



**Globe Life**

# **Environmental, Social & Governance Report**



## **About Globe Life**

Globe Life Inc. is headquartered in McKinney, Texas, just north of Dallas. Globe Life Inc. (NYSE: GL) is a financial services holding company specializing in life and supplemental health insurance for middle-income Americans, marketed through multiple distribution channels including direct response and exclusive and independent insurance agencies. Our success is earned one family at a time.

### **Below is a list of our major brands (operations are primarily in the U.S.):**

- American Income Life
- Globe Life Direct Response
- Liberty National Life
- United American
- Family Heritage Life

## **Stakeholders**

Communication with stakeholders is vital for Globe Life.

### **Below is a general list of Globe Life stakeholders:**

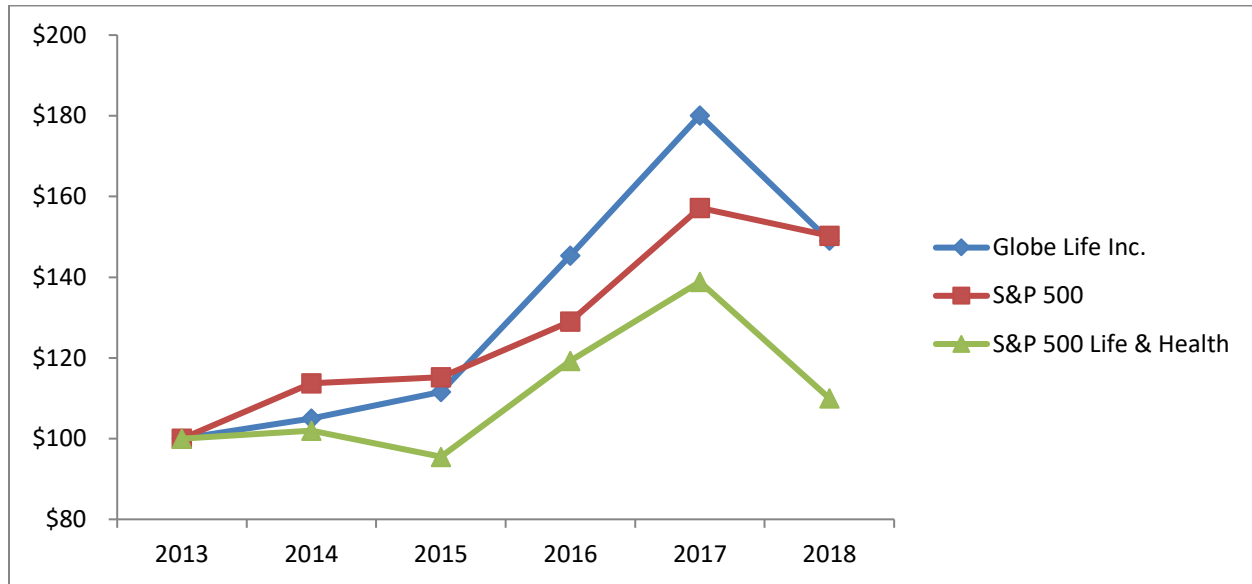
- Globe Life Inc. shareholders and other investors
- Policyholders
- Agents
- Employees and retirees
- Independent financial advisors and intermediaries
- Community leaders and residents
- National and local government officials
- Regulators
- Suppliers, vendors and business partners

## **Mission Statement**

Our purpose is to help working class families achieve financial protection from adverse circumstances.

## Financial Highlights

### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\* AMONG GLOBE LIFE INC., THE S&P 500 INDEX, AND THE S&P LIFE & HEALTH INSURANCE INDEX



\* \$100 invested on 12/31/13 in stock or index, including reinvestment of dividends. Fiscal year ended December 31. (Copyright © 2019 Standard & Poor's, a division of S&P Global. All rights reserved.)

## Financial Highlights - continued

### CASH RETURNED TO SHAREHOLDERS FROM 2008 THROUGH 2018

(\$ in millions)

Year	Share Repurchase	Dividends Paid	(A) Total Cash Returned	(B) Net Income	(A) / (B)
2009	\$47	\$47	\$94	\$383	25%
2010	\$204	\$50	\$254	\$499	51%
2011	\$788	\$49	\$837	\$497	168%
2012	\$360	\$56	\$416	\$529	79%
2013	\$360	\$61	\$421	\$528	80%
2014	\$375	\$65	\$440	\$543	81%
2015	\$359	\$67	\$426	\$527	81%
2016	\$311	\$67	\$378	\$550	69%
Subtotal			\$3,266	\$4,056	81%
2017	\$325	\$69	\$394	\$1,454*	27%*
2018	\$372	\$71	\$443	\$701*	63%*
10-Year Total			\$4,103	\$6,211	66%

\* The Company made adjustments to net income in 2017 and 2018 as a result of remeasuring deferred tax assets and liabilities at the newly enacted corporate rate of 21%. Excluding the tax reform adjustments, the ratio of total cash returned to net income would have been 77% over the past ten years.

Note: Tables in this report may not calculate due to rounding.

## Financial Highlights - continued

(\$ in millions, except per share data)

Operations	2018	2017
Total Premium	\$3,422	\$3,283
Net Operating Income <sup>1,2</sup>	707	574
Net Income <sup>2</sup>	701	1,454
Annualized Life Premiums In Force	2,465	2,373
Annualized Health Premium In Force	1,074	1,018
Diluted Average Shares Outstanding	115	119
Net Operating Income as a Return on Average Equity (excluding net unrealized gains on fixed maturities <sup>1</sup> )	14.6%	14.3%
Per Common Share		
Net Operating Income <sup>1,2</sup>	\$6.13	\$4.82
Net Income <sup>2</sup>	6.09	12.22
Shareholders' Equity (excluding net unrealized gains on fixed maturities <sup>1,2</sup> )	44.32	39.77

<sup>1</sup> This is a non-GAAP measure that differs from the comparable GAAP financial data. The Company includes non-GAAP measures to enhance investors' understanding of management's view of the business. The non-GAAP measures are not a substitute for GAAP, but rather a supplement to increase transparency by providing broader perspective. The Company's definitions of non-GAAP measures may differ from other companies' definitions. Reconciliations to GAAP financial data are presented in the following link. <https://investors.globelifeinsurance.com/>

<sup>2</sup> As a result of the tax reform legislation enacted in 2017, the Company made an \$874 million adjustment to net income to estimate the impact related to the change in the tax rate from 35% to 21%. The 2017 adjustment was treated as a non-operating event and thus excluded from net operating income.

## Investments

### FIXED MATURITIES AS OF 12/31/18

(\$ in millions)

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$15,087	\$15,697	\$610	A-	96%
Below Investment Grade	\$666	\$601	\$(65)	B+	4%
<b>Total</b>	<b>\$15,753</b>	<b>\$16,298</b>	<b>\$544</b>	<b>BBB+</b>	

### BY TYPE AS OF 12/31/18

(\$ in millions)

	Amort. Cost	Market Value
Corporates	\$13,785	\$14,226
Municipals	\$1,355	\$1,437
Government-sponsored enterprises	\$325	\$328
Government & Agencies	\$84	\$84
Residential mortgage-backed securities	\$1	\$1
Collateralized Debt Obligations	\$58	\$73
Other asset-backed securities	\$146	\$148
<b>Total</b>	<b>\$15,753</b>	<b>\$16,298</b>

The below link contains additional financial information.

<https://investors.globelifeinsurance.com/>

## **Facility Management**

Globe Life is committed to maintaining an environmentally friendly facility.

We continue to modernize our facilities to reduce our impact on the environment.



### **Below are highlights related to the sustainability of our corporate headquarters:**

- Approximately 60% of our lighting is LED.
- Approximately 70% of all plumbing fixtures are sensor controlled.
- All windows are double-paned and tinted.
- We have approximately 1,800 trees and shrubs that are native or adaptive and considered drought tolerant.
- Our sprinkler system is on a timer, has an auto shutoff rain sensor, and can be remotely monitored and controlled through cloud based services.
- We recycle aluminum cans with all proceeds benefiting Habitat for Humanity.
- Multiple purified water stations are available within our headquarters. This initiative prevents the use of approximately 280,000 water bottles (12 ounces) annually at Globe Life.
- Our Canon printers are Energy Star compliant.
- Certain areas of our facility utilize light sensors.
- We have adjusted our data center temperature from a 68 to 73 degree set point.
- The current EPA Energy score is 65. We will continue to explore opportunities to increase this score.
- We recycled approximately 3.4 tons of computer equipment and 128 gallons of oil in 2018.
- We diverted 19.2% or 30.5 tons of our waste from landfills to local recycling facilities.

## Paper Reduction

Reducing the amount of paper we use is a key focus at Globe Life. We monitor our operations for opportunities to eliminate the use of paper.

### **Below are a few initiatives we have implemented that reduce the amount of paper used:**

- eApp – 52% of our policyholders utilize a paperless application (eApp)
- ePolicy – Provides an electronic version of the policy certificate
- eService – This is a portal that provides customers paperless access to general account information and forms
- eBill – Policyholders can choose to receive an electronic bill rather than a paper bill
- Recurring drafts of premium – Policyholders utilizing recurring drafts do not receive monthly bills, therefore reducing the number of bills a policyholder receives
- Approximately 71% of all our premiums are received through an electronic format which reduces the overall paper usage



## Recycling

We maintain a secure recycling program within Globe Life.

We have easily accessible recycle bins throughout our corporate headquarters and routine processes that increase our recycling.





## Investments

Globe Life maintains a conservative investment philosophy.



**In determining where to place our investments,** we incorporate a robust risk management process in which we carefully evaluate the risks and opportunities inherent in each investment, including those related to pertinent environmental, social, and governance issues.

We invest primarily in long-duration investment grade fixed maturities. As such, sustainability is a very important consideration in our investment decision-making process. Because of the long duration of our bonds, it is critical that any company we invest in will be a viable going concern for at least the next 30 years.

### Impact Investments

Globe Life's portfolio includes approximately \$2.16 billion of impact investments as follows:

	<b>2018</b>
Municipal bonds, government agency and infrastructure	<b>\$1.8 billion</b>
Limited partnerships that develop low-income housing	<b>\$226 million</b>
Renewable energy	<b>\$116 million</b>

## ***Corporate Expenditures***

Globe Life is well known for its operating expense management. We require employees to use prudence in determining the appropriateness of any corporate expenditure. We have policies and procedures that manage expenditures and ensure appropriate management oversight.

## ***Information Security***

Globe Life addresses information security as a key enterprise risk, under the leadership of its Chief Information Security Officer (CISO). The CISO reports to the Chief Security Officer (CSO) who chairs our Security Risk Committee, a subcommittee of Globe Life Inc.'s Enterprise Risk Management Committee, where important policy and risk decisions are made. In addition to the CISO and CSO, the Security Risk Committee consists of the Chief Risk Officer, Administration and Investor Relations Officer, Chief Financial Officer, Chief Strategy Officer, Chief Information Officer, and Chief Talent Officer. The CISO also regularly reports program maturity and potential threats to the Audit Committee of Globe Life Inc.'s Board of Directors. This strong top-down management direction aids in the development and maintenance of physical, electronic and procedural safeguards to comply with applicable regulations and to protect the personal information of our customers, agents and employees. These measures, as set forth in enterprise-wide security policies and procedures, are designed to help prevent loss, misuse, unauthorized access or disclosure, alteration, or destruction of such personal information. Access to this personal information is restricted to those team members who “need to know” as a part of delivering the products and services requested.

## ***Physical Assets Disaster Recovery Plan***

Globe Life facilities could potentially be impacted by a natural disaster, severe weather or other potential threats. A disaster recovery plan has been developed throughout Globe Life to prevent or help lessen the impact of these occurrences. This plan is updated and tested on a recurring timeframe to verify that all information is accurate and operations can be continued in a safe and orderly manner.

## ***Sustainability Committee***

The Company has formed a sustainability committee comprised of various members of management, including the Company's Chief Investment Officer, Chief Risk Officer, Executive Vice President – Administration and Investor Relations, Vice President and Chief Talent Officer, and Director of Facilities. This committee, which is a sub-committee of the Enterprise Risk Management Committee, is responsible for setting the Company's corporate sustainability agenda.

The committee's responsibilities include, but are not limited to:

- i. identifying and reviewing all factors (e.g., facility management, disaster recovery, environmental concerns, data security, investments, corporate expenditures, workplace issues, and diversity) that could affect the Company's sustainability agenda,
- ii. developing policies and procedures that promote sustainable business practices at the Company, and
- iii. regularly reviewing and updating, as appropriate, this Environmental, Social and Governance Report.

The committee meets no less than semi-annually and reports regularly to the Enterprise Risk Management Committee regarding topics discussed and issues considered at committee meetings, as well as other committee activities.

## ***Enterprise Risk Management Committee***

In 2009, the Company created an Enterprise Risk Management Committee (ERM Committee). This committee identifies and reviews all major risks to the company, develops processes and plans to monitor, address and mitigate, and establish risk tolerance levels. The committee consists of senior-level executives such as the Chief Financial Officer, General Counsel/Chief Risk Officer, Chief Investment Officer, Executive Vice President – Administration and Investor Relations, Chief Strategy Officer, Chief Accounting Officer, Chief Information Officer, Chief Actuary, Chief Executive Officers/Presidents of each agency division, Chief Security Officer, Chief Information Security Officer, Chief Compliance Officer, and Chief Talent Officer. The Chair of the Audit Committee also serves as a non-voting member of the committee and the official liaison of the Board of Directors to the committee. The committee regularly reports to Globe Life Inc.'s Co-Chairmen and Chief Executive Officers and to the Board of Directors following committee meetings and makes such recommendations as the committee deems necessary or appropriate.

Additional information can be found within the link below.

<https://investors.globelifeinsurance.com/>



## ***Community Involvement***

Globe Life Inc. and its affiliates are proudly committed to the communities we serve.

We make it our mission to help others through volunteer and charitable giving opportunities. Globe Life believes in making financial and service contributions to programs that provide hands-on assistance in the communities where we live, work, serve and visit.

### **Below is a list of community service activities that Globe Life employees have participated in during 2018:**

- Back to school supply drive for McKinney schools and employees
- City of Richardson Corporate Challenge (benefiting the Special Olympics)
- Habitat for Humanity
- Harvest for Hunger
- Herman Lawson Early Childhood Toys for Tots
- McKinney High School Career Fair
- Meals on Wheels
- Memorial Marathon in OKC
- Race for the Cure
- Rangers' Toy Drive
- Regional Food Bank
- WFAA Toy Drive

### **Below is a list of some of the charitable donations we made in 2018:**

- American Heart Association
- Children's Advocacy Center For Collin County
- Kidney Cancer Coalition
- Make-A-Wish
- Meals on Wheels
- New View Oklahoma
- North Texas Food Bank
- Special Olympics
- Regional Food Banks
- Texas Rangers Foundation
- UT Southwestern Medical Center

## Code of Conduct

As we work to meet individual and company-wide business goals at Globe Life, we must ensure that the work we perform and the business we conduct is done with integrity and in accordance with the highest ethical standards. Globe Life Inc. and its subsidiaries are committed to maintaining a business atmosphere and work environment based on honesty, fair dealing and sound business ethics.

Our Code of Conduct expresses the standards of integrity and business conduct that every company employee, contractor, officer and director must uphold and follow. Adherence to honesty and integrity in our actions only further enhances our company, employees, policyholders and shareholders.

## Equal Employment Opportunity

The Company has a policy of equal opportunity free from discrimination including with respect to hiring or promotion because of race, sex, marital status, age, color, religion, creed, national origin, physical, sensory or mental disability, veteran status, sexual orientation, gender identity, gender expression, or other protected status or characteristic protected by law. The Company is committed to providing an inclusive and welcoming environment for all members of our community and to ensuring that employment, promotion and workplace advancement decisions are based on the individual's abilities and qualifications. The Company is morally and legally committed to giving all persons equal opportunities based solely on their individual qualifications and the valid requirements of the position. This policy ensures that only relevant factors are considered and that equitable and consistent standards of conduct and performance are applied. To the right are the demographics of the Globe Life workforce (approximately 3,100 employees).

The Globe Life Inc.'s Board of Directors consists of a diverse group of members, with 43% of the Board's members being minorities.

## Diversity and Inclusion

Globe Life hosts an international fair that highlights the diversity

### As of 12/31/18

#### Globe Life Workforce Demographics



##### Gender:

65% Female  
35% Male

##### Ethnicity:

55% Caucasian  
22% African American  
11% Hispanic  
9% Asian  
1% American Indian  
2% 2 or more

##### Generations:

38% Gen Y (Millennial) (1978-1995)  
27% Baby Boomer (1946-1964)  
31% Gen X (1965-1977)  
3% Gen Z (1996-present)  
1% Traditionalist (1945 & before)

93% Full-time  
7% Part-time

among our workforce and the pride employees take in their individual heritage. The event is open to all employees and any country can be represented. All countries that are represented have a booth to display items and facts about the country.

### **Health and Safety**

Globe Life strives to provide a safe and healthy work environment. Each of us has a responsibility to maintain a safe and healthy workplace for everyone by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted.

### **Non-Discrimination and Anti-Harassment Policy**

Globe Life is committed to a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, Globe Life expects that all relationships among persons in the workplace will be professional and free of bias, prejudice and harassment. It is our policy to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, disability, marital status, creed, or any other characteristic or class protected by law. Globe Life prohibits and will not tolerate any such discrimination or harassment.

### **Disabilities Policy**

Globe Life is committed to complying with all applicable provisions of the Americans With Disabilities Act (“ADA”) and the Americans with Disabilities Act Amendments Act of 2008 (“ADAAA”). It is Globe Life’s policy not to discriminate against any qualified employee or applicant with regard to any terms or conditions of employment because of an individual’s disability or perceived disability. Consistent with this policy of nondiscrimination, Globe Life will provide reasonable accommodations to a qualified individual with a disability, as defined by the ADAAA, who has made Globe Life aware of his or her disability, provided that such accommodation does not constitute an undue hardship on Globe Life. Globe Life encourages individuals with disabilities to come forward and request reasonable accommodation(s).

### **Time off and Leave Policies**

Time away from work to relax and pursue special interests is important to everyone. We recognize that allowing our employees to have breaks from work and devote time to fun, friends and family is critical to maintaining their exceptional performance. Our various time off and leave policies allow our employees to relax and tend to personal matters.

Please see the below link for additional information regarding Code of Business Conduct and Ethics.

[https://investors.globelifeinsurance.com/MediaLibraries/GlobeLifeInvestorRelations/pdfs/Code-of-Business-Conduct-and-Ethics-\(Ed-Aug-2019\).pdf](https://investors.globelifeinsurance.com/MediaLibraries/GlobeLifeInvestorRelations/pdfs/Code-of-Business-Conduct-and-Ethics-(Ed-Aug-2019).pdf)

## ***Flexible Work Schedules***

Globe Life recognizes a flexible work schedule may make it easier for employees to meet their family/ personal needs or responsibilities. Flexible work schedules may be available depending on the specific job requirements.

## ***Employee Training and Development***

At Globe Life, we believe in continuous learning. We know that our biggest resource is our employees and we want to provide opportunities to continue employee development.

Globe Life offers training courses to employees through a third-party vendor and incentives are offered based on the employee's performance in the course. An education assistance program is also offered for employees who are continuing their education through an accredited college or curriculum that offers growth in an area related to his or her current position. This can include college credit courses, continuing education unit courses, seminars and certification tests. A formalized mentoring program and leadership courses through an accredited college are also provided to select middle managers at no cost to the employee.

### **Below is a list of other training and development opportunities at Globe Life:**

- Learning management system that provides various training modules
- Communication, public speaking, and leadership improvement meetings
- Routine training on information security
- Financial wellness program

Globe Life is committed to the wellness of its employees. Onsite wellness screenings, breast examinations, and flu shots are provided to employees. Healthy vending options are also provided. Free fruit is provided to employees periodically. There are other opportunities offered to employees such as healthy living competitions and occasional exercise classes.



Our biggest  
resource is our  
employees.



## **Privacy and Data Security**

Proper handling of confidential information is of the utmost importance to Globe Life. We are committed to keeping policyholder information private. We routinely review and improve our policies and procedures and security measures to ensure confidential information is not breached. We have an Information Security team that focuses on maintaining the security of personal information and mitigates the risk of potential threats. Routine security training is also provided to Globe Life employees.

## **Globe Life Inc. Board of Directors Director Responsibilities**

Directors' activities consist primarily of two basic functions: decision-making and oversight. In the discharge of these functions, it is a director's responsibility to exercise his or her duty of care (by exercising appropriate diligence in making decisions and taking other actions, as well as overseeing management of the corporation) and his or her duty of loyalty (by exercising his or her powers as a director in good faith in the best interests of the corporation and not in his or her own interest, or in the interest of another person or organization with which he or she is associated).

Accordingly, a director should become generally familiar with and knowledgeable about Globe Life's business, including the economic and competitive environment in which it operates. A director is not, however, expected or required to become an expert regarding all areas of Globe Life's business or any specific aspects thereof. Directors are expected to attend and participate in Board meetings and the meetings of all Board committees to which they have been appointed, either in

person or by teleconference or other electronic means. Directors will receive Board and committee meeting agendas and related meeting materials sufficiently in advance of meetings to allow them to review and enable them to participate in an informed manner at all meetings. Directors will receive and are expected to review minutes of Board meetings and the committees on which they serve. Directors will be kept informed of the activities of those Board committees on which they do not serve through circulation of committee minutes or written or oral reports from such committees to the full Board. Directors may inspect the books and records of Globe Life Inc. and its subsidiaries and may inspect Company facilities as reasonably appropriate for the performance of their duties.

## **Board Membership Criteria**

Globe Life Inc. believes there should be wide latitude in the selection of new candidates for membership on the Board. Potential candidates should be assessed in the context of the then current composition of the Board and the particular needs of the Company.

## **Selection of Directors**

The selection of directors, both for initial election and re-nomination as incumbents, is a crucial part of Globe Life Inc. corporate governance. The development of a broad, inclusive pool of potential director candidates based on the director independence and qualification standards is at the core of the selection process. Recommendations of potential Board candidates may come from the existing directors, the Co-Chairmen and Chief Executive Officers, the Lead Director, other members of management, shareholders or external resources used to identify prospective candidates. The Governance and Nominating Committee,



in conjunction with the Co-Chairmen and Chief Executive Officers and the Lead Director, reviews the qualifications and attributes of candidates for membership on the Board from whatever source such candidates are received and thereafter reports its recommendations regarding director nominees to the full Board. The Board reviews all candidates proposed for nomination by the Governance and Nominating Committee and may choose to elect such person(s) to the Board in the interim periods between Annual Meetings of Shareholders or to submit such nominees to the shareholders for election or re-election to the Board at an Annual Meeting of Shareholders.

### **Director Tenure**

All directors will be elected annually for one-year terms, subject to the Board's Retirement and Tenure Policy. This policy provides that, absent extraordinary circumstances, outside directors will retire at the Annual Meeting of Shareholders of Globe Life Inc. immediately following the earlier of their 74<sup>th</sup> birthday or their completion of 18 years of service on the Board. Inside directors retire at the Annual Meeting of Shareholders immediately following their 70<sup>th</sup> birthday.

### **Size of the Board**

The By-Laws of Globe Life Inc. provide that the Board will have not less than seven nor more than fifteen members. The By-Laws further state that the exact number of directors will be established from time to time by a resolution of the Board.

Maintaining Board membership in this numerical range provides Globe Life Inc. the flexibility to accommodate the availability of an outstanding candidate without hindering effective discussion or diminishing individual accountability.

### **Independence**

At least a majority of the members of the Board of Directors shall at all times be "independent" within the guidelines and regulations of the New York Stock Exchange and Securities and Exchange Commission, as then currently set forth. The Board of Directors, with the subject director abstaining, shall, after considering all of the relevant circumstances, make an affirmative determination that the director has no material relationship with Globe Life Inc. or its subsidiaries (either directly or as a partner, shareholder or officer of any organization that has a relationship with Globe Life Inc. or its subsidiaries) before a director will be qualified as "independent". Annually, the Governance and Nominating Committee as well as the Board will review the relationships that each director has with Globe Life Inc. and its subsidiaries to ensure compliance with NYSE and SEC requirements. The Board may adopt and disclose additional categorical standards to assist it in determining director independence. Globe Life Inc. discloses these independence determinations in its annual disclosure documents.

## **Committees**

The Board of Directors is vested with the authority to create such committees as it deems necessary and appropriate. Currently, there are three standing Committees of the Board: (a) Audit, (b) Compensation, and (c) Governance and Nominating. The Board may also, from time to time, establish certain special purpose committees, designating the duties and members of such committees. Each Committee Chair, in consultation with other committee members, determines the frequency and length of committee meetings.

## **Non-GAAP Measures**

In this report the Company includes non-GAAP measures to enhance investors' understanding of management's view of the business. The non-GAAP measures are not a substitute for GAAP, but rather a supplement to increase transparency by providing broader perspective. The Company's definitions of non-GAAP measures may differ from other companies' definitions. More detailed financial information including various GAAP and non-GAAP measurements are located at <https://investors.globelifeinsurance.com/>

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

This report may contain forward-looking statements within the meaning of the federal securities laws. These prospective statements reflect management's current expectations, but are not guarantees of future performance. Accordingly, please refer to the Company's cautionary statement regarding forward-looking statements, and the business environment in which the Company operates, contained in the Company's Form 10-K for the year ended December 31, 2018, and any subsequent Forms 10-Q on file with the Securities and Exchange Commission and on the Company's website at <https://investors.globelifeinsurance.com/>. The Company specifically disclaims any obligation to update or revise any forward-looking statement because of new information, future developments or otherwise.

