low-flow washroom fixtures;
- Water-side cooling and heating systems; and
- Efficient landscaping that requires little irrigation.

Two years ago, our Canadian team moved into a new head office in suburban Toronto, occupying nearly 43,000 square feet on two floors of a 180,000 square foot building. The facility earned LEED EB Gold Certification, an Energy Star score of 99, and has a wastewater diversion rate of 91 percent. Additional environmental features of our Canadian head office include:

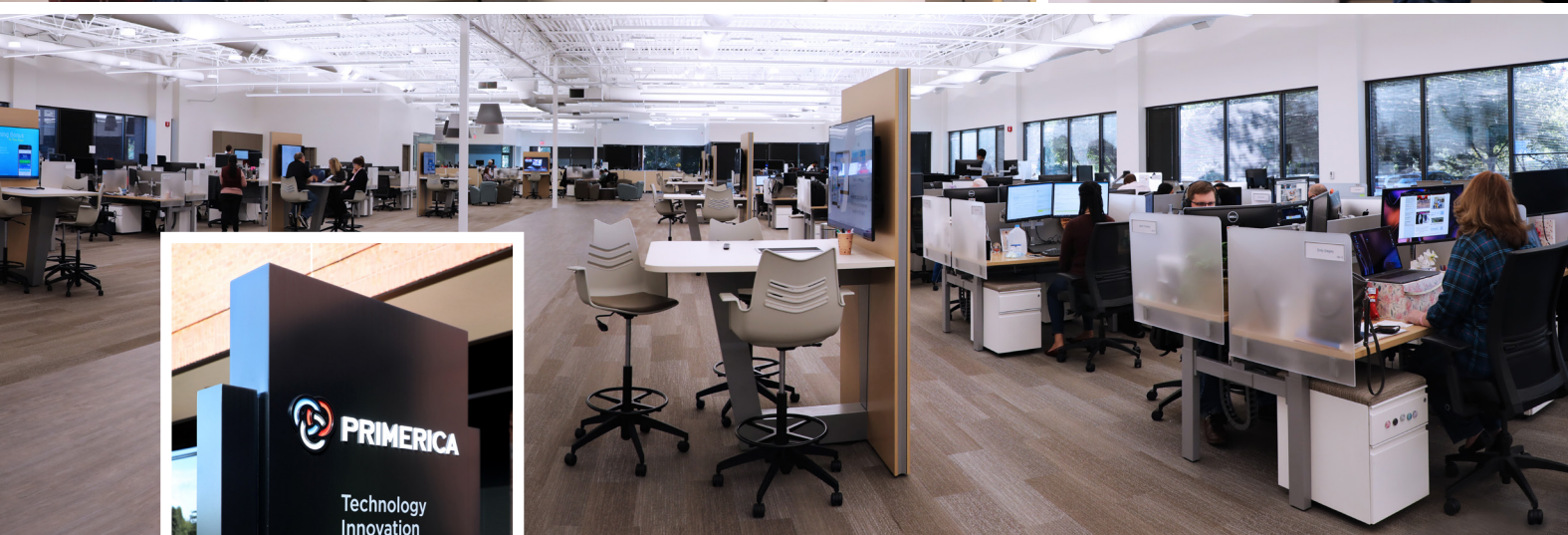
- Eco tracking of all utility consumption and waste;
- Annual air quality testing and monitoring;
- Low-flow washroom fixtures;
- Green cleaning policy; and
- Electrical landscaping equipment producing zero emissions and a smart watering irrigation system.



Toronto Canada head office







Technology Innovation Center

Research has shown that the physical workspace plays a critical role in fostering digital innovation. To that end, in 2019 the Company opened the Primerica Technology Innovation Center, a renovated 38,000 square foot IT workspace that embraces open spaces, enables collaboration, and avoids conflicts that arise in a personal office hierarchy. Currently housing more than 200 IT professionals with ample room to accommodate future growth, the cutting-edge workspace includes:

- Changeable workstations that allow teams to easily form and rearrange space to suit their needs;
- Whiteboards and display screens for collaboration;
- Open floorplans, glass walls, comfortable chairs and couches, and small privacy rooms; and
- High-speed WIFI connectivity, high resolution projectors, and remote screen sharing capability.

## PROMOTING TRANSPORTATION ALTERNATIVES

Primerica has taken steps to encourage our employees to consider transportation alternatives that have a reduced environmental impact. In 2016, Primerica was named “Best Overall Large Employer” by Georgia Commute Options for our efforts to encourage sustainable commuting options among our employees. We have an effective “Work from Home” program which allows employees in certain jobs to work remotely, thereby reducing fuel usage and auto emissions. In 2017, we installed a new Electric Vehicle Charging Unit to promote low emissions vehicles by assisting our employees who can charge their electric vehicles for free.



## UPHOLDING STRONG GOVERNANCE

Primerica believes that integrity, ethics, and a commitment to “doing the right thing” are at the core of who we are as a company. These beliefs govern how we run our business, and they serve as the underpinning of a corporate culture that encourages our people to act with integrity and accountability. We are focused on creating value for our clients, communities, and stakeholders by enhancing our corporate reputation through a strong ethics, governance, and compliance regime.

### OUR GOVERNANCE STRUCTURE

Our Board of Directors oversees the business and affairs of the Company. Our Board believes that good corporate governance is a critical factor in our continued success and also aligns management and stockholder interests. Highlights of our corporate governance program are detailed below:

Board Structure	Stockholder Rights	Other Highlights
<ul style="list-style-type: none"> <li>64% of Board members are independent</li> <li>Independent lead director of the Board</li> <li>Separate non-executive Chairman of the Board and CEO roles</li> <li>Independent Audit, Compensation, and Corporate Governance Committees</li> <li>Regular executive sessions of independent directors</li> <li>Annual Board and committee self-assessments</li> <li>Significant number of directors that demonstrate racial, ethnic, and gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>Proxy access</li> <li>Annual election of directors</li> <li>Regular director refreshment</li> <li>Majority voting for directors in uncontested elections</li> <li>No poison pill in effect</li> <li>Annual stockholder engagement to discuss corporate governance, executive compensation, and ESG matters</li> <li>Multiple avenues for stockholders to communicate with the Board</li> </ul>	<ul style="list-style-type: none"> <li>Stock ownership guidelines for directors and senior executives</li> <li>Pay for performance philosophy</li> <li>Broad clawback provisions in the Company's Omnibus Incentive Plan</li> <li>Policies prohibiting hedging, pledging, and short sales by employees and directors</li> <li>No excise tax gross-ups</li> <li>Strong ethics program</li> <li>Publication of an annual CSR report</li> </ul>

PRIMERICA'S LONG-TERM SUCCESS IS BASED ON OUR INTEGRITY. EVERY DAY, OUR MANY STAKEHOLDERS – CLIENTS, INVESTORS, REGULATORS, EMPLOYEES, AND REPRESENTATIVES – COUNT ON OUR COMMITMENT TO THE HIGHEST STANDARDS OF BUSINESS ETHICS AND COMPLIANCE.

Our Corporate Governance Guidelines include provisions to ensure that our directors have adequate time to serve our Company. Currently, our Directors have an average tenure of 6.7 years. Directors are required to limit their other board memberships to a number which permits them, given their individual circumstances, to responsibly perform all of their director duties. No director may serve on the Board of Directors of more than four publicly traded companies (including Primerica). Members of the Audit Committee may not serve on more than three public company audit committees, including our audit committee. None of our directors who have full-time employment serve on more than two public company boards. Because the Primerica directors who serve on three or four public company boards do not have full-time employment, each of them has adequate time to devote to Primerica.

### BOARD DIVERSITY

Primerica's Board of Directors values diversity. As of May 2020, 27 percent of our directors were racially or ethnically diverse and 27 percent of our directors were women. In addition, in August 2020 the Board adopted a Board Diversity Policy, which may be accessed on our Investor Relations website and requires that the Board consider candidates based on merit against objective criteria tied to the needs of the Board and the Company at the time of nomination while giving due regard to gender, race, ethnicity, country of origin, nationality or cultural background, and other personal characteristics. Further, diverse candidates are to be considered whenever the Board commences a director search.



### STOCKHOLDER ENGAGEMENT PROGRAM

Consistent with the process we have followed since 2013, in late fiscal 2019 we invited the Company's top stockholders, which together represented over 75 percent of our outstanding shares, to speak with management about topics important to them. Specific topics included Board diversity, Environmental, Social and Governance (ESG) matters, proxy access and other governance matters, and executive compensation. We were pleased with the stockholder feedback, which indicated that our stockholders are generally satisfied with the Company's corporate governance and executive compensation practices as well as the format and content of the proxy statement. This feedback was reviewed by our Board of Directors and the relevant Board committees. Our 2020 Proxy Statement describes requests received during these conversations and our responses to those suggestions, including actions taken.



## BOARD OVERSIGHT OF ESG INITIATIVES

In mid-2019, our Corporate Governance Committee added oversight of ESG initiatives to its charter. The Corporate Governance Committee receives a quarterly report on ESG initiatives and disclosure enhancements, and the Committee shares significant developments with the Board of Directors

## ESG AND EXECUTIVE COMPENSATION

Our short-term incentive compensation program is based on four corporate performance objectives with various weightings – operating revenues (20%), net operating income (25%) return on average equity (25%) and size of life-licensed sales force (30%). The size of life-licensed sales force “social” metric is given a higher weighting because it is at the heart of our Company mission to help families become financially independent and it drives the success of our business. As the size of our sales force increases, our business opportunity reaches more people and we are able to protect more underserved middle-income families. In addition, the Compensation Committee meets with the Corporate Governance Committee at least annually to discuss whether important ESG factors should be considered as part of the executive compensation program.

## INTEGRITY AT WORK

Primerica’s long-term success is based on our integrity. Every day, our many stakeholders – clients, investors, regulators, employees, and representatives – count on our commitment to the highest standards of business ethics and compliance. Primerica has numerous corporate governance policies and procedures in place which reflect our commitment to upholding high standards of business conduct and establishing a robust controls environment.

Our Code of Conduct applies to all employees, directors, and officers of the Company and its subsidiaries, and they are required to acknowledge compliance with the Code on an annual basis.

The Code, which is posted on the Corporate Governance page of our Investor Relations website at <http://investors.primerica.com>, describes in detail the standards of conduct, including adherence to the laws and regulations that apply to us. This website also provides access to key governing documents such as our Corporate Governance Guidelines and charters of each Board committee. In 2015, Primerica was recognized by Forbes magazine as one of

“America’s 50 Most Trustworthy Financial Companies,” an honor based on the Company’s accounting and governance practices.

## RISK MANAGEMENT

Primerica’s Board of Directors is ultimately responsible for the oversight of the Company’s risk management framework. Responsibility for significant risk management policies resides with the Audit Committee of the Board under powers delegated by our Board. Management is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risk. Senior management is responsible for ensuring that appropriate risk management is carried out in the business lines, promoting a strong culture of risk management within each business unit or department, identifying all known and emerging risks, recommending appropriate risk limits for identified risk exposures, and developing programs that monitor, test, and report control deficiencies. Each quarter, senior management reviews the enterprise risks for highlights, trends, and emerging issues. Matters requiring attention are added to a watch list or heat map for monitoring and reporting.

In terms of overseeing the broader company-wide risk management program, the Audit Committee is responsible for ensuring that all risk areas are being monitored by senior management and that all risk management matters are being reported to our Board or the appropriate Board committee and are being addressed as needed. Our Board collectively reviews, and is responsible for, risks associated with our strategic plans as well as cybersecurity.

Each year, every employee participates in our annual compliance training program. Under the direction of our Chief Compliance and Risk Officer, employees are trained on a wide range of topics including anti-corruption, anti-money-laundering, fraud awareness and reporting, licensing requirements, anti-discrimination policy, sexual discrimination, email phishing, and maintaining a clean workspace where confidential information is secure.

## PRIVACY AND DATA SECURITY

Our business is dependent on maintaining a secure, confidential environment for our clients, employees and other partners’ information. As such, our Board has oversight of our privacy and information security initiatives and it receives a quarterly management report on these critical components of our business. Information

security and privacy are becoming increasingly important as we depend more and more on mobile technologies to conduct business and bring solutions to our clients who entrust their data to us. As detailed below, a significant portion of our company-wide annual compliance training includes information on email phishing, protecting sensitive information, securely accessing accounts and devices, and understanding each person's role in a security incident. We have built a sophisticated information technology platform to support our clients, operations and sales force. Our data center houses an enterprise-class IBM mainframe as well as modern distributed and cloud technology infrastructure. Our business applications, many of which are proprietary, are supported by application developers and data center staff at our main campus.

Primerica's information security organization provides services including threat management, application and infrastructure assessments, secure configuration management, and information security administration. Our new Primerica Responsible Disclosure Practice also helps us ensure the security and privacy of our customers and data by helping identify potential security issues in our products or services. Further, our external penetration assessments are at minimum, in conformance with the Penetration Testing Execution Standard (PTES), and application vulnerability testing is in conformance with the Open Web Application Security Project standards. Additionally, Primerica's resiliency team delivers capabilities to support advanced business continuity and disaster recovery capabilities. These capabilities are also regularly tested and reported to senior management.

As described under "Risk Management" elsewhere in this report, Primerica institutes a three-lines-of-defense model for information security risk assurance, in which internal management is responsible for managing the risk, while other functions at the Company oversee compliance and perform regular assessments and audits. Primerica's internal management continually assesses information security risk, working with industry experts for maturity and technical assessments. Primerica's enterprise risk management and internal audit functions conduct regular assessments and audits and report the results to the Board. In addition to conducting regular self-assessments on our controls, Primerica's internal controls are audited annually by independent external auditors. These audits provide assurance on the design and operating effectiveness of our information security controls in

accordance with the standards defined by the American Institute of Certified Public Accountants (AICPA).

Our Company has three core policies that govern our corporate initiatives in this critical area: (1) Information Security Policy, (2) Data Loss Prevention Policy, and (3) Third-Party Risk Management. These policies are reviewed annually and updated as needed. They address both the processes and technical requirements needed to protect the environments where data is processed, as well as how it is maintained, governed, and protected. In regard to our sales force, our Representative Compliance Manuals address mandatory information security controls and various data security protection requirements. These required controls are based on varying governing laws and regulations.

Primerica's senior executive leadership is actively involved in managing information security risk, including coordination of security initiatives to enable Primerica to optimize spending, manage infrastructure, and minimize security risk. This group also provides high-level guidance on technology- and security-related issues of importance to the Company.

We have an Incident Response Plan that is reviewed and updated regularly. Our Incident Response Team consists of employees from information security, legal, compliance, public relations, and operational teams. The Plan is designed to help Primerica identify and promptly respond to information security incidents, contain and eradicate such incidents, notify affected parties and, where appropriate, notify government and regulatory authorities. The roles and responsibilities of Primerica personnel and third-party vendors in responding to information security incidents are well-documented and include when and to whom incidents should be reported based on level of severity. On a semi-annual basis, the team undertakes facilitator-led trainings and simulations of information security incidents. Primerica also has purchased cyber insurance coverage.

We train our entire full- and part-time employee workforce in data security, how to recognize and understand privacy-related risks, and ways to mitigate data and privacy issues. We perform regular tests to see if our employees can recognize and avoid the pitfalls caused by phishing emails, and we report the results to department heads. Further, we implement leading practice access controls, including multi-factor authentication, to limit inappropriate access.



In addition, maintaining data security is an integral part of the annual compliance training for our independent sales representatives. Desktop computers at our corporate headquarters have a successive series of screensavers that highlight the dangers of leaving your computer unattended with important documents uncovered, how to choose more secure passwords, and other practical advice for maintaining a secure, safe data environment.

## **SUPPLY CHAIN AND VENDOR MANAGEMENT**

Primerica is committed to being a valuable contributor to our communities and believe that developing diversity within our supplier base is important to this commitment. As such, Primerica has a Vendor Diversity Statement that states that Primerica welcomes diverse suppliers from underserved communities, minority groups, and military veterans for inclusion in competitive bids and for the awarding of contracts.

## **RESPONSIBLE INVESTMENT**

At Primerica, we believe that ESG practices can affect portfolio performance and are necessary considerations for responsible investing. In general, Primerica maintains a conservative investment philosophy. Our third-party investment advisor has been a signatory to the U.N. Principles for Responsible Investment since 2012. It also maintains an ESG Steering Committee in order to provide guidance and monitor implementation of responsible investing and ESG initiatives. Steering Committee membership consists of senior members of the firm spanning diverse functions including portfolio management, research, legal and risk management as well as multiple geographies of the U.S., Europe and Asia. Our investment advisor considers ESG factors in its review of our investment portfolio as well as in the investment recommendations it provides to us.

We realize that investing in socially responsible mutual funds is important to some of our clients. In terms of the investment products that we offer, approximately 19 percent of the funds we sell had a sustainability rating of above average in 2019. Also, our Lifetime Advisory Platform includes four socially responsible investment options for our managed accounts clients to consider.

## **SAFETY AND EMERGENCY PREPAREDNESS/ BUSINESS CONTINUITY**

Our employees and independent sales representatives are the Company's most critical element in achieving future success. As such, we put a strong emphasis on maintaining a safe, secure work environment, and we have programs in place to ensure that the Company's business operations can continue functioning in the event of an emergency. Our annual compliance program training includes information on safety and emergency preparedness and provides examples of how employees should act in an emergency situation.

We maintain a dedicated security team in our corporate office locations to protect employees and premises during the event of a threat or actual incidence of violence. Several of these security officers have undergone additional, state-mandated training to allow them to carry concealed weapons on premise. Our security officers provide a 24/7 mobile patrol, as well as 24/7 coverage of key buildings and facilities, and they are available to escort someone to their car, should an employee feel the need for added safety.

In the event of a fire or similar emergency situation, Primerica employees are well-trained in evacuating the building and gathering in certain locations outside of harm's way. We have employees who serve as dedicated fire marshals, and employees participate in evacuation drills twice a year.

When a severe weather event is anticipated, our security team monitors reports from the National Weather Service and local news for updates. Primerica has a weather incidence call tree for department heads and managers that can be activated in a moment's notice. If an incident involves life and death situations or business interruptions, we have the capability to send out mass alerts to all staff via the Vibe text system.

## **CONCLUSION**

Thank you for your interest in Primerica's 2020 Corporate Sustainability Report. We are committed to continued improvements in ESG behavior and disclosure and we welcome your feedback.

# APPENDIX A

## ESG SNAPSHOT

This ESG Snapshot includes metrics for the entire company, including all of its business operations as a whole.

		2019	2018	2017
<b>ECONOMIC</b>				
Financial Performance	Total Revenues (millions)	\$2,052.5	\$1,899.8	\$1,689.1
	Net Income (millions)	\$366.4	\$324.1	\$350.3
	Diluted Earnings Per Share	\$8.62	\$7.33	\$7.61
	Dividends Declared Per Share	\$1.36	\$1.00	\$0.78
	Total Assets (millions)	\$13,688	\$12,595	\$12,461
	Net Operating Income Return on Adjusted Stockholders' Equity (ROAE)	23.5%	22.8%	20.6%
	Net Investment Income (millions)	\$94.1	\$81.4	\$79.0
Life Insurance	Number of Policies Issued	287,809	301,589	312,799
	Face Amount Issued (billions)	\$93.9	\$95.2	\$95.6
	Number of Policies in Force	2,641,483	2,606,825	2,560,334
	Term Life Insurance Face Amount in Force (billions)	\$808.3	\$781.0	\$763.8
Investments	Total Investment Sales (billions)	\$7.5	\$7.0	\$6.2
	Client Asset Values at Year End (billions)	\$70.5	\$57.7	\$61.2
<b>SOCIAL</b>				
Workforce Data	Total Headcount	2,175	2,166	2,104
	Percent Women in Workforce	64%	65%	66%
	Percent Women Officers	48%	52%	51%
	Employee Retention Rate	90%	91%	90%
	Average Tenure of Senior Leadership Team <sup>1</sup>	30.5	30	31
Sales Force Data	Size of Life-Insurance Licensed Sales Force (end of period)	130,522	130,736	126,121
	Number of New Recruits	282,207	290,886	303,867
	Number of Newly Life-Insurance Licensed Representatives	44,739	48,041	48,535
	Percent Women Life-Insurance Licensed Sales Force	53%	52%	51%
	Percent Women Recruits	55%	54%	54%
	Percent Women Newly Life-Insurance Licensed	57%	56%	55%
Supplier Management and Diversity	Supplier Management Policy (y/n)	Y	Y	Y
Human Rights	Equal Employment Opportunity Policy – Standalone (y/n)	Y	Y	N
Ethics	Anti-Bribery & Anti-Corruption Policy (y/n)	Y	Y	Y
	Code of Business Conduct (y/n)	Y	Y	Y
	Whistleblowing and Non-Retaliation Policy (y/n)	Y	Y	Y
Community	Corporate Charitable Contributions	\$2,091,376 <sup>2</sup>	\$2,150,069	\$1,560,763

<sup>1</sup> Year-end average tenure of our senior leaders as found in our proxy statement for the Annual Meeting of Stockholders for the stated year.



		2019	2018	2017
<b>GOVERNANCE<sup>1</sup></b>				
Board Composition & Independence	Size of the Board (Number of Nominees Elected at the Annual Meeting)	10 <sup>2</sup>	10 <sup>2</sup>	1 <sup>1</sup>
	Board Average Age	62.1 <sup>2</sup>	62	59.8
	Mandatory Retirement Age (y/n)	Y	Y	Y
	Average Director Tenure	6.7	6.8	6
	Independence of Committees (Other than Executive Committee (y/n)	Y	Y	Y
	Independent Chairman (y/n)	N	N	N
	Independent Lead Director (y/n)	Y	Y	Y
Board Diversity	Number of Women on the Board	3	3	3
	Percent of Directors Who Are Women	30% <sup>2</sup>	30%	27%
	Number of Directors with Racial/Ethnic Diversity	2 <sup>2</sup>	2 <sup>2</sup>	3
	Percent of Directors with Racial/Ethnic Diversity	20% <sup>2</sup>	20% <sup>2</sup>	27%
Board and Committee Meetings	Number of Board and Committee Meetings During the Calendar Year	27	24	39
	Number of Directors Attending Less than 75 Percent of Meetings During the Calendar Year	0	0	0
	Executive Session (y/n)	Y	Y	Y
Stockholder Rights	Annual Election of Directors (y/n)	Y	Y	Y
	Majority Voting Standard for Director Elections (y/n)	Y	Y	Y
	Single Voting Class (y/n)	Y	Y	Y
	Proxy Access (y/n)	Y	Y	N
	Poison Pill (y/n)	N	N	N
Executive Compensation	CEO Pay Ratio	93:1	91:1	96:1
	Clawback Provision for Executive Compensation (y/n)	Y	Y	Y
	Single-Triger Vesting Upon Change in Control (y/n)	Y	Y	Y
	CEO Stock Ownership Guidelines (y/n)	Y	Y	Y
	CEO Stock Ownership Multiple of Base Salary	5	5	5
	Senior Executive Member Stock Ownership Guidelines (y/n)	Y	Y	Y
	Senior Executive Member Stock Ownership Multiple of Base Salary	2.5-3.5	2.5-3.5	2.5-3.5
	Director Stock Ownership Guidelines (y/n)	Y	Y	Y
	Director Stock Ownership Multiple of Annual Cash Retainer	5	5	4
<b>ENVIRONMENTAL</b>				
Climate	Material Climate Risks (y/n)	N	N	N
	CDP Carbon Disclosure (y/n)	N	N	N
GHG Emissions	Material GHG Emissions (y/n)	N	N	N
	Emissions Reduction Initiatives (y/n)	N	N	N
<b>SUSTAINABILITY DISCLOSURES</b>				
Disclosure Frameworks	SASB Disclosure (y/n)	Y	Y	N
	GRI Criteria Compliance (y/n)	N	N	N
	TCFD Disclosure (y/n)	N	N	N

<sup>2</sup> As of the conclusion of the Annual Meeting of Stockholders for the stated year, unless otherwise indicated. As of October 1, 2019, the size of the Board increased to 11 directors, the average age of Board members was 61.8, and women and Board members with racial/ethnic diversity totaled 3 directors representing 27.3% of the Board.

# APPENDIX B

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURE

Primerica is a leading provider of financial products to middle-income households in the United States and Canada. Through a network of independent contractor sales representatives, Primerica assists our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. Because our business covers multiple Sustainability Accounting Standards Board (SASB) industry groups, we are providing disclosures that are aligned with both the “Insurance” industry and “Asset Management and Custody Activities” industry within the Financials Sector.

SASB TOPIC	SASB CODE	ACCOUNTING METRIC	BUSINESS LINE(S)	PAGE NUMBER
Financial Performance	FN-AC-270A.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Investments	32
	FN-IN-270A.1 FN-AC-270A.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance and financial product-related information to new and returning customers	Insurance and Investments	32
	FN-IN-270A.2	Complaints-to-claims ratio	Insurance	32
	FN-IN-270A.3	Customer retention rate	Insurance	32
	FN-IN-270A.4 FN-AC-270A.3	Description of approach to informing customers about products and services	Insurance and Investments	32
Employee Diversity & Inclusion	FN-AC-330A.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Investments	32
Incorporation of Environmental, Social and Governance Factors in Investment Management & Advisory	FN-IN-410A.1	Total invested assets, by industry and asset class	Insurance	33
	FN-AC-410A.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Investments	33
	FN-IN-410A.2	Description of approach to incorporation of ESG factors in investment management and/or wealth management processes and strategies	Insurance	33
	FN-AC-410A.2	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies	Investments	33
	FN-AC-410A.3	Description of proxy voting and investee engagement policies and procedures	Investments	34



TOPIC	CODE	ACCOUNTING METRIC	BUSINESS LINE(S)	PAGE NUMBER
Policies Designed to Incentivize Responsible Behavior	FN-IN-410B.1	Net premiums written related to energy efficiency and low carbon technology	Insurance	34
	FN-IN-410B.2	Discussion of products and/or product features that incentivize health, safety and/or environmentally responsible actions and/or behaviors	Insurance	34
Environmental Risk Exposure	FN-IN-450A.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Insurance	34
	FN-IN-450A.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Insurance	34
	FN-IN-450A.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	Insurance	34
Systemic Risk Management	FN-IN-550A.1	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Insurance	34
	FN-IN-550A.2	Total fair value of securities lending collateral assets	Insurance	35
	FN-IN-550A.3	Description of approach to managing capital- and liquidity-related risks associated with systemic non- insurance activities	Insurance	35
	FN-AC-550A.1	Percentage of open-end fund assets under management by category of liquidity classification	Investments	35
	FN-AC-550A.2	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Investments	35
	FN-AC-550A.3	Total exposure to securities financing transactions	Investments	35
	FN-AC-550A.4	Net exposure to written credit derivatives	Investments	35
Activity Metrics	FN-IN-000.A	Number of policies in force, by segment	Insurance	35
	FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	Investments	35
	FN-AC-000.B	Total assets under custody and supervision	Investments	35

## APPENDIX B (CONTINUED)

### FINANCIAL PERFORMANCE

*FN-AC-270a.1 – (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings*

Primerica sells its products through a network of independent contractor sales representatives who are not employees. As a result, Primerica had no such applicable matters in 2019.

*FN-IN-270a.1 and FN-AC-270a.2 – Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance and financial product-related information to new and returning customers*

In accordance with Securities and Exchange Commission (SEC) requirements, Primerica discloses all material legal proceedings, other than routine litigation incidental to the business, in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. In 2019, legal proceedings and/or losses, if any, associated with marketing and communication of insurance and financial product-related information were immaterial.

*FN-IN-270a.2 – Complaints-to-claims ratio*

Primerica's domestic insurance subsidiaries are subject to insurance regulation in the various states and jurisdictions in which they transact business. Most state insurance departments provide consumer complaint data to the National Association of Insurance Commissioners (NAIC) Consumer Information Search (CIS), and the NAIC produces several reports combining this data. Neither the NAIC nor Primerica, however, calculates a complaints-to-claims ratio. We do not believe a complaints-to-claims ratio is a meaningful metric for assessing a company's claim handling process.

For example, companies may track open and closed claims differently, which could result in a comparison that is not meaningful. Additionally, a complaint may be received years after a claim is closed, which could overstate a company's ratio for that reporting period. A complaints-to-claims ratio also would not account for variations in an underwriting company's concentration of lines of business or market share, which further diminishes the usefulness of the metric.

Based on information from the state insurance departments, the NAIC does provide a summary listing of all closed complaints by line of business for each U.S. domiciled underwriting company. The NAIC then develops a "closed complaint index," which takes into account this information as well as market share and premium by line of business. We believe this closed complaint index is a more meaningful metric, because it factors in market concentration by line of business, providing a more comparable measure. Accordingly, we are providing the closed complaint indices for our U.S. underwriting companies that report financial information to the NAIC.

The NAIC defines "closed complaints" as complaints where the state has upheld the consumer's position and calculates a "closed complaint index" by comparing a company's closed complaints to the Company's market

share of premiums for the respective line of business. As part of the closed complaint index calculation, the NAIC uses an algorithm that compares each underwriting company's ratio to an industry-wide national median score of 1.0. The national median score attempts to normalize the ratio for each underwriting company based upon the total number of complaints, market share and other factors included in the algorithm. For each policy type, 50% of companies have ratios greater than the median score of 1.0, and 50% have ratios below the median score of 1.0. It is important to note, however, that because the NAIC ratio uses written premium for the denominator, its methodology may skew the ratio for an underwriting company with little or no written premium, such as a company with run-off business. For example, for an underwriting company with little or no written premium, the ratio may appear to be abnormally high even when the Company received a minimal number of complaints. As disclosed on the NAIC website, CIS data is voluntarily supplied by state insurance departments and compiled and coded by the NAIC. Not all states provide complaint data to the CIS.

For Primerica Life Insurance Company, the closed complaint index reported for 2019 was 0.28 (based on 18 complaints). For National Benefit Life Insurance Company, the closed complaint index reported for 2019 was 0.6 (based on 3 complaints). This information may also be obtained through the Consumer page on the NAIC site at: [https://www.naic.org/index\\_consumer.htm](https://www.naic.org/index_consumer.htm).

*FN-IN-270a.3 – Customer retention rate*

Primerica does not track customer retention rates. The Company tracks policy persistency, but does not disclose quarterly policy persistency as it is not meaningful as a stand-alone measurement.

*FN-IN-270a.4 and FN-AC-270a.3 – Description of approach to informing customers about products and services*

All customer interactions are handled through a network of independent contractor sales representatives. Please refer to the following subheadings contained in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2019 (2019 Annual Report) for certain responsive information: Our Clients; Sales Force Motivation, Training, Communication and Sales Support Tools; Performance-Based Compensation Structure; Supervision and Compliance; term life Insurance; and Investment and Savings Products.

### EMPLOYEE DIVERSITY & INCLUSION

*FN-AC-330a.1 – Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees*

The percentage of gender representation among our employees as of December 31, 2019 is set forth in Table 1.

The percentage of racial/ethnic group representation among our employees as of December 31, 2019 is set forth in Table 2.



Table 1	Female	Male
Executive Management <sup>1</sup>	44.4%	55.6%
Non-Executive Management <sup>2</sup>	55.1%	44.9%
Professionals <sup>3</sup>	56.7%	43.3%
All Other Employees <sup>4</sup>	74.5%	25.5%

Table 2	Asian	Black or African American	Hispanic or Latino	Other	White
Executive Management <sup>1</sup>	2.2%	6.5%	2.2%	1.1%	88.0%
Non-Executive Management <sup>2</sup>	5.5%	19.2%	3.6%	0.3%	71.4%
Professionals <sup>3</sup>	14.5%	26.1%	6.2%	2.2%	51.0%
All Other Employees <sup>4</sup>	5.1%	43.3%	11.4%	2.1%	38.0%

<sup>1</sup> Includes employees at the SVP and above levels. <sup>2</sup> Includes employees at the AVP and VP levels and Non-AVP Managers. <sup>3</sup> All remaining exempt (as defined by the Fair Labor Standards Act) employees. <sup>4</sup> All remaining non-exempt employees.

## **INCORPORATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY**

### *FN-IN-410a.1 – Total invested assets, by industry and asset class*

The Company follows a conservative investment strategy designed to emphasize the preservation of our invested assets and provide adequate liquidity for the prompt payment of claims. Details including asset type, industry exposures, and credit quality are available in Note 4 (Investments) to our consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2019 Annual Report, as well as in the Supplemental Financial Information found on our Investor Relations website at [www.investors.primerica.com](http://www.investors.primerica.com)

### *FN-AC-410a.1 – Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening*

Our clients acquire securities products in either a brokerage or advisory relationship. In a brokerage relationship, namely our mutual funds and annuities offerings, a licensed independent contractor sales representative makes a suitable recommendation for the client but provides no ongoing monitoring of the client's investments.

In an advisory relationship, namely our managed investment offerings, PFS Investments offers a managed investments program, Primerica Advisors Lifetime Investment Platform (Lifetime Investment Platform), which provides our customers access to mutual fund, exchange-traded fund and stock investment models designed and managed by several unaffiliated investment advisors. As sponsor and portfolio manager of the Lifetime Investment Platform, PFS Investments evaluates models for inclusion in the program and conducts ongoing due diligence of the models and unaffiliated investment advisors made available through the program. Neither PFS Investments nor the licensed independent sales force representative provide continuous or regulatory supervisory or management services with respect to the client's assets, as defined under Section 203A of the Investment Advisers Act of 1940. In 2019, we added to the platform models that employ integration of ESG

issues and/or sustainability themed investing. As of June 30, 2020, there were approximately \$78.9 million of assets under management invested in such models.

### *FN-IN-410a.2 – Description of approach to incorporation ESG factors in investment management processes and strategies*

At Primerica, we believe that ESG practices can affect portfolio performance and are necessary considerations for responsible investing. Primerica maintains a conservative investment philosophy for our corporate invested asset portfolio. We have an investment committee composed of members of our senior management team that is responsible for establishing and maintaining our investment guidelines and supervising our investment activity. Our investment committee regularly monitors our overall investment results and our compliance with our investment objectives and guidelines. We use a third-party investment advisor to assist us in the management of our investing activities. Our investment advisor reports to our investment committee and has been a signatory to the U.N. Principles for Responsible Investment since 2012.

Our investment advisor engages regularly with senior management of companies on ESG factors and considers these in their review of our corporate investment portfolio as well as in the investment recommendations they provide to us. Material ESG risk factors are integrated into the target rating and outlook for issuers to derive a holistic understanding of creditworthiness. The process is supported by our investment advisor's ESG Steering Committee which reviews ESG risks and opportunities in the portfolios of their clients as part of a best practices process.

### *FN-AC-410a.2 – Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies*

We recognize that making socially responsible and sustainable investment decisions are important and valuable to some of our clients. At December 31, 2019, our brokerage clients had access to approximately 600 funds offered by ten mutual fund companies. Of those, 112 had a Morningstar ESG score and/or social score of high or above average.

## APPENDIX B (CONTINUED)

Further, our managed accounts clients, through our Lifetime Advisory Platform, have access to a fixed income and three global equity investment strategies offered by two independent investment management firms that fully incorporate ESG factors into the analysis, selection, portfolio construction and management of investments. Both independent investment management firms are signatories to the U.N. Principles for Responsible Investment and apply ESG factors that map to the United Nations Sustainable Development Goals.

### *[FN-AC-410a.3 – Description of proxy voting and investee engagement policies and procedures](#)*

We do not currently engage in proxy voting activities on behalf of our clients.

### **POLICIES DESIGNED TO INCENTIVIZE RESPONSIBLE BEHAVIOR**

#### *[FN-IN-410b.1 – Net premiums written related to energy efficiency and low carbon technology](#)*

This item is not material to Primerica, as our insurance products are limited to term life insurance.

#### *[FN-IN-410b.2 – Discussion of products and/or product features that incentivize health, safety and/or environmentally responsible actions and/or behaviors](#)*

The company sells term life insurance. The following health-related items can impact the rate/classification offered to a life insurance applicant or upon reconsideration after the policy has been issued:

- Use of tobacco products, include vape and e-cigarettes
- Body/mass index
- Cholesterol levels
- Mental health
- A history of cardiovascular issues, respiratory issues, or diabetes
- Driving history and history of suspension or revocation of driver's license
- History of DUI violations
- Participation in hazardous sports
- Hazardous occupational duties

While we track mortality as a whole and by the use of tobacco products, the Company does not track performance on underwriting of term life insurance for insureds who do or do not, exhibit other of these items.

### **ENVIRONMENTAL RISK EXPOSURE**

#### *[FN-IN-450a.1 – Probable Maximum Loss \(PML\) of insured products from weather-related natural catastrophes](#)*

Primerica does not measure the probable maximum loss from weather-related natural catastrophes, as our insurance products are limited to term life insurance.

#### *[FN-IN-450a.2 – Total amount of monetary losses attributable to insurance payouts from \(1\) modeled natural catastrophes and \(2\) non-modeled natural catastrophes, by type of event and geographic segment \(net and gross of reinsurance\)](#)*

Primerica does not measure the monetary losses attributable to insurance payouts from natural catastrophes, as our insurance products are limited to term life insurance.

#### *[FN-IN-450a.3 – Description of approach to incorporation of environmental risks into \(1\) the underwriting process for individual contracts and \(2\) the management of firm-level risks and capital adequacy](#)*

Primerica does not incorporate environmental risks into the underwriting process for its term life insurance policies, nor the management of firm-level risks and capital adequacy.

### **BUSINESS ETHICS**

#### *[FN-AC-510a.1 – Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations](#)*

In accordance with SEC requirements, Primerica discloses all material legal proceedings, other than routine litigation incidental to the business, in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. In 2019, legal proceedings and/or losses, if any, associated with the rules and laws described above were immaterial.

#### *[FN-AC-510a.2 – Description of whistleblower policies and procedures](#)*

In accordance with our overall compliance program and Code of Conduct (Code), which is available on our Investor Relations website at [www.investors.primerica.com](http://www.investors.primerica.com), employees must promptly report any suspected or actual violations of our Code, other Company policies, law or other wrongdoings affecting the company. Reports can be made to one or more of the contacts listed in our Code, including an independent third-party managed ethics hotline that is available 24 hours a day, seven days a week. Contact information for our ethics hotline is also available on our Company website. Individuals making a report via the ethics hotline may choose to remain anonymous, and reports to the hotline are treated confidential to the extent permitted by law. Our Code prohibits retaliation against anyone who, in good faith, raises concerns or questions or reports matters regarding ethics, discrimination or harassment or suspected violations of other applicable law or Company policies. All employees receive mandatory annual training on our Code.

### **SYSTEMIC RISK MANAGEMENT**

#### *[FN-IN-550a.1 – Exposure to derivative instruments by category: \(1\) total potential exposure to non-centrally cleared derivatives, \(2\) total fair value of acceptable collateral posted with the Central Clearinghouse, and \(3\) total potential exposure to centrally cleared derivatives](#)*

Primerica's exposure to the derivative instruments described above were de minimis in 2019.



#### *FN-IN-550a.2 – Total fair value of securities lending collateral assets*

We participate in securities lending transactions pursuant to which we loan securities owned by us to increase investment income with minimal risk. We require collateral on securities loaned equal to 102% of the fair value of the loaned securities. We accept collateral in the form of securities, which we are not able to sell or encumber, as well as collateral in the form of cash, all of which we reinvest. Primerica's fair value of collateral assets held under securities lending arrangements at December 31, 2019 was \$28.7 million. See Item 8. Financial Statements and Supplementary Data of our 2019 Annual Report.

#### *FN-IN-550a.3 – Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities*

The Company's Board of Directors is responsible for the oversight of the Company's risk management framework. The oversight for significant risk management policies resides with the Company's Audit Committee of the Board under powers delegated by the Board. Management is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risk. The risks for which a potential capital or liquidity impact could be determined are identified and various stress scenarios are tested to model potential impacts to liquidity and capital. These risks include, but are not limited to, sudden market movements and credit events.

#### *FN-AC-550a.1 – Percentage of open-end fund assets under management by category of liquidity classification*

As described earlier, PFS Investments evaluates models for inclusion in the program and conducts ongoing due diligence of the models and unaffiliated investment advisors made available through the program. Neither PFS Investments nor the licensed independent sales force representative provide continuous or regulatory supervisory or management services with respect to the client's assets, as defined under Section 203A of the Investment Advisers Act of 1940. As a result, we don't track the percentage of open-end fund assets under management by category of liquidity classification.

#### *FN-AC-550a.2 – Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management*

Because we do not provide continuous or regulatory supervisory or management services with respect to our clients' assets, this item is not applicable.

#### *FN-AC-550a.3 – Total exposure to securities financing transactions*

We do not participate in securities financing transactions in our asset management business.

#### *FN-AC-550a.4 – Net exposure to written credit derivatives*

We do not have exposure to written credit derivatives.

### **ACTIVITY METRICS**

#### *FN-IN-000.A – Number of policies in force, by segment: (1) property and casualty, (2) life, and (3) assumed reinsurance*

At December 31, 2019, Primerica had 2,641,483 term life insurance policies in force. The company has no property and casualty policies and no assumed reinsurance policies. See Item 1. Business of our 2019 Annual Report.

#### *FN-AC-000.A – (1) Total registered and (2) total unregistered assets under management (AUM)*

At December 31, 2019, Primerica had \$70.5 billion in assets under management. All assets under management are in registered products. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2019 Annual Report.

#### *FN-AC-000.B – Total assets under custody and supervision*

We have custody arrangements with third party service providers pursuant to which such providers have custody of client assets.

