

# 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.

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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.

