

Hastings

# Building a sustainable future

Hastings Group

Sustainability Report 2021



We are a technology driven insurance provider, delivering straightforward products and services to 3.1 million car, bike, van, and home insurance customers in the UK, and we employ 3,000 colleagues across sites in Bexhill, Leicester, London and Gibraltar.

Our vision is to be the best and biggest digital insurance provider, powered by our belief in doing the right thing and enabling us to deliver sustainable value.

Hastings Group ("Hastings", "Company", "Group") comprises the ultimate UK parent entity Hastings Group (Consolidated) Limited and its wholly owned subsidiaries, including its two main operating businesses - Hastings Insurance Services Limited (trading as Hastings Direct), in the UK, and Advantage Insurance Company Limited, in Gibraltar. This report refers to activities conducted at the operating entity level within the Group.



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# Building a sustainable future

I'm immensely proud of how our colleagues have continued to support each other, our customers, and communities during 2021 and to work together to build towards a more sustainable future, often in difficult circumstances where it would have been easy to focus on more short term issues.

## Foundations for a sustainable business

We have an ambitious strategy and sustainability goals including continuing to reduce our impact on the environment. Results have included being certified as a CarbonNeutral® company for the second year running, zero emissions from electricity across our two main sites, zero waste being sent to landfill from our UK sites since February, and beginning to use recycled (green) parts in our vehicle repair process. I am pleased to say we have reduced our carbon footprint by 76% compared to our 2019 baseline, exceeding our original target of a 50% reduction by 2022.

As we look forward, we have made a number of commitments, including working towards becoming a net-zero organisation by 2050; reducing the carbon intensity of our investment portfolio by 50% by 2030; and becoming signatories to the United Nations Principles for Responsible Investing (UN PRI).

Following Sampo's majority shareholding purchase in 2020, an agreement was reached in December 2021 for the remaining Rand Merchant Investment Holdings ('RMI') shares to also be purchased by Sampo. We look forward to working with the Sampo team to continue, and where possible accelerate, our actions.

A big thank you to all my colleagues. Overall a year of great progress. Now on to even more in 2022.

**Toby Van der Meer**  
Chief Executive Officer



"We have reduced our carbon footprint by 76% compared to our 2019 baseline"



## Positive social impact

We've worked on a number of initiatives this year to deliver our wider ESG strategy; key highlights include:



We significantly invested in working flexibly, including new technology and laptops so colleagues have a better experience at home or in the office. These actions support the 2022 launch of our hybrid working model, which provides colleagues with more flexibility and will help us to recruit diverse talent, and support social mobility.



We continued to build our inclusive culture where everyone is encouraged to be who they are. This was recognised by us being placed 29th in the Top 50 UK Inclusive Employers 2021. We also launched our #CountMein initiative designed to encourage colleagues to provide data that will enable us to gain greater insight into the diversity of our workforce.



Our colleague engagement score has continued to rise; and I am really pleased that in 2021 we recorded the highest score in the Company's history.



Keeping our customers at the heart of everything we do; we made updates to our digital app and online journeys, alongside systems and claims process enhancements, leading to continued high customer satisfaction scores and an increase in customers stating that they would recommend us.



Good progress was made on internal colleague development, as well as on the recruitment of diverse talent, including from our graduate schemes, internships and apprenticeships, helping to bridge the gap between education and employment.



We continued to offer financial support to those who found themselves in need through our colleague hardship fund, payment holidays and premium refunds for customers, and extra claims support for NHS and frontline healthcare workers, as well as our ongoing COVID-19 Community Commitment Scheme.

# 4Cs and Sustainability at the heart of everything we do

We believe that by creating the right culture for our colleagues and giving them the right tools to do their jobs, they will do more for our customers. This will enable us to grow the company profitably and sustainably, and will allow us to invest in the communities we serve, both in society and the wider environment.




## We focus on 4 key areas as part of ESG strategy which are underpinned by our 4Cs:

We know that tackling sustainability and ESG challenges is about collectively coming together as a community to drive change and have a bigger impact, which is why our 4Cs play a vital role in helping us achieve our ESG and company goals through our day to day actions.

We focus on 4 key areas as part of ESG strategy which are underpinned by our 4Cs:




### Operating responsibly

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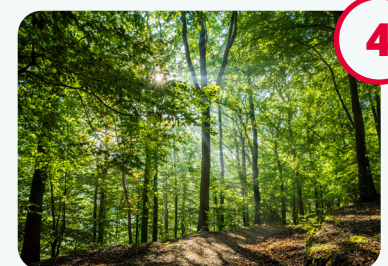
### Valuing our colleagues and customers

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### Supporting our communities

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### Reducing our environmental impact

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### 1 Operating responsibly



**29,000kg**  
of carbon emissions

29,000kg of carbon emissions saved through beginning to use recycled (green) parts within our vehicle repair process

**Data Protection Champion network launched among colleagues**



**AA**  
ESG rating

Improved ESG rating on investment portfolio from "A" to "AA"



### 2 Valuing our colleagues and customers



**Continued high customer Net Promoter Score and customer recommendation**



**3,000+**  
colleagues

3,000+ colleagues provided with new IT equipment, creating a better experience for colleagues and customers

**Highest rated App**

Our mobile app remains highest rated insurance app



### 3 Supporting our communities



**128 local students** took part in the Futuready education mentoring programme, supported by Hastings colleagues

#### Environment

Adopted a section of local beach and provided beach cleaning, helping to preserve and protect our local marine environment



**£198,000**  
donated

COVID-19 Community Commitment Scheme donated £198,000, supporting:

- 140 charities across Bexhill and Leicester areas
- 23 schools supported via the Computers for School scheme

### 4 Reducing our environmental impact



#### Zero waste

Zero waste to landfill from our UK sites



**Certified CarbonNeutral®** organisation for second year running



**76%**  
reduction

Carbon emissions reduction of 76% against our 2019 baseline

#### Zero emissions

Zero emissions from electricity across both main sites



### 1 Operating responsibly

We have ambitious plans to become the 'best' digital insurance provider, which will in turn lead to us becoming one of the 'biggest' and a market leader in the UK insurance sector. Our business model and 4Cs culture are at the heart of our ability to deliver on our strategy.

#### Strategically focussed on large markets

##### UK Car market

**32 million**  
cars

**2.6 million**  
customers

**8.4%**  
market share

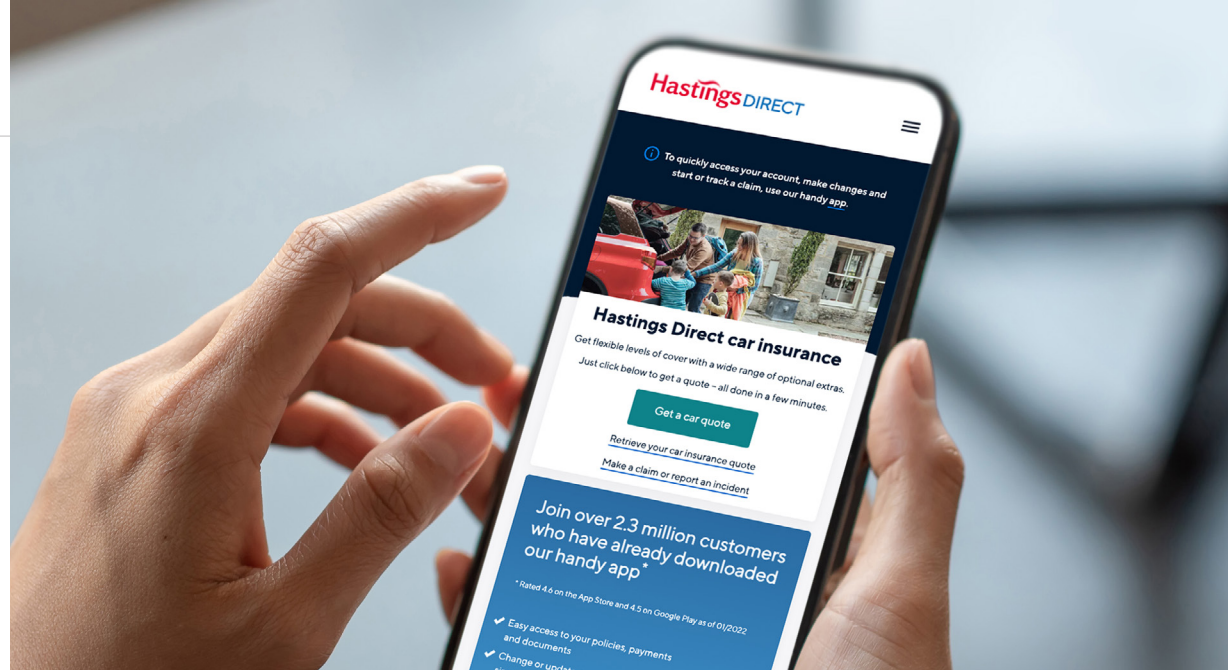


##### UK Home market

**21 million**  
homes

**0.3 million**  
customers

**1.5%**  
market share



#### Built for the way the majority of customers now buy their insurance

We have embraced digital capabilities in order to fully optimise our business to take advantage of the continued growth in digital channels, in particular the use of mobile apps.



#### Small team, colleague centric culture

We have a small leadership team with committed colleagues, and a focus on delivery, which means we can be agile and move quickly on execution.



#### Underwriting discipline and business segmentation

Our business structure is designed to separate retail and underwriting activities and decision making, with the retail focused on optimising value, and underwriting focused on sophisticated risk selection.



#### Low cost, efficient operating model

We have a low operating cost base with further efficiencies being delivered through our modern core platforms and the digitalisation of processes.



## Our ESG areas of focus

### 1 Operating responsibly

We are committed to doing the right thing, creating positive impact whilst growing our business in a sustainable way. We work hard to ensure that we operate ethically, lawfully and with integrity, and we expect all colleagues to also conduct themselves in this way. Ethical conduct and strong governance are essential to meeting the needs of colleagues, customers, and local communities and the running of a successful business, with a wider focus on the environmental and social impacts of our activities.

#### Cyber security and data protection

We take the protection and integrity of personal data and information security very seriously and provide clarity and transparency about how customer and colleague data is used and protected. As we work towards being the best and biggest digital insurance provider, cyber security is extremely important. This year we have further enhanced cyber security and continued to prevent incidents of corruption, bribery, and fraud. We also work with our suppliers and partners to drive high standards across our supply chain, based on our 4Cs approach.

#### Ethical conduct and effective governance

We believe in observing high standards of corporate governance. Our governance framework is kept under ongoing review and is supported by a system of internal controls and processes for identifying, managing, and mitigating key risks. We also work openly and transparently with the bodies that regulate our business, such as the UK Financial Conduct Authority and the Gibraltar Financial Services Commission.



“Improved ESG score of “AA” across our investment portfolio, based on MSCI” \*



#### Responsible underwriting and investment

As an insurance business, underwriting and investing are fundamental elements, and it is critical to our long-term success that we approach these in a sustainable and responsible way, by considering environmental and ethical matters in our decision making.

Our underwriting standards are well established, and decisions are based on data, enabling us to react quickly to changes in the market. We are focused on adapting as customer behaviours and requirements change, and we regularly explore options to support necessary changes. For example, we use key data sources that identify flood risks of each residential property, allowing us to consider the effects of temperature rises and the impact on underwriting rules longer term.

We believe that we can promote a change for good by choosing how and where we invest our funds. We have a responsible investment framework that incorporates ESG considerations into our investment decisions, helping us achieve an improvement in our overall ESG rating from “A” to “AA” and the overall score improved from 6.7 to 7.3.

This is achieved by continuing to exclude items like tobacco and coal from our investment portfolio and in 2021 we made a commitment to take this a step further, setting a climate change related target to reduce the carbon emission intensity of our portfolio by 50% by 2030. We have also made a commitment to become a signatory to the United Nations Principles for Responsible Investing (UN PRI), showing our commitment to considering the environmental and social issues in all our decisions relating to investments, providing us with the opportunity to help influence the investment market, and have an even bigger impact.



Target to reduce the carbon intensity of our investment portfolio by 50% by 2030



Zero anti-corruption and bribery incidents reported during 2021

\*MSCI is an investments research firm - <https://www.msci.com/>



## Our ESG areas of focus

### 2 Valuing our colleagues and customers – colleagues

Our colleagues play a critical part in both our customers' experience and business performance. We're committed to supporting them, through a variety of development and skills programmes, an extensive wellbeing offering, a range of colleague benefits, and, importantly, by building a diverse, inclusive business where everyone can be themselves.

#### Diversity and inclusion

We know that bringing our varied backgrounds, cultures, and perspectives together is the best way to deliver great outcomes for our 4Cs. We have ambitious goals under our diversity and inclusion strategy, and have committed to some new initiatives, highlighting and celebrating important events such as International Women's Day, Pride, and National Inclusion Week. We also launched our new Dignity at Work Policy, outlining a commitment to a working environment which promotes and supports both diversity and inclusion.

#### Nurturing talent

As part of our dedication to attracting and retaining talented individuals, we took 8 graduates into different programmes, worked with 2 interns and provided 137 active apprenticeships. We've also rolled out new IT equipment to our colleagues, creating a better working experience for colleagues and customers as we begin to adopt hybrid working.

#### Supporting colleague wellbeing

We're proud to pay real Living Wage (after pension contributions) and support our colleagues by giving them access to financial wellbeing providers in addition to a range of other benefits. Colleagues have access to an extensive Wellbeing programme with 76 colleagues taking on the role of Wellbeing Champion and 49 Mental Health First Aiders supporting colleagues in times of need. During 2021, we also began providing free menstrual products for colleagues, making sanitary protection more accessible.



"We're proud to pay real Living Wage (after pension contributions) and support our colleagues by giving them access to financial wellbeing providers"



#### Key Initiatives

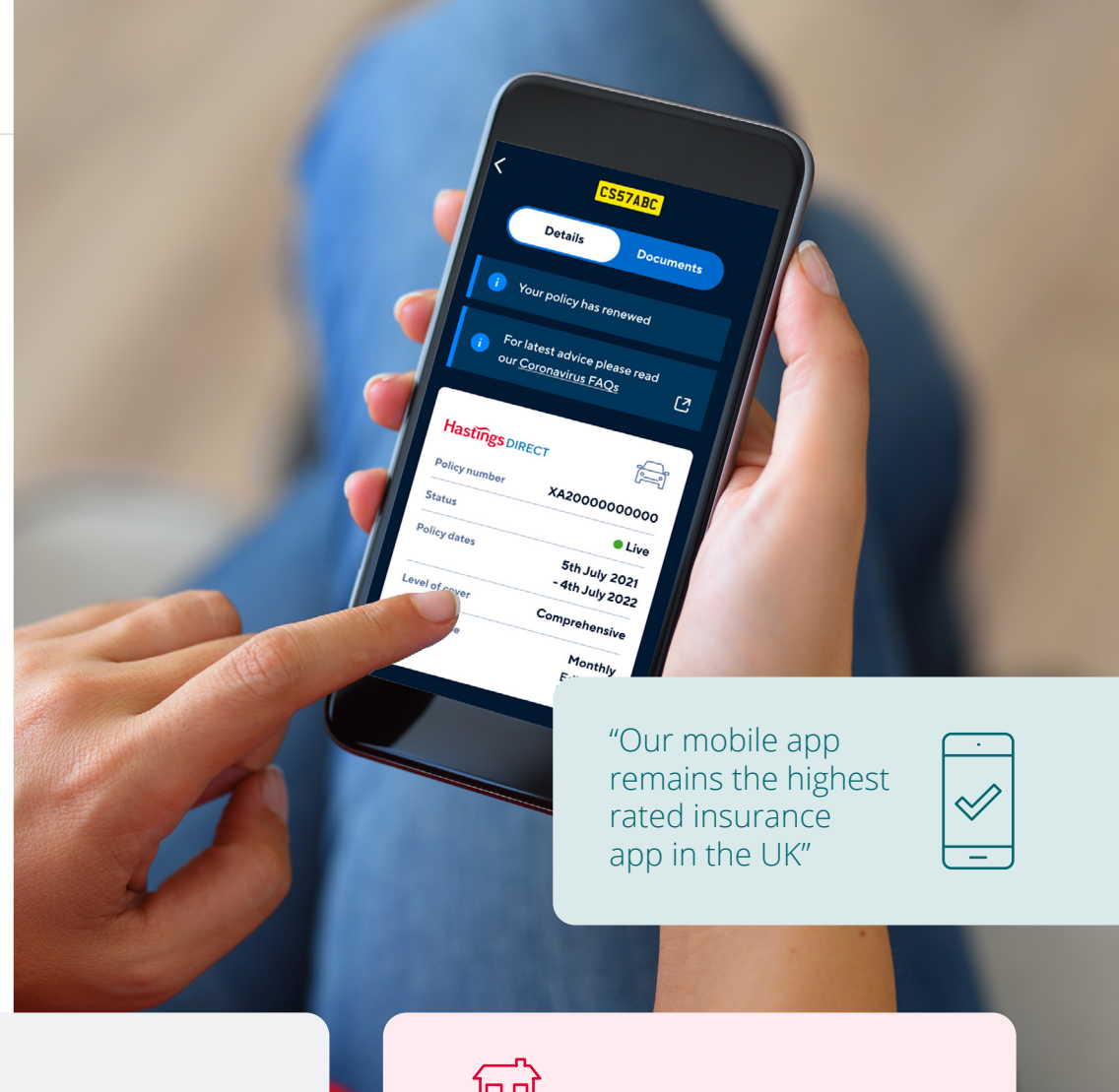


women  
in  
data



### ② Valuing our colleagues and customers – customers

Keeping customers at the heart of everything we do, we have continued to develop and improve our customer experiences. We have focused on our digital apps, online journeys, and enhancements to our claims process, making our processes and service proposition simple and straightforward. This includes continuously improving on our mobile app, resulting in a 70% increase in logins maintaining its position as the highest rated insurance app in the UK. 2021 has seen increased customer satisfaction scores, with a high number of customers saying they would recommend us.



"Our mobile app remains the highest rated insurance app in the UK"



**Hastings highly recommended at the Finder Customer Satisfaction Awards 2022 with 85% of customers saying they recommend Hastings to a friend**



**70% increase in our mobile app usage**



**Our car and home products have been awarded 'Excellent' at the Go Compare People's Choice Awards 2022, highlighting customer trust, satisfaction and service**



## Our ESG areas of focus

### 3 Supporting our communities

We have a straightforward approach to community, focusing our efforts locally so we can see the difference we make both today and in the future.

#### Donations and fundraising

In 2021 we raised £21,400 for local community groups and charities and continued our COVID-19 Community Commitment Scheme, supporting 163 local charities and schools with £198,000 of financial support.

Colleagues are also supported when taking part in national Fundraising Days, such as Macmillan Coffee Morning and Comic Relief.

#### Community day programme

We encourage colleagues to have an active role in supporting our communities and offer a Community Day programme. Working around the challenges of the pandemic, over 975 colleagues were still able to complete a community day in 2021.

#### Looking after our environment

In 2021, we adopted a section of beach near our Bexhill office, with 60 colleagues taking part in beach cleaning days, helping to preserve and protect the local marine environment. Additionally, we teamed up with a local environmental group, supporting them with rewilding schemes and tree planting.



"Over 975 colleagues completed a community day in 2021"



# £21,400

We raised £21,400 for local groups and charities

# 163

Local charities and schools supported through our COVID-19 community commitment scheme

# £9,000

Raised through our national fundraising days



Read more in Appendix 3



### 4 Reducing our environmental impact

We are committed to doing the right thing and tackling the challenges of our time, including our impact on climate change and the environment. We are proud to be a certified CarbonNeutral® company for a second year running and have made further commitments to focussing on our environmental impacts, with an ambition to work towards becoming a net-zero organisation by 2050, using science backed targets.

#### Reduce, reuse, recycle

We have reduced our carbon footprint by 76% compared to our 2019 baseline, exceeding our original target of a 50% reduction by 2022. A key contributor being zero emissions from electricity (our main source of energy) across both of our main sites. We will be removing all disposable cups from our offices in Q1 2022 through the introduction of reusable mugs with safety lids. In addition, we provide dedicated recycling and waste stations throughout our offices including specific recycling programmes for items such as take-away coffee cups, soft drink bottles and crisp packets, saving 25,000 kg from entering main waste streams. We've sent zero waste to landfill from our UK sites since February 2021, and recycle unwanted furniture and computer equipment by donating it to local charities and organisations. Any remaining IT equipment is disposed of in a responsible manner via a third party accountable for recycling parts where possible and disposing of remaining elements under the WEEE directive.



**Scope 3 emissions capture enhanced, allowing further reductions in 2022**



**Zero waste to landfill from our UK sites**



**25,000kg of waste saved from entering main waste streams**

“Ambition to work towards being a net-zero company by 2050, using science backed targets”





### 4 Reducing our environmental impact

During 2021 we have enhanced the capture of GHG emissions data within our scope 3 emissions, setting a baseline, enabling us to make further reductions. The majority of our colleagues have continued to be supported with working from home, and we've included these emissions in our carbon footprint calculations by using a national average for energy consumption with appropriate Defra factors applied. Including the addition of these emissions we have reduced our overall carbon footprint by 45%.

We have chosen to support two emission reduction projects to offset our remaining scope 1 and 2 emissions, as well as the scope 3 emissions under our control. These projects not only have positive environmental impacts but support their local communities too:

#### Acre Amazonian Rainforest Conservation

- Prevents deforestation across 105,000 hectares of rainforest
- Supports communities and local groups in the Amazon to protect the eco systems
- Provides different options for development and income that do not result in forest destruction

#### East African Reforestation

- Community-based project with over 12,000 small groups involving 90,000 farmers in Kenya and Uganda, all working together to re-plant trees
- Helps improve community livelihoods through education and training
- Creates additional sources of income beyond smallholder farming (forests are often destroyed to create smallholder farmland)

We're also supporting reforestation in the UK through UK Forest Creation - in the last two years we have supported the planting of four hectares of trees (approximately 7,344 trees), which equates to around 5.5 football pitches.

#### Greenhouse gas emissions ('GHG')

Total Tonnes CO <sub>2</sub>	2019	2020	2021
Scope 1 & 2 emissions	1,093	611	259
Scope 3 emissions	525	669	637
Total organisational footprint	1,618	1,280	896



"Supporting environmental projects with community benefits as well as reforestation in the UK"



# United Nations Sustainability Development Goals

Our four areas of focus act as a framework for us in tackling challenges such as, social inequality and climate change. In 2015 the United Nations launched 17 Sustainable Development Goals to help end poverty, fight inequality, and tackle climate change, by 2030. Mapping our ESG activities against the UNSDGs helps us make sure we are supporting global goals. We aim to contribute in some way to all 17 of the goals; the table shows the 6 we have had the greatest impact on over the last 12 months.

UN SDG	Description	Hastings Activity	ESG Area of Focus
 <b>3</b> GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> <li>• Extensive wellbeing programme in place</li> <li>• Financial wellbeing</li> <li>• Seasonal wellness programmes introduced</li> <li>• Colleague healthcare benefits</li> <li>• Living wage employer</li> </ul>	<b>2</b> Valuing our colleagues and customers
 <b>4</b> QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>• Graduate programme</li> <li>• Apprenticeships</li> <li>• Continuous learning</li> <li>• Investing in local education initiatives</li> <li>• Colleague forum</li> </ul>	<b>2</b> Valuing our colleagues and customers <b>3</b> Supporting our local communities
 <b>5</b> GENDER EQUALITY	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> <li>• Diversity and inclusion strategy</li> <li>• Women in data charter</li> <li>• 30% club</li> </ul>	<b>2</b> Valuing our colleagues and customers
 <b>7</b> AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> <li>• Source 100% renewable energy for our two main sites</li> </ul>	<b>4</b> Reducing our environmental impact
 <b>8</b> DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>• Apprenticeships and graduate schemes</li> <li>• Continuous learning</li> <li>• Diversity and inclusion strategy</li> <li>• Inclusive leadership training</li> <li>• Track record of profitable growth</li> </ul>	<b>2</b> Valuing our colleagues and customers
 <b>13</b> CLIMATE ACTION	Take urgent action to combat climate change and its impacts*	<ul style="list-style-type: none"> <li>• Continue to reduce carbon emissions and certify as Carbon Neutral</li> <li>• Beach adoption and beach cleaning activity</li> <li>• Additional bins provided for Bexhill seafront</li> <li>• Supporting local environmental groups</li> </ul>	<b>3</b> Supporting our local communities <b>4</b> Reducing our environmental impact

## Appendix 1 – Operating responsibly further reading

### Anti-corruption and bribery incidents

#### Approach

Our approach to the prevention of corruption and bribery is embodied in our Anti Bribery and Corruption Policy, which reflects our obligations under various laws and statutes, such as the UK Bribery Act 2010 and Part 24 of the Gibraltar Crimes Act 2011. This policy is reviewed annually.

Our colleagues are informed via our intranet when the policy has been revised, and at least twice a year the Chief Risk Officer issues reminders to all colleagues about their obligations under the policy. Upon employment, all colleagues sign an undertaking of compliance with all Hastings Group policies. Mandatory training in this subject is undertaken by all colleagues on an annual basis which is delivered and monitored via the Company's e-learning platform.

Any suspicions of corruption or bribery can be reported anonymously via our externally hosted whistleblowing platform or via less formal internal channels. Any incidents or events connected to corruption or bribery, or breaches of the policy, are reported to appropriate management and governing body forums.

#### Actions and results

During 2021 we conducted an annual review of the Anti-bribery and Corruption Policy. Additionally, the anti-corruption and bribery e-learning modules were reviewed, with new content added for 2021, helping to improve colleague awareness.

### Anti-money laundering and counter-terrorist financing

#### Governance

Our Anti-Money Laundering and Counter Terrorist Financing Policy sets out our risk-based approach towards assessing and managing the money laundering and terrorist financing risks we face, considering all relevant laws and statutes. The policy also sets out the controls and reporting framework which monitor adherence and facilitate the reporting of breaches. Money laundering reporting officers (MLRO's) report annually to the company Board on key risks in relation to financial crime, controls, any breaches, suspicious transaction reports, and audit findings.

#### Training

Colleagues are informed via the intranet when the policy has been revised. All colleagues are required to undertake mandatory training modules on an annual basis, which are delivered and monitored via our e-learning platform.

#### Incident reporting

Any suspicions of money laundering, terrorist financing or other associated suspicious activity can be reported anonymously via our whistleblowing platform or via a dedicated restricted-access mailbox for investigation by the second line of defence. All suspicious activity reports are responded to within 48 working hours of the notification being received, with an outcome reached within 10 working days.

We conduct appropriate sanctions screening and reports, as necessary, to relevant authorities; any incidents or events connected to money laundering or terrorist financing are also reported to appropriate management and governing body forums.

#### Actions and results

During 2021, we conducted a review and update of Anti-Money Laundering and Counter Terrorist Financing Policy, ensuring content and scope is current. An internal audit on financial crime was also completed, with actions being completed by March 2022.

In addition, we reviewed and updated risk assessment templates, reviewed the process for fraud risk and provided training to colleagues during the year.

### Data privacy

#### Governance

Our formal Data Protection Policy applies to all our operations, including data relating to existing or potential customers or colleagues.

We ensure that our approach to the collection, use, sharing and retention of user data is clearly stated and available to all data subjects. Should privacy notices and other data policies that apply to data subjects be amended, we are committed to notifying those data subjects affected in a timely and appropriate manner.

We maintain a focus that ensures customer statutory privacy rights are upheld, including a commitment to processing personal data securely by means of appropriate technical and organisational measures. Our policies and procedures seek to ensure the information is collected, stored, and used correctly, to protect personal data, and to make sure the data is kept for no longer than it should be.

Operational measures are in place to monitor and respond to data incidents and breaches. Incidents and concerns are reported into a central Data Protection team for triage, recording and support. Escalation processes are in place to engage the Data Protection Officer (DPO) and other senior roles as required as part of the company wide incident management process.

### **Training**

All colleagues are appropriately trained for their role and subject to annual certification via our learning management platform.

### **Actions and results**

During 2021, we continued to improve and evolve data governance both at a strategic and operational level. This included the hiring of a dedicated head of data governance and the formal expansion of the incumbent data protection officer responsibilities to provide coverage at the Hastings Group level.

In addition, we established a dedicated Data Governance Steering Group\* to compliment the company's existing compliance frameworks. As part of the Steering Group several initiatives were sponsored, including an improved data governance policy and framework.

In 2021, the data protection team established a data protection champions network across the company, helping increase advocacy and enhanced data protection training for a number of specialist departments.

\*Steering group is comprised of Group Chief Risk Officer (CRO), Chief Operating Officer (COO), Group Chief Financial Officer (CFO), Chief Data Officer (CDO), Chief Information Security Officer (CISO), Head of Data Governance, Data Protection Officer (DPO)

## **Information security and cyber security**

### **Governance**

Our continuous improvement-based approach towards our information security framework, is aligned to the ISO27001 standard, with appropriate supporting policies and processes. The framework seeks to address process and human vulnerabilities, reduce the complexity of our technology and data estate, and embed security considerations by design in all of our business decision making.

We also have operational measures in place to monitor and respond to data breaches and cyber-attacks. These measures are routinely and independently validated and tested, through vulnerability assessments and penetration testing. This includes carrying out phishing campaigns and exercises to check levels of resilience and that the incident management procedures are robust.

We have dedicated Information Security, Cyber Security, Data Protection, and Compliance teams which are in place to protect and support our business, manage policies and controls, assess risks, and prevent unauthorised or inappropriate access to information. We are active across the industry in the areas of cyber and security threat intelligence and we are members of cyber co-ordination groups sponsored by financial industry regulators.

Operational measures are in place to monitor and respond to information security and cyber security events and incidents. Incidents and concerns are reported into a central information security team for triage, recording and support. Escalation processes are in place to engage the Chief Information Security Officer (CISO) and other senior roles as required as part of our company wide incident management process.



### **Training**

We support our colleagues to take the steps required to protect the organisation. We have mandatory training for all colleagues and supplementary cyber awareness training available as required and regularly engage with colleagues, so they are aware of threats and what to do if something goes wrong.

### **Outsourced data processing**

Third-party data processors are reviewed at least once in each calendar year, and more frequently for high volume and/or high-risk processors. A third-party due diligence service is used to monitor and review suppliers. In addition, we have an established supplier management protocol involving regular performance and compliance assessments including, when appropriate, site visits.



### Actions and results

Throughout 2021, we continued to invest in our programme for information security and cyber resilience. The key results included:

- Improved maturity levels against the ISO27001 standard allowing us to reach and sustain a within risk appetite status against our cyber risk position;
- Enhanced testing approaches towards information security and cyber resilience extending from simulated phishing and training, where all colleagues are subject to simulated phishing attempts on a continuous basis through to Red Team exercises designed to stress test detection as well as response and recovery capabilities; and
- Continued investment in and optimisation of advanced endpoint and platform controls designed to help improve detection capabilities and the robustness of our ability to limit the impacts of cyberattack.

2021 also saw us continue to invest in and grow our capabilities around threat intelligence, including the use of retained external expertise as part of risk assessment and response processes. We used these capabilities to track cyber-attack trends and ensure it informed the application of the evolved enterprise risk management framework. Where it was required, briefings were given at operational leadership levels, executive levels, and board levels to keep the organisation situationally aware so that resiliency plans, and measures remained current. During 2021, we recognised the ongoing evolving risk of ransomware attacks and completed drills and exercises focused on dealing with these scenarios.

We sent 13,007 simulated phishing emails to colleagues throughout the year, to identify cyber resilience. 96 per cent of emails were successfully avoided and where they were not avoided colleagues received additional advice and support to enable them to better identify and avoid phishing in the

future. 86 per cent of colleagues who required learning intervention improved their password strength and 67 per cent of colleagues demonstrated a deliberate positive sentiment towards cyber security when surveyed.

### Human rights and labour practices

#### Approach

We understand our responsibilities to protect and respect internationally accepted human rights, specifically those defined within the UK's Human Rights Act of 1998. We also have the appropriate mechanisms to both identify and remedy any conduct or situation which falls below the standards we have set.

Systems and practices are maintained to safeguard against slavery and related human trafficking within both the company and our supply chain. We are committed to acting responsibly in business relationships and ensuring that slavery and human trafficking does not occur anywhere in



our business operations. We also require our suppliers and business partners to take the necessary steps to avoid and/or tackle slavery and human trafficking.

We apply these same principles and standards of conduct to the way it treat our customers, third party partners, and suppliers, seeking to protect their human and statutory rights as we do for our colleagues. Conducting appropriate due diligence ensures that suppliers adhere to and adopt the appropriate standards of behaviour and compliance.

Complying with the applicable human rights and employment legislations, we strive to ensure that all our employment policies, processes, and practices support our commitment to value and uphold the human rights of our colleagues. By adopting this integrated approach we support the articles of the UK Human Rights Act which we believe has the greatest impact on our employment relationship, being:

- Article 6: Right to a fair and public hearing
- Article 7: Right to respect for private and family life
- Article 9: Freedom of thought, conscience and religion
- Article 10: Freedom of expression
- Article 11: Freedom of assembly and association
- Article 14: Prohibition of discrimination

We ensure that our employment policies, process and practices are compliant with UK law and that our colleagues and leaders recognise their individual responsibility to understand and adhere to agreed practices and standards of conduct and governance. We provide appropriate and ongoing training to all colleagues to support this. Where non-compliance is identified we have well established protocols for issues to be escalated and remedied. Our policies and guidelines are regularly reviewed and refreshed.

### Actions and results

In 2021, we introduced a Dignity at Work Policy, which outlines and confirms a commitment to a working environment, promotes and supports diversity and inclusion, and makes clear our intolerance of bullying, harassment, and victimisation in any form.

We also refreshed our colleague Grievance Policy to shift the focus to early informal resolution of issues as they arise. This was supported with a mandatory training module for all customer facing leaders. As a result of this activity and focus, formal grievances have reduced in number and we have been able to address and resolve issues at an earlier stage.

In the future, we will continue to maintain systems and practices to safeguard against slavery and related human trafficking within both our company and supply chain, provide strong colleague policies and guidelines which are regularly reviewed and refreshed. We continue to recognise our colleague consultation group (Hastings Colleague Forum) for the purposes of formal statutory consultation, recognise the trade union membership of our colleagues in the context of individual formal processes (conduct, grievance, performance, sickness absence management), provide a safe and secure environment (physical and cultural) for our colleagues to work within, and listen and engage with colleagues through the well-established mechanisms (e.g. Your Voice survey, email, intranet, and individual conversation).

### Responsible investment

The key aims for our investment strategy are strength and predictability. We achieve these aims while also driving change for good through our investment decisions.

### Portfolio overview

Our investment portfolio comprises a core portfolio of high-quality sterling-denominated bonds, with additional strategic allocations that provide a diversified return from equity and currency markets as of 31st December 2021.

### Commitment to responsible investment

We view responsible investment as a process of continuous development and improvement. Following implementation of the Responsible Investment framework in 2020, we have committed to becoming a signatory to the UN PRI and to support further integration of ESG considerations into investment decisions in future years. Our application to join the PRI will be made in 2022.

We have also committed to reducing the environmental impact of our investment portfolio and have pledged to reduce carbon intensity in our core investment portfolio by 50 per cent by 2030 and to be net-zero by 2050. The progress and action plan to reach these targets will be monitored and reviewed by our Investment Committee.

### ESG integration

ESG criteria are incorporated into our investment portfolio without negatively impacting returns, diversification, or the overall quality of the portfolio. Our investment managers integrate ESG criteria into their investment process, in which they seek to identify factors that they believe are key to determining whether a company would outperform or underperform the market. They deploy capital in a manner that integrates ESG criteria, while preserving and growing financial assets. UN PRI status and ESG practices are included as part of external manager selection. All of our current external investment managers are signatories to the UN PRI and have provided their responsible investment policies.

We set target ESG scores internally for our fixed income portfolio following consultation with investment managers and a review of the benchmark score. We are committed to maintaining an average ESG score of “A” on our fixed income portfolio, based on MSCI scoring.

### Actions and results

Our target ESG rating for the fixed income portfolio is “A”, based on MSCI scoring. During 2021, our ESG overall rating improved to “AA” and the overall score improved from 6.7 to 7.3.

### Negative screening and norms-based screening

At Hastings, negative screening focuses on three sectors: tobacco, controversial weapons, and coal. These sectors have been excluded following internal considerations, stakeholder demand, industry review, and consultation with investment managers.

Norms-based screening is also undertaken, and there is quarterly reporting to our Investment Committee on companies that do not meet the principles of the Global Compact.

### Actions and results

In 2021, no new investments were made into the excluded sectors of tobacco, controversial weapons, and coal. Portfolio exposure, due to investments made prior to implementing the ESG strategy, to these sectors has reduced with the growth of the portfolio and the maturing of a position with exposure to tobacco production. As at 31 December 2021, the portfolio retains exposure to two companies that produce tobacco, one company that derives less than three per cent revenue from tobacco, and two companies that derive some revenue from thermal coal extraction. We will not make further investments in these industries when the positions mature.

### Active ownership

We do not have any direct equity investments, and we do not partake in voting activities.

#### Actions and results

In 2022, in line with our commitment to the principles of the UN PRI, we will review the practices with regard to the requirements and monitoring of the active ownership and engagement policies of the external investment managers.

### Reporting

We report quarterly to the insurance subsidiary's Investment Committee. Our reporting includes ESG scoring and confirmation of exposure to excluded or sensitive sectors, facilitating a review of the guidelines, and allowing changes to controversial positions. The Investment Committee may report to the subsidiary's Board of Directors when breaches arise or when recommending changes to the framework.

### Sustainable products and service offering

#### Approach

We have well established and disciplined underwriting principles, with an operating structure that ensures decisions are grounded in data, and we are able to react quickly to changes in the market. We have an active focus on changing customer demands and attitudes, and we explore propositions that support changes in vehicle fuel types as well as changes to usage. Using key data sources that identify the flood risk of each property, provides the ability to consider the implications of temperature rise in underwriting rules longer-term.

In addition, our anti-fraud practices include working closely with law enforcement authorities. This means that we can help keep society safer as a whole and pass on savings through lower fraud-related claims to customers.

### Claims Handling

Our claims department focuses on providing customers with the urgent support they need and removing barriers that might prevent a customer making a claim quickly. Throughout 2021, we made developments to our online journey increasing the number of customers able to make incident notifications digitally. We plan to increase this further in 2022 through delivering a new digital notification journey, with digital offerings becoming available to the vast majority of our customers. This will offer an increasing number of digital services, allowing customers to report at their own convenience and to manage important aspects of their claim without the need to call our contact centre.

During 2021 we invested in a partnership with What3words, helping customers easily share their precise location after an accident enabling them to receive recovery as quickly as possible. What3words have made location finding easy and precise through dividing the world into three meter squares, giving each square a unique three word combination. Customers can easily provide a unique three word address for their location, helping them to receive the help they need, even if they are unsure where they are.



We have dedicated case handlers available to support customers through their claims journey, and are looking to increase the level of proactive communication given to customers throughout the journey; something that we know is really important to our customers.

Ensuring a customer is treated fairly is at the heart of our claims handling philosophy. When making a claim, we want customers to have a positive experience, where they are treated with empathy and for the process to be as straightforward as possible. We maintain up to date valuation tools, which have been critical during 2021, where the used car market saw significant rises in the cost of replacement vehicles. We also prioritise repairs for customers who can't drive their vehicles to ensure all customers get back on the road safely, as quickly as possible, with every effort made to provide a courtesy car whilst the customer vehicle is being repaired.

#### Actions and results

We aim to have doubled the volume of green parts used in claims handling by the end of 2022.

In line with offering a simple and straightforward experience for our customers, a programme is in place to develop colleagues capabilities, utilise smart digital technology, tools and data analytics to enhance the customer claims journey throughout 2022.

### Sustainable supply chain management

#### Approach

We work closely with our suppliers to communicate our standards, values and principles to ensure they are aligned in helping us offer the best price, product, and service solutions to benefit our customers and colleagues.

Suppliers are subject to a robust due diligence process under a Relationship Management Framework in order to

enhance the partnership and risk management. Critical suppliers are subject to ongoing reviews throughout the year, on a monthly and quarterly basis, at which service levels and adherence to processes and procedures are discussed, and any required improvements made as appropriate.

Sustainability considerations are part of all of our procurement activities, including supplier selection, contracts, and ongoing dialogue with suppliers to ensure we make procurement choices with clear environmental and social benefits.

We conduct supplier risk assessments proportionate to the size and potential impact of the supplier on our business operations in line with our supplier management protocol and consistent with our public statement in context of the UK Modern Slavery Act 2015.

Our Supplier Management Protocols incorporate use of a third-party due diligence service, to which the majority of our strategic suppliers subscribe. The responses to the question sets are verified by the service provider as an assurance to the information declared by the suppliers.

### Goals and ambitions

We plan to undertake further work with suppliers in 2022, looking to identify opportunities to enhance ESG related framework in relation to supplier selection.

### Actions and results

During 2021, we attended an ESG working group with our third-party due diligence service supplier. The aim of the group is to identify and advise on new ESG criteria that will form part of the questionnaires for suppliers' standard due diligence.

Wherever possible we work with suppliers to promote safe reuse and recycling of used parts across both car and bike claims repair process. This amounted to 29,000 kg of carbon emissions, saved throughout 2021.

## Sustainable sales and marketing practices

### Approach

Treating customer fairly and acting in their best interests is important to us. This includes supporting all customers, including customers in vulnerable circumstances, to ensure they receive the same fair outcomes and value from our products. Our policies and processes are designed in a way that enables colleagues and leaders to be flexible and provide additional support for customers when needed.

It is essential that our customers fully understand the cover options available and that they purchase products that meet their demands and needs. Customers can purchase their products digitally or via the contact centre and regardless of the chosen channel, we believe it is essential for customers to be clear so they can make an informed choice.

### Digital and marketing design

We focus on meeting level AA of the Web Content Accessibility Guidelines (WCAG 2.1). And for those customers in vulnerable circumstances, we are increasing design consideration and relevant signposting. In terms of user experience and interface design, we deliberately avoid dark patterns (a digital term whereby designs are used in websites and apps that make users do things they did not mean to, like buying or signing up for something). This eliminates any risk or intent to deceive customers.

### Clear and transparent information

As part of the IDD, customers are provided with clear and transparent information prior to purchasing a policy with full disclosure provided on product coverage, cover limitations, excess levels and any fees connected to the ongoing management of their insurance policy. We have robust controls in place to ensure that information is clearly accessible before a customer commits to any purchase and the company satisfy all regulatory and conduct obligations.

We ensure that any product offered is of suitable quality and provides customer value and utility and each product is assessed annually to ensure it remains appropriate.

### Conduct framework

At Hastings, Treating Customer Fairly (TCF) and Customer Best Interest (CBI) are fully integrated within the conduct framework. The conduct framework is anchored in the Financial Conduct Authority's (FCA) six outcomes which encompass CBI as well as other IDD requirements.

- Customer Best Interest (CBI) is defined by the FCA through 6 Consumer Outcomes which are:
  - **Outcome 1:** Consumers can be confident they are dealing with firms where the fair treatment of customers is central to the corporate culture.
  - **Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.





- **Outcome 3:** Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
- **Outcome 4:** Where consumers receive advice, the advice is suitable and takes account of their circumstances.
- **Outcome 5:** Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.
- **Outcome 6:** Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

The associated controls and measures are regularly assessed and reported to executive and board level. In reporting, we focus on customer conduct, including outcomes, experience and value measures including a specific lens on vulnerability.

### Actions and results

In 2021, we began rolling out a new simple and human tone of voice across our digital real estate and communications, to help customers understand the processes, policies, and how to interact with us.

Following the development and go live of improved website journeys in 2021, we reviewed feedback provided by users, with a majority of the positive feedback referring to the site being easy to use and understand as well as being efficient. In addition, we saw an increase in users being able to find what they were looking for and a decrease in usability complaints.

In February 2021 the FCA issued formal guidance for firms on the fair treatment of customers in vulnerable circumstances. A review carried out in Q1 2021 did not identify any significant risks in the current provision and confirmed that planned activities to support vulnerable customers align with guidance well.



# Appendix 2 – Valuing colleagues and customers further reading

## Customer satisfaction

### Approach

We utilise a blend of customer feedback, quality assurance, and root cause analysis, to continually assess performance against goals and identify areas for improvement in customer experience and outcomes. Feedback is actively sought from customers following the completion of key customer journeys measuring both NPS and Customer Satisfaction (CSAT).

Our Quality Assurance framework focuses on both customer outcomes and experience. Specialist teams carry out assessments of customer interactions, which are measured against a clear set of criteria that assess use of process and systems, conversation skills, regulatory requirements and the overall customer outcome. The resulting insights are shared directly with our colleagues to support ongoing development, and are utilised for the improvement of customer journeys, products, and processes.

Root cause analysis is also undertaken with focused deep dives on the end-to-end holistic customer journey allowing review of all steps of the customer lifecycle to identify key friction points.

A dedicated customer insight team ensures all areas across the organisation, from customer facing colleagues to the Executive Committee and Board, understand customer satisfaction and quality assurance results relevant to them through regular reporting.

To compliment the internal data and feedback, we also participate in external benchmarking to assess performance against peers and competitors including IPSOS, eBenchmarkers, and Call Centre Management Association (CCMA).

### Goals and ambitions

We have yearly NPS and CSAT targets set as part of the company objectives each year, with an aim to maintain and improve results in line with the market and competition. These are approved by the Board and reported regularly. 2021 company NPS and CSAT scores both exceeded set targets.

### Actions and results

Through 2021 we maintained strong NPS and CSAT results across all customer journeys, achieving target and performing well within the UK industry. Customer Outcomes performed well throughout the year with month-on-month improvements well within expected levels.

Strong focus and investment in digital was demonstrated through higher NPS results for self-serve journeys in particular improving by 3 points as of 31 December 2021.

We will continue to develop reporting and insight that enables good outcomes for the customer to be at the heart of all decisions. Significant investment is planned for digital and claims journeys as well as an agile approach to respond to changing customer needs and behaviours that may be seen as a result of industry pricing reforms.

## Empowering working environment

Our business performance and the delivery of the right experience to our customers depends on our ability to attract, develop, and retain talented individuals at all levels. Building and developing a workforce of diverse skills, perspectives, and backgrounds enables us to continue to deliver our strategic goals.

Skilled and engaged colleagues are critical to the delivery of every element of our strategy. We are committed to supporting colleagues to realise their potential through developing skills and capability, building a diverse and inclusive business with access to an extensive well-being programme, and enabling colleagues to be their best self at work.

### Actions and results

The number of full time colleagues working at Hastings was 2,995 at the end of the year showing a slight increase compared to the previous year.

### Colleague turnover

We aim to manage colleague turnover proactively within our distinctive 4Cs (colleagues, customers, company, community) cultural framework, and by improving colleague rewards, benefits, and career development opportunities.

Notwithstanding our internal approach, the 2021 resourcing landscape was significantly influenced by external factors. 2021 saw unprecedented levels of labour market demand and movement as a result of both Brexit and post pandemic lockdown easing. The UK external labour market is very competitive with a lot of industries outside of financial services offering competitive pay for junior level roles. Our colleague turnover was low during 2020 due to the COVID-19 pandemic, as restrictions have eased many colleagues are seeking alternate career paths.

To mitigate this, we have a key focus on resourcing customer facing roles, and the company continue to offset UK recruitment with outsource partners. Further supporting UK attraction and retention of talent, salaries

for our customer facing colleagues increased by an average of 5.6% over the course of 2021 and remain under review. We also continue to give focus to specialist capabilities, where we are proactively managing retention and recruitment.

### **Colleague satisfaction**

The mid-year colleague survey "YourVoice" reported a sustained high level of colleague engagement. 81 per cent of participants agreed that they "could be who they are at Hastings", 86 per cent of colleagues agreed that they "knew what good looked like for their role and how to use their skills to achieve it" and 87 per cent of colleagues agreed that "my leader shows an interest in and supports my well-being needs".

The results were driven by our continued investments in many initiatives, including training and career development, developing our operational leaders to create high performing teams, and actively managing our diversity and inclusion agenda. In 2021, we also launched a new intranet platform, enabling colleagues to access a range information in a more accessible and dynamic way.

## **Diversity and inclusion**

### **Approach**

We have a diversity and inclusion strategy, with our diversity and inclusion focus areas including gender balance, ethnicity and culture, sexual orientation and gender identity, religion and belief, disability, age, social mobility, careers and family responsibilities.

The Inclusion council, a voluntary colleague network group, pushes boundaries and advocates for change. Each member has a lead role for a specific strand of diversity they are passionate about, and they are supported

by aligned Executive Committee sponsors to achieve their goals. To equip the council for their role and to invest in their development, we have worked with an external inclusion expert to run a series of development sessions covering a range of important topics such as microaggressions and de-escalations, co-creating inclusion in the work, and recognising privilege.

Listening to colleagues and acting on their feedback is key to maintaining the inclusive culture. Following on from the listening sessions we held on race discrimination in 2021, we shared a comprehensive action plan with short, medium and long-term actions.

### **Goals and ambitions**

We have goals as part of our diversity and inclusion strategy and in line with its strategy, we have committed to:

- Participate in the 30% club external mentoring programme.
- Support the advancement of women into senior roles in the financial services sector as a signatory of the Women in Finance Charter.
- Be recognised in the Inclusive Top 50 UK employers list.
- Being dedicated to attracting and retaining the best talent in the industry through a number of graduate schemes and internships.
- Monitor inclusive practices within the recruitment process.

### **Actions and results**

In 2021, we hired a Talent and Inclusion consultant into the team to join the head of Talent and Inclusion strengthening the focus on diversity and inclusion.

In addition, were again recognised in the Inclusive Top 50 UK employers list. Our ranking in the 2021/2022 list was 29th, placing us alongside other leading organisations working hard to promote diversity and inclusion for all.

In 2021, we signed up to the 30% club for the fourth year running, a cross company mentoring programme with colleagues signing up to both Mission Gender Equity and Mission Include; focused on broader diversity. Mission Gender Equity matches women to external mentors and Mission Include matches ethnic minority colleagues to external mentors.

We were able to hire more senior women and colleagues from an ethnic minority background in 2021 than in the year before. We abide by this policy by ensuring that the best candidate is selected, and it does not intend to adopt a quota system with prescriptive, quantitative targets.

During 2021, we expanded the colleague data fields in our HR system. In addition to collecting data on gender, ethnicity and religion, colleagues can now voluntarily complete their disability, gender identity, sexual orientation, caring, and socio economic status information, enabling us to have a better understanding of the diversity within our company. Through colleague participation in a data campaign #CountMeIn, we hope to have a clearer understanding of where we are doing well and where we need to do more to support our colleagues.



We launched a new Dignity at Work Policy setting out the expectations towards each other and updated and relaunched our mandatory Diversity and Inclusion training module to reflect new learning on a range of topics including intersectionality. Extending the listening approach, we also held the first listening session with a cohort of LGBTQ+ colleagues, with the aim of listening and understanding their perspectives on what more we should do to support LGBTQ+ inclusion.

During the year, as part of our commitment to attract and retain talent, we took on eight graduates onto programmes in Pricing Data Analytics, Actuarial, Digital, and Finance. We also hired two interns as part of a scheme from a local university, specifically designed for high achieving students who are either the first in their family to go to university and/or are from lower socio-economic backgrounds. One of the interns became a permanent colleague.

Throughout 2021, we highlighted and celebrated a range of important days and significant events. In March, International Women's Day was celebrated to recognise the achievements of women and to support the call to action for gender equality. In September, we celebrated national Inclusion Week committing to fostering workplace inclusion. We also sponsored Pride events for the first time in both main office locations. Religious celebrations included for example Eid and Diwali. Colleagues observing these shared stories of what their faith means to them and what each celebration is about. During the Black History Month, weekly newsletters covered Black British history and interesting facts about the contribution of Black people to British society. We also launched the first virtual book club featuring books from Black authors in 2021.

### Health and wellbeing

We have a well-being programme in place, set out at the beginning of each year. The programme includes a variety of well-being activities to support colleagues mental, physical, financial, and social health both inside and outside work. Examples of activities are various awareness and educational wellness initiatives, and access to a vast library of wellness support. We also host an annual well-being event, with external speakers and well-being providers attending to present workshops on a variety of topics. In addition to this, seasonal well-being campaigns are run throughout the year.

We focus on our Well-Being Champions and Mental Health First Aiders, as the first point of contact for colleagues who have questions around health and well-being. They are trained to support colleagues and leaders in health matters. We provide champions and first aiders relevant tools and techniques to support them within their roles.



In addition, we recognise that support from all levels of leadership is required for the well-being programme to succeed. Leaders play a key role in creating a safe environment for colleagues providing them with opportunities to talk openly about how they are feeling and support with self-management of their well-being.

#### Goals and ambitions

Our goal is to support colleagues and leaders with health and well-being in line with our well-being programme strategy.

Our focus going forwards will remain on colleague-led support networks, such as Well-Being Champions and Mental Health First Aiders with a view to increase these numbers as the company grows, supporting colleagues in feeling healthier, happier, and stronger.

#### Actions and results

In 2021, our well-being programme continued to support colleagues, with a key focus on mental health. During the year, 162 leaders attended our Mental Health Workshops. The aim of the workshops are to raise awareness, embed well-being, and enable leaders to better support colleagues with mental health issues.

Other focus areas for the well-being team were supporting colleagues affected by the menopause, and the continuation of financial well-being support through third party provider. Regarding the menopause, we have a specialist consultant helping to work on a three-year menopause strategy for colleagues. In addition, we ran a menopause awareness month with various talks by experts on the subject, creating an increase in the number of colleagues attending relevant support groups.

November is men's health awareness month and we hosted several talks with their well-being providers, including a panel discussion where three of our Executive



Committee members talked openly about what men's health means to them.

Our company intranet was relaunched in 2021, including a refresh of the well-being pages, enabling colleagues easier and faster access to all supporting information and links.

### Competence development

#### Approach

Our business, together with the industry, is evolving, and we need to look continuously at what critical skills our colleagues need to enable us all, to succeed, now and in the future. We have both training and competence and learning and development internal policies that guide competence development work, overseen by our Group Human Resources Director.

#### Educational programmes

We have a mandatory training offering for all our colleagues. The current curriculum consists of a series of modules deployed to all new starters and existing colleagues on an annual recurring basis. The average learning time for the curriculum annually is 2 hours, depending on role. The topics included in the mandatory training package are: customers in vulnerable circumstances, complaint handling, financial crime, data protection, equality, diversity and inclusion, health and safety, training and competence, insurance distribution directive, and senior managers and certification regime (SMCR).

There are also a number of colleagues required to evidence their Continued Professional Development (CPD) as part of the Insurance Distribution Directive (IDD). Over 1,900 colleagues are required to evidence 15 hours of CPD per year. The progress is tracked and reported through the in-house learning management system, YourCareer. Effectiveness of training programmes are monitored

through evaluation and in relevant instances, through a return on investment review.

We also provide graduate programmes and apprenticeships, with the apprenticeship schemes supporting colleagues development into more senior, non-management positions.

#### Leadership Development

We recognise the critical role leaders play in developing our colleagues so that they can deliver for our customers and fulfil their potential. Development is offered to leaders, enabling them to coach and manage their teams effectively. A range of leadership skill development modules along with enhanced workshops and action sets for operational leaders are available through our internal career builder portal.

During 2021 we launched our "Hastings Direct Active Manager Programme" (HAMP), a transformational programme designed to further strengthen leadership capabilities at all levels. Whilst the programme is aimed at our leaders it's intention is to help all colleagues to be the best they can at work by providing the support required from their leaders to develop and progress.

Our senior managers are required to undertake the same mandatory training modules as all colleagues in relation to the Group's regulatory and legal compliance obligations. Senior executive managers, and Board members, receive regular briefings on specific topics to enable them to develop sufficient knowledge and understanding of matters that potentially present a significant risk to the Group, such as cyber and information security and data privacy. Briefings also cover matters such as diversity and inclusion, climate change, and sustainable business practices.

#### Certifications and partnerships

Our colleagues have the opportunity to apply for apprenticeships aligned to professional qualifications and



degree apprenticeships twice a year through the company's internal application process. We are also working with DeMonfort university on a leadership apprenticeship.

Funding for externally certified training is available for all colleagues, subject to agreement from their leader and review of qualifying criteria by learning and development team. To qualify for funding, the development must be critical to the role the colleague is carrying out, or critical to support a business project and there must not be an apprenticeship available that would support their needs.

#### Individual career paths

We recognise the importance of personal development and launched a new role-based progression scheme in Customer Operations in 2021 with plans to launch a similar scheme in Claims Operations in early 2022. These support colleagues to develop through structured learning paths and remuneration progression. Similar schemes to build capability are being developed in some

of our technical teams, such as Data, Pricing and Analytics, allowing us to build greater expertise in the core skills needed for the future.

Training pathways are provided for groups of colleagues who have similar development needs e.g. Customer Representatives, and complement development of defined skill requirements within the relevant career paths. In addition to training pathways, we provide performance and development frameworks to support leaders and colleagues to have regular conversations about their training and development needs, which are recorded in colleague personal development plans.

### Supporting Women's' careers

Our mid management level (Band 4 and 5) colleagues with ambitions to be senior leaders are given the opportunity to apply to be part of the 30% club mentoring programme. The programme allows our female colleagues to be mentored by senior leaders from external organisations and in turn, our band 6+ leaders provide mentorship to mentees in other organisations taking part in the programme.

We are members of Women in Data and have a project group that focuses on developing, designing, and delivering activities designed to support women who are currently working in or have ambitions to work in data. Activities fall under 3 strands:

1. Early careers – Influencing the pipeline into careers in data and how we can contribute to the wider societal goal of more women choosing data as a career
2. Career Development - Development for current female colleagues in data and support for colleagues working in other areas interested in a career changes and opportunities to transition in to a career in data
3. Raising Awareness – Activities to inform women about careers in data and raise our profile as a data led

employer with an inclusive culture. Activities include: bite sized introduction to data course for women colleagues who aspire to start a career in data, internship for women graduates studying STEM (Science, Technology, Engineering, Mathematics) degree subjects and workshops on hot data topics

### Actions and results

In 2021, colleagues continued to use and benefit from the digital learning tool, Career Builder. Since launch in 2019, over 3,000 employees used the tool and accessed over 125,000 activities.

During 2021, we continued to work with our leaders in frontline roles and successfully delivered a leadership development programme to the first phase of leaders with positive results in both their behavioural and technical capabilities. As a result, we are now delivering to the remaining leaders in all the Customer Operations and Insurer Services teams in partnership with the leaders of those teams. The programme runs from July 2021 to May 2022 and we will continue to measure the impact of the programme for the following 12 months. It delivers a transformational experience that develops leaders' capability and creates the infrastructure and environment for them to be able to lead and coach engaged teams that deliver consistent customer experiences aligned with its ambitions to be biggest and best digital insurer.

In 2021, the company-wide mandatory training completion rate was 98 per cent.

### Remuneration

#### Governance

Our approach to remuneration is based on the company's 4Cs cultural framework, which focuses on getting things right for colleagues, customers, company, and community.

The remuneration arrangements are also aligned to the risk management strategy, Corporate Governance Code, and the approach to conduct and business ethics. The design and operation of our remuneration arrangements consider the risk management framework and appetite, relevant risks, and regulatory conduct requirements, and legal and statutory obligations.

We seek to pay colleagues competitively and fairly for the work they do and reward them appropriately based both on the performance of the company and their own individual performance against relevant goals. In addition, we want to encourage the right behaviours in line with the 4Cs. The remuneration approach aims to reward fairly with competitive pay against internal and external benchmarks, and incentives reflecting the results achieved and the contribution made by individuals; encourage colleagues to achieve and surpass their goals, and demonstrate



appropriate conduct and behaviours; be transparent, easy to understand, and clearly explained and communicated; be consistent in approach throughout the organisation; and encourage colleagues and leaders to take appropriate but not excessive risks, whilst operating within agreed risk appetites and avoiding conflicts of interest.

Our remuneration approach aims to also enable achievement of business goals and creation of value for shareholders; encourage and reward good outcomes for customers; allow the company to pay what it needs to attract and retain people with the capabilities, mindsets, and attitudes to help the business achieve its strategy; align individual interests to those of the Hastings Group; and be compliant with relevant legislation and regulation.

### ***Integration of ESG into remuneration***

Our variable compensation takes into account performance against the 4Cs goals, which include measures on colleague engagement, customer experience, progression in our ESG and diversity and inclusion agendas, and the embedding of strong governance.

The benefits offering provides an important part of the overall proposition to colleagues, and aims to encourage and support broader physical, mental, and financial well-being, as well as being competitive, compliant, and providing choice and flexibility to meet individual needs.



### ***Equal pay analysis***

Our approach to remuneration applies equally to everyone. Salary ranges are set based on objective criteria, such as internal and external benchmarks, reflecting a fair rate for the role, and considering experience and capability.

We produce a Gender Pay Gap Report annually in accordance with UK legislation and actively seek to address any issues by ensuring equal pay for equivalent roles, and by improving the gender balance across all levels in the organisation.

### **Actions and results**

In 2021, we formalised the company's Remuneration Policy and took a number of actions to ensure adherence to the approach and aims set out above, including involvement of the Risk function in assessing performance, and creating appropriate job families to enable fair and appropriate salary ranges – allowing us to pay competitively and fairly on a consistent basis.

The gender pay gap increased slightly in 2020 (published in 2021), with a difference in mean rates of pay of 19.7 per cent compared to 19.1 per cent in 2019. This is due to more men than women senior hires in the reporting period. However, the focus on inclusive recruitment in 2021 has led to an improving gender balance amongst senior leaders, which will contribute towards closing the gender pay gap.

Our latest Gender Pay Gap Report is available at [www.hastingsgroup.uk/reports/corporate-responsibility-reports](http://www.hastingsgroup.uk/reports/corporate-responsibility-reports).

# Appendix 3 – Supporting our communities further reading

## Engaging with our communities

### Approach

Our framework – the 4Cs (colleagues, customers, company, communities) - underpins all decisions, actions and goals across our business. As such, we use the 4Cs as the headings within our communications, enabling simple and straightforward messaging aligning with our brand.

We have a central team responsible for internal and external communications, that work to deliver key messaging to colleagues and other 4Cs stakeholders through a variety of mediums such as internal and externally facing websites, internal weekly newsletters, press releases and quarterly results reporting.

Communicating with colleagues on a weekly basis helps them feel valued, informed and aligned with company goals, the weekly newsletters include information on new initiatives, any collective actions required, updates on pay and benefits, wellbeing highlights, community days, environmental news and spotlights on teams and activities at Hastings.

Quarterly results reporting is available for all, through the Hastings Group website with focus on financial results, strategic and operational initiatives and information on how the company has supported colleagues and communities within the last quarter.

### Actions and results

Some examples of our engagement work with our communities during 2021 are listed below.

Going forward, we intend to sign up to and engage with Non-Government Organisation (NGOs) with a focus on climate change, with the aim of both sharing and gaining better insight into related knowledge and activity across the financial industry.

### Education programme

In September 2021, we launched a new education programme, called Futuready. This is an innovative and unique programme designed to help students, from local schools in Bexhill and Leicester, to make better life choices, developed to help motivate and inspire young people to become the very best version they can be. Delivered across three diverse days, each young person is guided through the course by a dedicated Hastings colleague (business mentor) who received training to work with young people. The business mentors share their own personal journeys, successes and failures with the students and group, bringing the real world of employment directly into the lives of the young people.

### Cooperation with Women in Data

We value the expertise of our data professionals, yet recognise that we need to do our part to bring more gender balance to the industry. As such we have partnered with Women in Data, with two of our leaders taking part in panel discussions in November 2021.



Hastings Chief Data Officer took part in a panel discussing the importance of male allyship in addressing the gender imbalance in data roles, and a representative from our Diversity and Inclusion team formed part of a panel discussing the MenopauseX project, which looks at addressing the gaps in data about the menopause to provide better outcomes for women.



### ***Cooperation through the Insurance Sector Cyber Co-ordination Group***

We contribute to the wider financial industry community through chairing the Insurance Sector Cyber Co-ordination Group (ISCCG) which is sponsored by the Financial Conduct Authority (FCA) and affiliated with the Cross Market Operational Resiliency Group (CMORG). This group works together to share knowledge, identify risks, develop solutions and improve the cyber resilience of the financial sector.

Our participation as part of the Cyber Co-ordination Group contributes to the FCA published CCG insights report that is then shared at a broader level for use across the financial services industry. More information can be found here - [Insights from the Cyber Coordination Groups | FCA](#)

## **Donations and other humanitarian efforts**

### **Approach**

Our 4Cs framework (colleagues, customers, company, communities) works as a starting point for its donations and other humanitarian efforts. With happy colleagues, satisfied customers, and a profitable business, we are able to take the company's 4Cs framework full circle by taking an active part in serving our communities.

Our approach to donations and other humanitarian efforts focuses on local efforts, enabling us to see the difference we make. We play an active role in the local communities and strive to be a good neighbour, investing in local education initiatives, and looking after the environment.

We receive a range of requests for donations every year, which are considered on receipt. If we agree to support, we ensure it is community focused rather than for individuals, and will align to the company's 4Cs ethos – supporting the local community that we serve.

### **Goals and ambitions**

We plan to maintain and improve on the number colleagues taking part in community days, including an overall increase in fundraising. Our other ambition is to further engage with local councils and environmental groups on how we can support with sustainability and environmental targets.

### **Actions and results**

During 2021, our donations supported three of Sampo Group's community engagement themes: Health and well-being, Safety and education, and Climate and environment. Some examples of our activities are listed below.

### ***Community grants***

Our 'Hastings Community Grants' scheme allows colleagues, community groups and other local individuals and good causes to submit a request for support. This could be practical or professional via the Community day scheme or for financial support. During 2021, we continued to support our local charities and community groups via the COVID-19 Grant Scheme (an extension of the Community Grant Scheme). Throughout the year, the Community Grant Scheme supported 140 local charities across the UK and 23 schools via the Computers for school scheme.

In 2021, we gave additional support to the local council in Bexhill in shape of beach adoption, beach cleaning and purchasing of additional waste bins for the seafront to help reduce litter.



### ***Community day programme***

Over 900 colleagues completed a community day during 2021. The community days included gardening, mentoring, marshalling for community events, and working with local foodbanks. Colleagues virtual community days raised over £21,000, supporting a range of local charities.

### ***National fundraising days***

During 2021, colleagues chose to support Comic Relief and Macmillan coffee morning. In addition to Pink Ribbon donations, we were delighted to see these events raise nearly £14,000. November is men's health awareness month and we supported Movember, the national fundraising event highlighting Men's cancer.

## Appendix 4 – Reducing our environmental impact further reading

### Environmental impacts of group operations

#### Approach

We are committed to acting responsibly and tackling the challenges of our time, including assessing and reducing our impact on climate change and the environment. Our ESG strategy includes environmental considerations, targets, and details of supporting activities, all of which positively contribute in some way to the UN Sustainable Development Goals. We continue to keep up to date on emerging ESG analysis and information provided by organisations, ensuring our strategy remains current and aligned to wider targets.

Overseen by the Chief Operating Officer and led by the company's Business Services Director, we have a dedicated ESG team comprised of an ESG Manager and ESG Coordinator. The team have a large focus on reducing environmental impact within our business operations and in addition to working with all business areas to embed ESG, work closely with the company's Well-Being, Diversity and Inclusion and Corporate Social Responsibility teams.

#### Goals and ambitions

We intent to retain our certified Carbon Neutral status for 2022 and we have set a target to have reduced our GHG emissions by 50 per cent at the end of 2023 against our 2019 emissions and we are on track to achieve this.

To further our commitment to reducing our carbon footprint, we have an ambition to work towards being a net-zero company by 2050, using science-based targets with analysis phase expected to begin in 2022.

#### Actions and results

##### *GHG emissions and carbon neutrality*

We continued to monitor and review GHG emissions and overall carbon footprint throughout 2021, to ensure alignment with targets. In 2021, our overall carbon footprint was 896 Tonnes of CO<sub>2</sub> with a reduction of 76% compared to 2019 emissions. This decrease can be attributed to a change to 100 per cent renewable electricity sources across our main sites in Bexhill and Leicester.

During 2021, we extended the data captured across our scope 3 emissions to include usage of consumables such as paper, IT equipment, and business-related accommodation. This will enable a baseline to be captured in 2021 with the intention to set new reduction targets in 2022.

During 2022, we will launch a sustainable travel plan to support and encourage colleagues to use more environmentally friendly methods of transport, achievable through working with local councils, public transport providers, and offering a range of discounts and benefits. The aim of the travel plan is to set a baseline for colleague commuting emissions and to set targets to further reduce scope 3 emissions.

We continue to observe government guidelines in response to the COVID-19 pandemic, including supporting colleagues to work from home, for which, associated carbon emissions are calculated based on a national average with appropriate Defra factors applied.

We are a certified CarbonNeutral® organisation for 2020 and 2021 with all emissions calculations verified and offset through purchasing of various global standard emission reduction projects. All projects supported contribute to the SDGs.

#### *Sustainable procurement*

We are committed to reducing the company's environmental impact across all areas of our operations. In 2021, we began implementation of new IT infrastructure, moving from a hosted data centre model to a cloud-based solution, including new, more sustainable IT equipment for colleagues. Related GHG emission benefits for this are yet to be calculated, but there is expectation for a reduction. Our intention is that all redundant IT equipment is disposed of in a responsible manner via a third party accountable for recycling parts where possible and disposing of remaining elements under Waste Electrical and Electronic Equipment directive.

Sustainability extends across helping to protect the environment, and combat the adverse effects of climate change through managing waste. We have eliminated single use plastic cups from all sites, and introduced compostable packaging and cutlery in the company's in-house canteens. We provide dedicated recycling and confidential waste stations within its offices, including specific recycling programmes for items such as takeaway coffee cups, soft drink bottles, and crisp packets, saving 24,950kg from entering main waste streams. Moreover, we sent zero waste to landfill from our UK sites since February 2021 and we recycle unwanted furniture and computer equipment by donating it to local charities and organisations.