

# CORPORATE GOVERNANCE GUIDELINES

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**Torchmark Corporation**  
**Corporate Governance Guidelines**

The following Corporate Governance Guidelines have been adopted by the Board of Directors of Torchmark Corporation (“Torchmark”) to assist the Board in exercising its responsibilities. The Corporate Governance Guidelines reflect the Board’s commitment to monitor policy and decision-making effectiveness both at the Board and management levels in order to enhance long-term shareholder value. These Guidelines will be reviewed by the Board annually, acting through its Governance and Nominating Committee, and are subject to modification from time to time. Waivers of the Guidelines may only be made by the Board.

## **A. DIRECTOR RESPONSIBILITIES**

Directors' activities are to be geared to meeting 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 in 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 Torchmark'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 Torchmark'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 the same 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 Torchmark and its subsidiaries and may inspect their facilities as reasonably appropriate for the performance of their duties. A director who is unable to attend a Board or Board committee meeting (which is understood will occur on occasion) is expected to notify the Corporate Secretary of Torchmark, who will advise the Co-Chairmen of the Board and/or the relevant Committee Chair.

Directors are expected to be present at the Annual Meeting of Shareholders unless they have an emergency, illness or an unavoidable conflict.

## **B. DIRECTOR QUALIFICATION STANDARDS**

### **(1) Board Membership Criteria**

Torchmark 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 Torchmark.

#### **(a) 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 Torchmark or its subsidiaries (either directly or as a partner, shareholder or officer of any organization that has a relationship with Torchmark 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 Torchmark and its subsidiaries to ensure compliance with NYSE and SEC requirements. The Board has adopted and disclosed on the Company's website additional categorical standards to assist it in determining director independence. Torchmark will disclose these independence determinations in its annual disclosure documents.

### **(b) Limits On Number Of Boards On Which A Director Serves**

A non-management director of Torchmark (“Outside Director”) may serve on the boards of directors of a total of five (5) unaffiliated, publicly traded companies. A Chief Executive Officer or other executive officer of Torchmark may serve on the boards of directors of a total of two (2) unaffiliated, publicly traded companies. An individual director should carefully evaluate the required time commitments for each board on which he or she serves and determine that he or she can adequately fulfill his or her duties as a director on each such board.

Directors are expected to advise the Co-Chairmen of the Board and the Chair of the Governance and Nominating Committee of any other company directorships and any assignments to the audit or compensation committees of any other board.

### **(c) Former Chief Executive Officer’s Board Membership**

The matter of service of a former Chief Executive Officer of Torchmark on the Board will be decided on a case-by-case basis. A former Chief Executive Officer serving on the Board would not be considered an independent director for purposes of corporate governance for the period specified by the NYSE rules.

### **(d) Directors Who Change Their Present Job Responsibilities**

Directors are selected on the basis of their individual qualifications and attributes. The Board does not believe that the qualities which led the Board to select a given individual for membership on the Board change merely because of a change in that director’s current job responsibilities. It is anticipated that a director who assumes a new position with an inherent conflict of interest between his or her new job and his or her Torchmark Board membership would tender his/her resignation from the Board. A director who is an employee of Torchmark, a subsidiary or an affiliate (“Inside Director”) who leaves to accept employment elsewhere is expected to tender his or her resignation as a director. Situations involving Inside Directors whose responsibilities change or who retire from Torchmark or its subsidiaries are approached on a case-by-case basis.

## **(2) Size of The Board**

The By-Laws of Torchmark provide that the Board will have not less than seven (7) nor more than fifteen (15) 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 Torchmark the flexibility to accommodate the availability of an outstanding candidate without hindering effective discussion or diminishing individual accountability.

## **(3) Director Terms**

All directors will be elected annually for one-year terms, subject the Board’s Retirement and Tenure Policy set forth herein.

## **(4) Retirement and Tenure Policy**

Effective April 30, 2019, Outside Directors will retire at the Annual Meeting of Shareholders of the Company immediately following the earlier of their 74<sup>th</sup> birthday or their completion of 18 years of service on the Board. Under extraordinary circumstances only, the Board may determine that the interests of the Company and its shareholders would be better served by nominating or re-nominating a director after he or she reaches the aforementioned retirement age or number of completed terms for an additional one-year term; provided, however, that exceptions to the director retirement age and tenure policy under extraordinary circumstances may not be made for an individual director to permit more than a total of two additional terms.

Inside Directors retire at the Annual Meeting of Shareholders immediately following their 70th birthday.

#### **(5) Selection of the Chairman or Co-Chairmen of the Board**

The Board of Directors has broad discretion in the selection of a Chairman or Co-Chairmen of the Board.

### **C. SELECTION OF DIRECTORS**

The selection of directors, both for initial election and re-nomination as incumbents, is a crucial part of Torchmark's 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.

### **D. DIRECTOR ACCESS TO SENIOR MANAGEMENT AND INDEPENDENT ADVISORS**

Directors have full and complete access to management of Torchmark and its subsidiaries and are encouraged to take advantage of this access. Such access is enhanced by the attendance at Board meetings of the Chief Financial Officer, General Counsel, Chief Actuary, Chief Investment Officer, Chief Information Officer, Chief Strategy Officer, and Administration and Investor Relations Officer of Torchmark. On occasion, various other members of senior management of Torchmark and the principal insurance subsidiaries attend Board meetings so that they may share a particular insight or expertise with the Board.

The Board and its committees are authorized to retain, at Torchmark's expense, their own independent advisors, experts, consultants, counsel and accounting professionals, from time to time, when such persons or firms are deemed necessary.

### **E. BOARD INTERACTION WITH INSTITUTIONAL INVESTORS, ANALYSTS, THE PRESS, CUSTOMERS AND SHAREHOLDERS**

The Board believes that management should speak for Torchmark. The involvement of Board members in interactions with institutional investors, analysts, the press, customers and shareholders would occur with the knowledge of senior management and typically, at the request of such management.

Any interested parties, including employees, policyholders and shareholders, who desire to communicate with the Outside Directors regarding Torchmark may do so by writing to the Lead Director of the Board in care of the Corporate Secretary, Torchmark Corporation, 3700 South Stonebridge Drive, McKinney, Texas 75070.

Any interested parties may communicate with the full Board of Directors or a specific director or directors in care of the Corporate Secretary, Torchmark Corporation, 3700 South Stonebridge Drive, McKinney, Texas 75070.

## F. DIRECTOR COMPENSATION

It is the belief of Torchmark that in order to attract and maintain outside directors of the highest caliber, Board compensation must be comparable to and competitive with our peer companies and other prominent U.S. companies. Torchmark also believes that the compensation paid to Outside Directors should be an appropriate mix of cash and stock-based compensation. Inside Directors do not receive any additional compensation for their service on the Board.

Compensation of Board members is monitored by the Compensation Committee of the Board of Directors with the assistance of senior management of Torchmark. Levels and the forms of compensation paid at Torchmark's peer companies are regularly reviewed and compensation studies and any consultants engaged by the Compensation Committee may be utilized in the evaluative process. Periodic adjustments are made in Board compensation by the full Board of Directors based upon recommendations from the Compensation Committee.

Outside Directors may elect to receive all or a portion of their annual cash compensation in quarterly cash payments or they may annually elect to defer their compensation and receive it in the form of grant date market value stock options, restricted stock or restricted stock units or have such deferred compensation held in an interest-bearing account for a five-year period. Outside Directors also automatically receive a portion of their compensation in the form of equity – either as market value stock options, restricted stock or restricted stock units based upon their individual timely elections. Newly-elected Outside Directors automatically receive an award of restricted stock upon their first election to the Board.

Consulting contracts and other compensatory arrangements involving a director and Torchmark or any of its subsidiaries will be reviewed pursuant to Torchmark's Conflict Of Interest Policy and its Related Party Transactions Policy and will comply with any applicable SEC and NYSE requirements. Contributions by Torchmark or its subsidiaries to charities with which a director is affiliated will be reviewed by Torchmark's Legal Department.

## G. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

It is very important that directors of Torchmark have a basic core knowledge and understanding of Torchmark and its subsidiaries, their businesses and operations. To that end, the Governance and Nominating Committee of the Board of Directors is charged with developing and maintaining a director orientation/onboarding program for new directors, which includes extensive written background materials, face-to-face meetings with senior management and visits to facilities.

Continuing education for directors is also encouraged with respect to Torchmark's business and financial statements, corporate governance and other appropriate subjects. Director continuing education may be provided internally by Torchmark or may be obtained from outside sources.

## H. OPERATION OF BOARD OF DIRECTORS

### **(1) Board Agendas**

The Lead Director, in consultation with the Co-Chairmen and Chief Executive Officers, and senior management, will establish an agenda for each Board meeting. All Board members are free to suggest the inclusion of items for the agenda.

### **(2) Board and Committee Materials Distributed in Advance**

It is the practice of Torchmark to distribute the agenda and relevant exhibits and reports to the Board or Board committees in advance of their meetings. To the extent possible, this Board material is distributed

at least five days prior to the Board meeting and committee material is distributed not later than the day prior to the meetings.

### **(3) Presentations**

Presentations are made to the Board both orally and in writing. Not all oral presentations are supported by a written report. Written materials supporting presentations may be distributed to Board members in advance of Board meetings, as described above or, on occasion, at such meetings.

### **(4) Executive Sessions of the Board**

The Outside Directors of Torchmark will meet in regularly scheduled executive sessions without management present either before, after or otherwise in conjunction with physically-held Board meetings. The Lead Director will preside at each such session or in the Lead Director's absence, another independent director will preside. The name of the Lead Director or of any other such presiding director will be disclosed in Torchmark's Proxy Statement. At least one scheduled executive session per year shall be conducted with only directors meeting the NYSE definition of independent present and participating.

### **(5) Lead Director**

A designated Lead Director will be elected by and from the independent members of the Board annually; provided, however, that the person elected as the Lead Director must have served a minimum of one year on the Board to qualify as a Lead Director and that a person may not serve as Lead Director for more than three one-year terms in succession without express agreement of the Board. The Lead Director shall have duties, which include, but are not limited to, the following:

- (a) Coordinating scheduling of/preparation for Board meetings and executive sessions of the Board, including approval of meeting agendas and schedules to assure that there is adequate time for discussion of all agenda items;
- (b) Leading Board meetings if both of the Co-Chairmen are not present and all executive sessions of the Board; provided, however, that if at any time the Lead Director is also not present, the independent members of the Board then present shall select another independent director to perform this duty;
- (c) Acting as the principal liaison between the independent directors and the Co-Chairmen and Chief Executive Officers;
- (d) Advising the Committee Chairs in fulfilling their roles and responsibilities;
- (e) Defining the scope, quality and timeliness of the information flow between management and the Board;
- (f) Leading the process of employing, evaluating and compensating the Co-Chairmen and Chief Executive Officers;
- (g) Coordinating Co-Chairmen and Chief Executive Officers, Director and Board performance evaluations;
- (h) Approving retention of Board consultants;
- (i) Having the authority to call meetings of the independent directors; and
- (j) Being available for consultation and communication with shareholders upon request.



## **(6) Annual Performance Evaluation of the Board**

Critical self-examination is an important and ongoing responsibility of any business entity. While the ultimate assessment of the performance of the Board of Directors inherently rests with the shareholders of Torchmark, the Board shall complete an annual self-assessment to determine whether it and its committees are functioning effectively, which shall be coordinated by the Lead Director and overseen by the Governance and Nominating Committee.

## **I. COMMITTEES OF THE BOARD OF DIRECTORS**

### **(1) Board 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 responsibilities of these Committees are set forth in the respective Charters of each such Committee, copies of which are located on the Company's website. 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.

### **(2) Independence of Board Committees**

Each of the Audit Committee, Compensation Committee, and Governance and Nominating Committee will be comprised entirely of independent directors who satisfy all the applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

### **(3) Committee Assignment and Rotation**

At the Annual Meeting of the Board, committee assignments are made for all standing Board committees. It has been the custom of the Board to rotate the position of Committee Chair and the members of the various committees of the Board periodically. However, the Board does not feel that rotation of committee members or Committee Chairs should be mandated inasmuch as there may be compelling reasons, such as a particular expertise, for a given director to maintain his or her membership on a given committee for an extended period of time.

### **(4) Committee Agendas**

The Committee Chair, in consultation with the Co-Chairmen and Chief Executive Officers and other members of senior management, will develop the agendas for the respective committees. Any committee member may request that additional items or discussion topics be added to the agenda and brought before the committee.

## **J. MANAGEMENT SUCCESSION AND SUCCESSION PLANNING**

The Board of Directors is ultimately responsible for succession planning and management succession, working with the current Co-Chairmen and Chief Executive Officers and unaffiliated consultants if necessary, to review, evaluate and identify potential candidates, both within and outside of Torchmark and its subsidiaries, to serve as the successor(s) to the Chief Executive Officer(s). Once a successor is identified and approved by the Board, such person(s) shall serve upon the planned retirement or departure of the Chief Executive Officer(s). In the event of any unplanned departure of a Co-Chairman and Chief Executive Officer resulting from a resignation, termination, death, temporary or permanent

incapacity or disability, or other temporary or permanent absence of a Co-Chairman and Chief Executive Officer, Torchmark's Emergency Succession Plan, as approved by the Board, shall be promptly implemented.

Comparable procedures shall be used to identify successors to the Chief Financial Officer, General Counsel, Chief Actuary, Chief Investment Officer, Chief Information Officer, Chief Strategy Officer, Chief Talent Officer, Administration and Investor Relations Officer and the heads of Torchmark's principal operating subsidiaries. Such successors shall serve in their respective roles upon the retirement or departure of their predecessors or in the event of an emergency or incapacity of their predecessors.

#### **K. PERFORMANCE ASSESSMENTS OF THE CO-CHIEF EXECUTIVE OFFICERS**

Critical self-examination is an important and ongoing responsibility of any business entity. The Co-Chairmen and Chief Executive Officers are generally held accountable for the actions of Torchmark and are constantly judged vis-à-vis the performance of the business, the earnings of Torchmark, the performance of the stock and management development. The Board shall annually conduct a formal assessment of the performance of the Co-Chairmen and Chief Executive Officers to evaluate their effectiveness in such roles.