

Hastings

Appendix

Hastings Group

2022 Sustainability Report



Appendix 1 - Valuing colleagues and customers

Empowering work environment

Approach

Our business performance and the delivery of good customer outcomes, depends on our ability to attract, develop, and retain talented people at all levels. Skilled and engaged colleagues are critical to the delivery of every element of our strategy and we are committed to supporting our colleagues to realise their potential and be the best they can be.

Within our distinctive 4Cs (Colleagues, Customers, Company, Community) cultural framework, we look to continuously develop our workforce with diverse skills, perspectives, and backgrounds. We provide colleagues with accessible learning opportunities, an extensive reward, benefits and wellbeing programme, and encourage our colleagues to bring their whole self to work.

Actions and results

The number of full-time colleagues working at Hastings was 3,646 at the end of the year showing 21% increase compared to the previous year.

Colleague turnover

We continue to drive an “internal first” approach to recruitment, with a focus on building internal capability and developing talent. Throughout 2022, the UK experienced a continuation of unprecedented levels of labour market demand and movement as a result of both Brexit and post-pandemic lockdown easing. The UK labour market remains very competitive, both within and outside the Financial Services industry, with competitive pay being offered for all roles. As the UK enters a recession in 2023 there are indications that the labour market may start to stabilise, including the demand for analytical and technological skills.

Colleague turnover was low during 2020 and 2021, largely due to the COVID-19 pandemic, but as restrictions have eased throughout 2022, many colleagues have continued to seek alternate career paths.

We have continued to focus on building attraction strategies for all roles, using direct sourcing and engaging an outsource partner for customer-facing roles to enable realisation of demand peaks.

Further supporting UK attraction and retention of talent; salaries for our customer-facing colleagues increased by an average of 9.4% over the course of 2022 and remain under review.

Colleague satisfaction

The annual colleague engagement survey “YourVoice” reported a sustained high level of colleague engagement. The 2022 survey had the highest response rate to date, with 87% of colleagues completing the survey. In all, 81% of participants agreed that they “could feel comfortable being themselves at Hastings”, 82% of colleagues agreed that they “understand how the work they do contributes to achieving Hastings’ goals”, and 86% of colleagues agreed that they “could easily speak to their manager about work-related issues”.

The results were driven by our continued investments in many initiatives, including training and career development; development of operational leaders to create high-performing teams; and actively managing the diversity and inclusion agenda. In 2022, we also introduced initiatives to support colleagues with the cost-of-living crisis. Colleague sentiment and comments were positive in response to this and resulted in an uplift in scores for all associated questions.

Health and wellbeing

Approach

Our established wellbeing programme, celebrated its 5th year in 2022, and focuses on three key principles: awareness, education, and engagement through activity.

The programme offers consistent, knowledgeable support and information about wellbeing, whilst promoting and delivering a healthy working environment through a variety of activities to support the mental, physical, financial, and social health and wellbeing of our colleagues and their dependants.

All colleagues can access a vast library of wellness support throughout the year via a dedicated wellbeing platform, quickly and with ease, which includes a host of webinars, workshops, talks and health checks supported by our health and wellbeing providers.

Hastings continues to focus on investing in its Wellbeing Champions and Mental Health First Aiders who act as the first point of contact for colleagues who may have questions or concerns around health and wellbeing. These colleagues act as intermediaries whilst promoting preventative healthcare via the tools and resources available within the wellbeing programme.

We recognise the role that all leaders play in creating a safe space for our colleagues to be open about their wellbeing. By providing leaders with the right training and tools, we are building an engaged and supportive leadership team, who can help colleagues with managing their wellbeing in an appropriate and compassionate way.

Goals and Ambitions

Our newly formed Wellbeing Steering Group is working to bring together key stakeholders from across the business to share feedback and insights from their areas to inform decisions on goals, strategies and processes within the wellbeing programme.

The wellbeing programme continues to focus on embedding wellness into our culture and continuing to raise awareness and deliver educational health and wellbeing initiatives, whilst committing to inclusivity, integrity, tolerance, and respect for others in everything the organisation does.

Actions and results

During 2022, training workshops were launched by the wellbeing programme to support colleagues and Wellbeing Champions:

Induction

Wellbeing has now been embedded into all our induction journeys, giving all new colleagues an opportunity to understand what health and wellbeing benefits they are entitled to from day one of starting their employment with us.

Wellbeing Champion development programme

We give our Wellbeing Champions a clear learning pathway through a 5 module, wellbeing programme covering: menopause, mental health first aid, hybrid working, soft skills training and financial wellbeing. The aim of this programme is to make the Wellbeing Champion role more desirable to colleagues through offering personal development, in turn, increasing wellbeing related communications within our departments, encouraging peer to peer conversations and influencing early intervention and higher utilisation of our tools and resources.

During 2022 we continued to deliver our 1 day mental health workshop for leaders with 101 attending. The workshop aims to provide our leaders with the skills and confidence to proactively support colleagues' mental wellbeing, using the tools and resources provided helping to create an

inclusive workforce and evolving our approach to tackling the increasing challenge of mental health issues at work.

Towards the end of the year the UK experienced inflation in the cost of living, which affects all colleagues. Worrying about finances can take a huge toll on mental and physical health, relationships, and overall quality of life. The wellbeing programme worked with financial wellbeing partners Nudge to deliver a 'navigating cost of living' series of workshops with a focus on energy, food and budgeting for all its colleagues. A dedicated financial wellbeing page was also created on our intranet, giving colleagues access to a wide range of related resources.

Diversity, equity, and inclusion

Approach

Our diversity and inclusion strategy has three areas of focus: creating an inclusive culture; building a diverse workforce for the future; and enhancing our reputation internally and externally. The approach involves listening to colleagues and acting on their feedback as well as bringing in external expertise when needed. As we embrace hybrid working, we maintain connection with colleagues by offering a mix of opportunities to connect at diversity and inclusion related events both virtually and across our different office locations.

The Inclusion Council is a voluntary colleague network group that advocates for change and pushes boundaries. Each member is responsible for leading on a specific area of diversity they are passionate about, supported by aligned senior executive sponsors to achieve goals. Through the Inclusion Council's feedback, 2022 saw changes made to policies and practices within the business.

Maintaining an inclusive culture, and fostering a sense of belonging for all colleagues irrespective of their background, is an important part of our 4Cs culture. We're proud to be ranked 9th in the Top 50 UK Inclusive Employers list for 2022, an improvement of 20 places from our 2021 ranking.



Goals and ambitions

We have goals to attract, develop, and progress colleagues from a wide range of backgrounds and we recognise the value that a diversity of perspectives brings to our success. We have committed to:

- Focus on social mobility and neurodiversity in the workplace as priority areas in 2023
- Regularly review our policies and practices in line with ambitions to be an inclusive employer
- Continue to participate in programmes such as The 30% Club, an external mentoring programme for women
- Maintain our support of the advancement of women in senior roles in the financial services sector through being an ongoing signatory of the Women in Finance Charter
- Benchmark ourselves against other leading employers by participating in the UK inclusive companies survey

Actions and results

The Inclusion Council continued to advocate positive change for colleagues with a wide range of backgrounds in 2022, for example by championing a carers' leave pilot, giving colleagues 37 hours paid leave to help with their caring responsibilities.

We continued to raise awareness of a wide range of topics related to diversity, through launching a new Talking Inclusion webinar series for colleagues to learn more about the subjects being discussed. Topics covered included social mobility inclusion, neurodiversity in the workplace, banter at work, intersectionality, the black experience, and more. We celebrated National Inclusion week, raising awareness of the theme: The Power of Now. An external diversity and inclusion expert was invited to discuss how each person can take steps to be more consciously inclusive. 2022 saw our biggest representation at local Pride events in Leicester and Hastings, with colleagues and their friends and family joining the parades.

As a signatory to the Women in Finance charter, we're pleased to have met the target of 30% of our senior roles being held by women. During the year, we attracted senior female leaders into key leadership roles in Claims, Commercial, and Underwriting Services functions, specialisms which are typically male dominated.

We continue to work towards our long-term goal of improving diversity in our early career pipelines for future leadership roles. Through our partnership with Generation - a not-for-profit organisation that specialises in training skilled yet underemployed candidates from diverse backgrounds in data and analytics - we hired 11 new colleagues in data roles. Our commitment to attract a wide pool of graduates onto our rotational graduate programme remains, with plans to go to market with the largest number of graduate roles in Data Pricing and Analytics, Claims, and Technology in Q1 2023.



Competence development

Approach

To enable us to realise our ambitions, we have accelerated our focus on the critical skills our colleagues need to succeed. As we continue to work on our goal to be the best and biggest digital insurance provider, we continue to review, plan and build our colleagues skill profiles and put development plans in place.

A key focus within 2022 and into 2023 is preparing for the Consumer Duty Regulations, which come in to force in the UK from July 2023. Like all other financial services companies, we will be expected to act to provide good outcomes. Our competence development strategy is supported by internal policies and is overseen by Hastings Group Human Resources Director. We plan to conduct a review of these policies in 2023 to ensure compliance with upcoming Consumer Duty Regulations.

A comprehensive learning catalogue is available to all colleagues and we recognise the need to invest in simplifying access to this whilst continuing to build engagement with colleagues, enabling them to realise their potential and pro-actively develop their skills and careers here at Hastings. A key focus area for 2023 will be enhancing careers signposting and learning opportunities.

Educational programmes

Colleagues are offered a suite of mandatory and regulatory training. The curriculum consists of a series of modules deployed to all new starters and existing colleagues on an annual recurring basis. Depending on role, the average learning time for the curriculum is 2 hours and comprises of the following topics:

- Customers in vulnerable circumstances
- Complaint handling
- Financial crime
- Protecting our customers' and colleagues' data
- Equality, Diversity and Inclusion
- Health and safety
- Training and competence (T&C)
- Insurance Distribution Directive (IDD)
- Senior managers and certification regime (SMCR).

Over 1,038 colleagues are required to complete and evidence 15 hours of continuous professional development (CPD) as part of the Insurance Distribution Directive (IDD). The progress is tracked and reported through our in-house learning management system, YourCareer.

We also provide graduate, placement and internship programmes, some through third-party relationships to build the pipeline of its future talent. These are increasingly being utilised across the business alongside apprenticeship programmes to bolster capability and develop future leaders.

Leadership development

We strongly believe in the role leaders play in the on-going engagement, commitment and development of our 4Cs culture and how this is experienced by our colleagues. We recognise that continued development of leaders at all levels (whether customer-facing or specialist) will enable colleagues and the company's potential to be realised, which is especially important for us during the transition to more sustainable hybrid working practices.

Leadership development is offered, encouraged and provided in a variety of ways, taking a blended approach to learning. As leaders join, or are promoted, we ensure there is a Leadership Induction covering foundation skills such as performance management and an introduction to coaching.

Our senior managers are required to undertake the same mandatory training modules as all colleagues in relation to our 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, such as cyber, information security and data privacy. Briefings also cover matters such as diversity and inclusion, climate change, and sustainable business practices.

Apprenticeships and external training

In support of colleagues professional development, we provide everyone with the opportunity to apply for an apprenticeship programme aligned to their job role, allowing them to gain professional qualifications up to Degree and Master's level. During 2022, 40 colleagues started an apprenticeship.

We work with leaders across the business, including within the strategic capability areas such as Digital and Data to identify colleagues who may benefit from upskilling or professional development through an apprenticeship. These apprenticeships are inclusive, enabling colleagues of any background, age or job role to benefit from professional development.

Funding for externally certified training is available for all colleagues, subject to agreement from their leader and review of qualifying criteria by our Learning and Development team.

Individual career paths

We recognise the importance of personal development and have introduced a new role-based progression scheme in Customer Operations. A similar scheme was launched for 511 colleagues in Claims Operations and Anti-Fraud during 2022. These frameworks support colleagues to develop through structured learning paths and remuneration progression, along with mapping out next steps in terms of career progression. Similar schemes to build capability have been 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.

Performance and development frameworks are provided to support leaders and colleagues to have regular conversations regarding their training and development needs, which are recorded in colleagues personal development plans. We also provide training pathways for colleagues with similar development needs to compliment development of defined skill requirements within the relevant career paths.

Supporting women's' careers

Female 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 senior leaders provide mentorship to mentees in other organisations taking part in the programme. 19 of our colleagues were supported in taking part in 2022/23 programme with an equal 19 senior leaders from the company offering their time to mentor employees from other participating organisations.

We continued with our Women in Data membership in 2022, supporting women who are currently working in or have ambitions to work in data through 3 different activity

strands: Early Careers, Career Development and Raising Awareness. Outcomes for the year include: recruitment of 2 women interns into data teams for 6 weeks to help in developing their future career and provide a talent pipeline, publication of a monthly career blog about women colleagues who work in data, and a monthly social networking event for all female colleagues working in data at Hastings.

During 2023, we will deliver an Introduction to Data, 4-week bite-sized development programme supporting colleagues in frontline services who want to move into a career in data. We will also deliver an in person Women in Data Networking event to be attended by both internal colleagues and external guests, focusing on a hot data topic, and sharing women's career journeys.

Goals and ambitions

We place great importance on the continuing education and development of our leaders and colleagues with underpinning learning, development and people strategies which highlights the value of curious talent, empowered leaders, results-oriented teams and networks.

Training is planned and delivered annually in line with our organisational and regulatory requirements.

Actions and results

During 2022 we introduced 'Leading for Growth' a development programme series for our whole leadership community. The programme is designed to build greater awareness of our business model, strategy and growth ambitions through an aligned Leadership Team. It also seeks to build leadership capability; enabling leaders to realise the potential colleagues hold, and maximising the capacity we have to drive and deliver growth ambitions. It consists of four face to face modules, with two of the four being completed in 2022. 503 leaders have completed module one and 542 leaders completed module two by the end of 2022. Further modules are planned for 2023.

Operational leaders continue to be developed and accredited through a dedicated, internal leadership

programme, with 256 leaders attending throughout 2022 and the programme becoming embedded into everyday leadership practice. This has created consistent principles, tools and frameworks, enabling leaders to coach and manage their teams effectively, supporting all colleagues to be the best they can be at work and unlocking their potential.

In 2022, significant investments were made in learning and development with a focus on improving core capabilities across our business and growing the digital skills of key business areas such as Underwriting and Pricing. We empower colleagues and their business areas to identify their learning needs through a mixture of localised learning matrices which assist them in creating outcomes and development-oriented learning pathways linked to career paths, competencies, and professional goals.

At the end of 2022 our regulatory & mandatory training completion rate was 97% and Insurance Distribution Directive adherence rate was 99%.

In 2023, our focus is on several initiatives that supports our move to being a “Digital First” organisation. Among these is the inception of a learning technology and innovation channel, increased focus on the 70:20:10 learning model, building of coaching and mentoring partnerships, capability and skills-based learning and development, learner experience and learner data analysis.

Remuneration

Approach

Remuneration arrangements are designed and operated to support the aims of the business to achieve our strategy in a sustainable manner. We seek to pay colleagues competitively and fairly for the work they do, and reward them based on the performance of the company and their own performance against relevant goals, as well as



their behaviours and conduct. Performance, behaviours and conduct in this context are measured against our “4Cs” framework, which focuses on getting things right for colleagues, customers, company, and community.

Remuneration arrangements are also aligned to our risk management strategy, corporate governance code, and approach to conduct and business ethics, such that the design and operation of these arrangements consider our risk management framework and appetite, relevant risks, and regulatory conduct requirements, and legal and statutory obligations.

Our remuneration policy aims to:

- Enable achievement of business goals and creation of value for our shareholders
- Encourage and reward good outcomes for customers

- Allow us to pay what is needed to attract and retain the right people (whilst not paying more than is necessary)
- Be aligned to our risk management strategy and frameworks – encouraging colleagues to take appropriate but not excessive risks, and avoiding conflicts of interest
- Be compliant with relevant legislation and regulation
- Reward fairly – with competitive pay against internal and external benchmarks
- Encourage colleagues to achieve and surpass their goals, and demonstrate appropriate conduct and behaviours
- Be transparent, simple to understand, and consistent in approach

Key Elements of Remuneration Framework

Our remuneration framework includes the following elements

Element	Aims & Operation
Basic Salary	To provide an internally and externally equitable level of fixed remuneration based on responsibility level and position in the organisation. Salary ranges are set in line with the market and internal benchmarks (but not aiming for base pay to be a differentiator).
Pension & Benefits	To provide important part of the overall colleague proposition for working at Hastings. To encourage and support broader physical, mental and financial wellbeing, and to provide choice and flexibility to meet individual needs. Benefits should be market competitive and meet all legal requirements.
Recognition	To allow leaders and colleagues to say “thank you” and recognise colleagues for a job well done. Recognition opportunities include: <ul style="list-style-type: none"> • Informally through thank you cards, vouchers, or instant awards • More formally through the “4Cs awards”
Variable Pay	To reward colleagues for performance of the company over a period of time. Variable pay is performance related, and dependent upon affordability to the company. It is appropriately balanced based on financial and non-financial metrics, and takes into account risk, control and conduct performance and expectation. Variable pay is discretionary and fully flexible (with the possibility of zero payout). Variable pay typically takes two forms: <p>a. Short term Incentives (e.g. Annual Bonus)</p> <p>To reward colleagues for the annual performance of the Company and their contribution, and for demonstrating the appropriate conduct and behaviours.</p> <p>Short term incentives take into account both company performance measured against relevant financial and non-financial KPIs (measured using the 4cs framework), and individual performance against goals (via a performance rating).</p> <p>b. Long term Incentives</p> <p>To align colleague reward with the long term vision and performance of the Group, and to help retain key/critical talent.</p> <p>Long term incentives are typically for our more senior colleagues whose roles add value to the business over the long term and/or critical long term talent with potential to go on to bigger/broader roles.</p>

Integration of ESG into remuneration

Our variable compensation takes into account performance against annual 4Cs goals, which include measures on colleague engagement, customer experience, progress on 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

The 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

During 2022 and into 2023, in response to the rising cost of living in the UK, we supported our workforce through the following:

- All colleagues earning up to and including £45,000 per annum benefited from an immediate, minimum 5% pay rise and a £500 bonus included in their October pay.
- Pay reviews for colleagues earning over £45,000 per annum were brought forward.
- From October to December, colleagues were able to access free meals in our on-site canteens
- Reintroduction of a £200,000 Colleague Hardship Fund, supporting colleagues experiencing financial difficulties with confidential financial help

In addition, after pension contributions, we continue to pay the Real Living Wage, offer a range of savings across retailers through a discounts app, and offer a tech scheme assisting colleagues with saving money on electrical goods through spreading the cost over 12 months, interest free.

Customer satisfaction

Approach

Customer satisfaction scores and outcomes are continually measured to assess performance against goals and identify areas for improvement. Our 'Voice of Customer' programme utilises a range of different feedback streams including actively seeking feedback from customers to measure Net Promoter Score (NPS) and Customer Satisfaction (CSAT) following the completion of key customer journeys.

The Quality Assurance framework measures both customer outcomes and experience. Results are analysed to support individual colleague development and identify systemic themes that can improve customer journeys, products and processes.

Root cause analysis, particularly for complaints, is undertaken including focused deep dives on the end-to-end holistic customer journey enabling all steps of the customer lifecycle to be reviewed to identify key friction points.

Defined customer measures, including CSAT, NPS, quality assurance and complaints are produced and assessed by a dedicated customer insight team. This team ensures all areas across the organisation, from customer facing colleagues to executive and governance forums.

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

Goals and ambitions

Throughout 2023, we plan to further develop the voice of customer programme and quality assurance provision through automation, utilising the new customer contact platform.

Actions and results

We set yearly NPS and CSAT targets as part of our company objectives each year, with an aim to maintain and improve results in line with the market and competition which are Board-approved and reported against on a regular basis. We exceeded our CSAT target and saw an improvement in both NPS and CSAT from 2021 with an increase of +1 for NPS and +2% on CSAT



Appendix 2 - Supporting our communities

Stakeholder engagement and dialogue

Approach

Our ESG strategy is based on four key areas of focus: Operating Responsibly; Valuing Colleagues and Customers; Supporting Communities; and Reducing Environmental Impact. In the context of stakeholder engagement, we recognise the importance and power of collaboration and work with a variety of internal and external teams to support and progress goals against each of these focus areas ensuring that activity positively contributes the wider UN Sustainable Development Goals (UN SDGs) with each of the 17 goals being supported in some way.

Actions and results

FutureReady – empowering the next generation

Throughout 2022 we continued to support students from local schools in Bexhill and Leicester via our educational FutureReady programme. Delivered across three diverse days this innovative and unique programme sees our colleagues act as business mentors to support year 9 (13 to 14 year old) students to make better life choices through a blend of coaching, mentoring, and facilitation. 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. 2022 saw 72 Hastings colleagues support 213 students.

Cooperation with Women in Data

As a data driven business, we value the expertise of our data professionals and we're playing our part in promoting gender balance across the industry through partnering with companies such as Women in Data.

As part of this partnership in 2022, we developed and delivered a Careers in Data workshop to 22, year 8 (12 to 13 year old) female students in a school local to our Bexhill



office, introducing them to the world of data and potential career options.

Supporting 'The Source'

During 2022, our Chief Information Security Officer (CISO) and CISO Programme supported 'The Source' a global community for women in cyber who want to learn, connect and succeed by providing them with mentoring, networking, and resources to inspire and empower them at all stages of their career. Their vision is "to make women standard in cyber not the exception". We're working with stakeholders such as The Source to make roles in cyber accessible and approachable for women not just at Hastings but across the wider industry.

More information is available here: [The Source – Jane Frankland \(jane-frankland.com\)](https://www.jane-frankland.com)

Cooperation through the Insurance Sector Cyber Co-ordination Group

We continue to contribute to the wider financial industry through our ongoing chairing of the Insurance Sector Cyber Co-ordination Group (ISCGG). This group is sponsored by the Financial Conduct Authority (FCA) and our participation in the ISCGG contributes to the FCA's CCG insights report, which is shared at a broader level for use across the financial services industry. The ISCGG is also affiliated with the Cross Market Operational Resiliency Group (CMORG) and sees members collaborating to share knowledge, identify risks, develop solutions and improve the cyber resilience of the financial sector.

Donations and other humanitarian efforts

Approach

Donations and humanitarian efforts are guided by our 4Cs framework. With happy colleagues, satisfied customers, and a profitable business, we're able to take our 4Cs framework full circle and take an active role in serving our communities. We maintain our focus on serving local communities, enabling colleagues and the business to see the impact of their service and support.

Offering a wide range of support to charities and communities, we continue to receive requests for a variety of support and donations every year. Requests are considered to ensure that the donations benefit local communities and that the support given aligns with our ethics.

Goals and ambitions

Through 2023 we plan to enhance the number of colleagues taking part in community days with the aim of including more professional volunteering opportunities, enabling our workforce to use their skills to support good causes.

In addition to professional volunteering, we intend to continue to build on our environmental and sustainable based community days, where possible combining the two with plans to partner with charitable organisations to deliver environmental educational programmes, supporting with embedding sustainability into school curriculums and inspiring the next generation.

We intend to continue with its FutureReady programme in 2023.

Community grants

We continue to run our community grant scheme, enabling local good causes, charities, and communities to access much needed support. The support given ranges from professional skills or practical hands-on help, through to financial support. Grants can be applied for by anyone from the local community, including colleagues who are able to submit a request on behalf of the intended recipient. In 2022 the scheme provided 85 grants totalling £97,000 in financial support and also included humanitarian support of national and local groups assisting Ukrainian refugees.

We supported the local community in Bexhill & Leicester with £40,000 of sponsorship of local events, including Pride in Hastings and Leicester and funding to help its local hospices.

Community day programme

1,300 colleagues served local communities by providing over 10,000 hours of practical support through the community day programme. Activities include mentoring with schools, tree planting, sponsored walks for charities, beach cleaning, and taking part in hospice week.

Fundraising days

Two national fundraising days were supported in 2022; Comic Relief and Macmillan Cancer support raising a total of £7,000. We also held our third Hastings Golf Day and raised £7,200 for the Pink Ribbon Foundation.

Colleagues raised £39,000 in 2022. Following colleague feedback, a change to the approach for future fundraising will see less focus on national events and more on local charities, good causes, and communities.



Appendix 3 - Reducing our environmental impact

Environmental impacts of group operations

Approach

We remain committed to acting responsibly and consider the environmental impacts of our operations and focus on continuing to reduce our emissions from all scopes, reducing the impact on climate change. The ESG strategy continues to evolve as progress is made across our ESG four areas of focus (Operating Responsibly; Valuing Colleagues and Customers; Supporting Communities; and Reducing Environmental Impact) and we take into consideration developments in legislation and Non-Governmental Organisation (NGO) recommendations along with supporting activity for Sampo Group's Sustainability Programme.

Overseen by the Chief Customer and Operations Officer and led by the company's Business Services Director, we have a dedicated ESG team comprising an ESG Manager and ESG Support Analyst. The team has a large focus on reducing environmental impact within our business operations, in addition to working with all business areas to embed sustainability, and working closely with the company's Wellbeing, Diversity, and Inclusion and Corporate Social Responsibility teams.

Actively working to embed sustainability into our businesses culture and products we have delivery plans running each year to raise awareness and engagement across our key stakeholders. Delivery and engagement plans are refreshed on an annual basis, supporting delivery of long-term Net-Zero targets and contributions to the UN Sustainable Development Goals.

We have been a certified CarbonNeutral® organisation since 2020 with all calculations verified by an independent third party. We purchase carbon offsets that hold a variety

of globally recognised standards and choose projects that focus not only on carbon offsetting but also carbon removal projects with additional social benefits. As a UK based business, we also support UK nature based projects which focus on reforestation and peatland restoration, helping enhance more local biodiversity.

Goals and ambitions

We have a long term goal to be a Net-Zero organisation by 2050 or sooner, supported by setting both short and long-term Science Based Targets, taking place over the next two years. In the meantime, we continue to reduce emissions across all 3 scopes where possible and plan to maintain carbon neutral status whilst working towards longer-term goals.

As a data driven business, we seek to review and improve data capture where possible, including a constant review of enhancing scope 3 emissions data, with additions being made each year when possible, allowing us to baseline, manage and reduce emissions. In order to support Science Based Target setting in 2023, we are re-baselining our Carbon Footprint from 2022 and will be including additional scope 3 measurements.

Actions and results

During 2022, we took action to reduce our waste by working with venues hosting events to ensure drinks and food containers were 100% recyclable or compostable. Within our onsite canteens, we worked to reduce waste footprint even further by removing disposable coffee cups, which were previously recycled, with over 87,000 cups being saved from entering recycling services since its introduction. Our canteens also extended plastic removal to drinks containers, with all plastic drinks bottles being removed from sale with plans to further reduce residual single use plastic in 2023.

An internal sustainability initiative 'Go Green' launched in 2022, which focuses on raising awareness of environmental challenges, events and opportunities with our colleagues to embed sustainability in our culture through a positive actions focused approach. Go Green includes a travel programme that works with local councils, public transport providers, and companies and charities promoting active travel to make sustainable travel options more accessible for colleagues, supporting them in making sustainable transport choices. As part of the Go Green programme, we are building a network of Green Ambassadors comprising of colleagues, acting as sustainability champions within their teams, across the business to raise awareness on how everyone can reduce their environmental impact as well as promoting Go Green events and initiatives. In 2022 there were 13 Green Ambassadors, with plans for this to increase over the coming years.

With the support of our Green Ambassadors, we ran a number of activities throughout 2022, to encourage colleagues to consider how day to day activities can have an impact on the environment with suggestions on small positive changes to habits. This included running Veganuary workplace challenges, supported by nutritionists and onsite canteens, Earth Day quiz competitions, free bicycle maintenance, and a 'New 2 Me' swapping event where colleagues are encouraged to swap items rather than shop in the lead up to December holiday period.

In 2022, our canteen service provider in Leicester signed up to the Cool Food Pledge, committing to reduce GHG emissions associated with the food it serves globally by 25% by 2030. They also plan to introduce carbon labelling on selected menu items in 2023 to introduce more plant-based dishes and to raise awareness of associated emissions of meals and ingredients.

GHG emissions and carbon neutrality

Our commitment to reducing our impact on the environment and climate change continues to grow and, during 2022, we committed to set near and long-term science-based emissions reduction targets through Science Based Target initiative (SBTi) as part of our net-zero roadmap.

We are proud to maintain our CarbonNeutral® certification for a third year running, recognising that this is a shorter-term solution whilst working towards reducing emissions across all 3 scopes to zero (or as close to as physically possible) to meet our net-zero target by 2050, or sooner.

During 2022, we continued to embed a hybrid working model, enabling colleagues to work flexibly, with a blend of home and office-based working. This provided opportunity to make best use of our office spaces by taking some areas out of use, supporting reduction of the carbon footprint by decreasing energy use in lighting, heating, air conditioning, and removing over 800 workstations drawing stand-by power, visible in the reduction of scope 1 and 2 emissions.

2022 saw us complete an implementation of new IT infrastructure with a move from on-site hosted data centres to a cloud-based solution. Removing on-site data centres, previously stored in in climate-controlled rooms provides carbon emissions reductions (which are estimated to be significant), offering longer term sustainability through reduced running costs, better scalability and increased IT operational efficiencies. This change enables us to enhance voluntary scope 3 reporting, with more accurate emissions data captured in real time, which will be monitored throughout 2023 for a baseline and included in future reporting.

Sustainable procurement

We recognise the potential wider impact of our operational relationships and we are committed to ensuring that the products and services we procure not only meet business and customer needs, but, where possible, also benefit wider society and the environment.

Total Tonnes CO2	2019	2020	2021	2022
Scope 1&2 emissions	1,093	611	259	212
Scope 3 emissions	525	669	637	1,184
Total organisational footprint	1,618	1,280	896	1,396

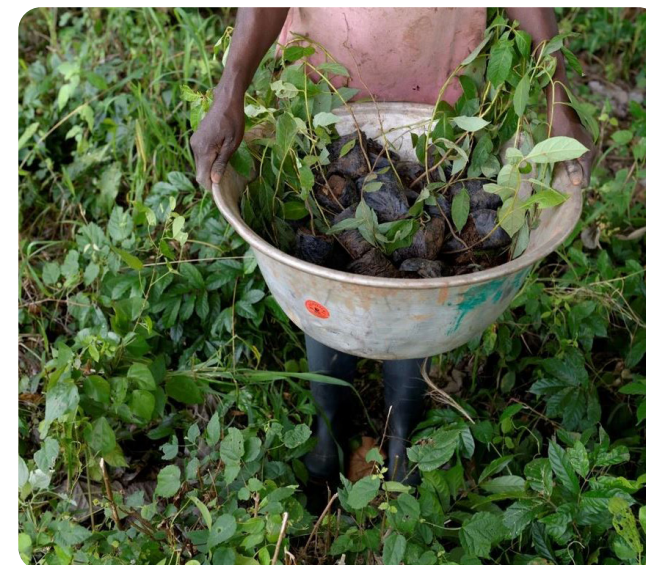
Hastings has offset 100% of these emissions and are certified CarbonNeutral® Organisation.

During 2022 we introduced an ESG due diligence questionnaire for all new and existing suppliers. The questionnaire is now included with all new requests for proposals (RFPs) going out to market, allowing us to set expectations with suppliers by bringing ESG into the conversation from the start. ESG due diligence will be complete on 100% of suppliers in 2023, providing us with a baseline view of supply chain ESG scoring (benchmarks equivalent to our own ESG related strategies and policies) with plans to work with suppliers whose scores fall below acceptable benchmark. We take a continuous improvement approach in working with suppliers on their own ESG journeys, offering support and guidance where appropriate.

Actions and results

As a result of this focus, we have seen positive changes in our supply chain, for example one service provider replaced its company car fleet with 100% electric vehicles and signed up to the Real Living Wage Foundation.

We will be deploying a new procurement platform to aid the management of our supply chain and improve on operational efficiencies, a key requirement of which is it's the ability to manage ESG related due diligence in an automated fashion and to promote the use of stakeholder dashboards providing real time views of the supply chain's commitment to ESG.



Appendix 4 - Operating responsibly

Anti-corruption and bribery

Approach

Our approach to the prevention of corruption and bribery is embodied in our Anti-Bribery and Corruption Policy, which reflects obligations under regulations and laws, especially the UK's Bribery Act 2010 and Part 24 of Gibraltar's Crimes Act 2011. The policy is reviewed annually.

Information and training

Upon starting, and throughout their employment with us, all colleagues complete mandatory training on this subject. All colleagues are informed of any policy revisions through our intranet with mandatory training on this subject delivered and monitored through our e-learning platform.

Incident reporting

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

An annual review of our Anti-Bribery and Corruption Policy was completed in 2022. We also reviewed our approach to anti-corruption and bribery within the context of regulatory guidance and the anti-financial crime framework as a whole.

Anti-money laundering and counter-terrorist financing (AML and CTF)

Governance

We have a risk-based approach towards assessing and managing the money laundering and terrorist financing

risks we face, with details set out in the related Anti-Money Laundering and Counter Terrorist Financing Policy. This policy considers all relevant laws and statutes and also sets out our controls and reporting framework which monitor adherence and facilitate the reporting of breaches.

Key risks in relation to financial crime, controls, any breaches, suspicious transaction reports, and audit findings are reported to the governing bodies on an annual basis by the Money Laundering Reporting Officer (MLRO).

Training

All colleagues are informed of any policy revisions through our intranet with mandatory training on this subject delivered and monitored through the e-learning platform. Mandatory training is undertaken by all colleagues on an annual basis.

Incident reporting

We have an externally hosted whistleblowing platform alongside a dedicated restricted-access mailbox for colleagues to raise any suspicious of money laundering, terrorist financing or any other associated suspicious activity, anonymously if they so wish. All suspicious activity reports are responded to within 48 working hours of the notification being received, with an outcome, including reporting to the authorities, reached within ten working days.

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

Actions and results

During 2022 we conducted an annual review of Anti-Money Laundering and Counter Terrorist Financing Policy. The approach to money laundering, terrorist

financing and sanctions was also reviewed, within the context of regulatory guidance and its anti-financial crime framework as a whole.

Data privacy

Approach

Data Protection and Retention Policies apply to all our operations, including data relating to existing and/or potential customers and colleagues. We ensure that our approach to the collection, use, sharing and retention of user data is lawful, fair and transparent and easily available for everyone to understand. Customer feedback and queries



are constantly monitored, giving us insight into areas that need additional explanation with action taken accordingly.

Governance

We ensure customer statutory privacy rights are upheld, including a commitment to processing personal data securely by means of appropriate technical and organisational measures. Internal 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. Each business area leader is responsible for ensuring that the data protection policy is adhered to within their business areas. Oversight takes place regularly at governing body level. A network of Data Protection Champions is in place across the organisation to assist with the task of embedding the principles of data protection and privacy by design and default within the business. We have both a Group Data Protection Officer (GDPO) and Deputy Data Protection Officer (Deputy DPO) and we receive independent assurance, via our internal audit programme, delivered via an outsource arrangement with a professional service provider, of our data protection policies and procedures where we commit to acting on any recommendations appropriately.

We have operational measures 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 GDPO, Chief Information Security Officer (CISO) and Group Chief Risk Officer as required as part of the organisation-wide incident management process.

Data Subject Access

Our customers and colleagues can exercise their data access rights via multiple communication methods (including telephone, email, and web chat). All requests are logged in a central tracker and are administered in a timely and comprehensive manner. The team also maintains a Data Protection inbox which is available for customers and colleagues to register their requests as well as ask questions or log complaints relating to data protection. The GDPO



and Deputy DPO are also available through this channel as independent escalation points as required.

Training

Mandatory training is undertaken by all colleagues on joining the business and on an annual basis thereafter. In addition, with the assistance of the Data Protection Champions, the data protection team conducts role specific data protection training across the business to continuously improve our data protection awareness and knowledge.

Actions and results

As a result of the continued investment in data protection, we are well positioned in our commitment to ensuring our customers' and colleagues personal data is both retained securely and used appropriately. In the second quarter of 2022, Internal Audit conducted a review of the organisation's data protection policies and procedures and all resulting actions have been completed.

During 2022 our data protection team handled all subject access requests within the time period required by regulation. All personal data incidents were logged and investigated, with one requiring a report to the Information Commissioner's Office (ICO). As part of our mission to be the biggest and best digital motor insurance provider, data protection has been embedded within our change processes resulting in Data Protection Impact Assessments being completed as standard

practice where any impact to customers' or colleagues' privacy is considered and minimised. Finally, we use our network of Data Protection Champions, and the ICO's Accountability Framework, which is a methodology for assessing and improving an organisation's data protection competency, to inform plans and actions supporting further improvements.

Information security and cybersecurity

Governance

We take a continuous improvement-based approach towards our information security framework, and seek 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. The framework is aligned to the ISO27001 standard, with appropriate supporting policies and processes.

Operational measures are in place to monitor and respond to information security and cyber security events and incidents which are routinely and independently validated and tested. Testing is undertaken by CBEST-certified partners and includes vulnerability assessments and penetration testing alongside internally run phishing campaigns and exercises to check resilience and robustness of incident management procedures. 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 the organisation-wide incident management process.

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 a member of the UK National Cyber Security

Centre (NCSC) a cyber co-ordination group sponsored by the industry regulators and supported by government agencies.

Training

We understand that our colleagues have a critical role to play in the security of our platforms and data, and we support them to take the steps required to protect the organisation. The business has mandatory training for all colleagues and supplementary cyber awareness training available as required. We regularly engage with colleagues, so they are aware of threats and what to do if something goes wrong.

Outsourced data processing

We review third-party data processors 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 2022, we continued to invest in our programme for information security and cyber resilience, including ongoing security stress testing of the environments, support and enhancements towards colleague cyber awareness and crisis management exercises focused on the ongoing threats associated with Ransomware.

Appropriate responses were taken throughout the year towards the evolving threat landscape influenced by the geo-political situation driven by events in Ukraine. Specific attention was paid to the regularly updated guidance issued by the NCSC in response to the event and Hastings took steps to make sure it was operating in line with these UK government expectations.

We have continued to be proactive in the industry. Our CISO has continued to perform the role of member chair for the Insurance Sector Cyber Co-Ordination Group (CCG) and the CISO programme has supported and funded initiatives to promote increased diversity within the cyber community.

Human rights and labour practices

Approach

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

Systems and practices to safeguard against slavery and related human trafficking are maintained within our own operations and 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 require our suppliers and business partners to take the necessary steps to avoid slavery and human trafficking.

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

We comply with the applicable human rights and employment legislations and 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 the 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 understand their individual responsibility to 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. The associated policies and guidelines are regularly reviewed and refreshed to ensure that they support this deliverable.

Actions and results

We believe that our commitment to diversity and inclusion is key to creating a productive workplace in which our colleagues can thrive and develop, striving to create exceptional teams.

Diversity and inclusion is positively promoted within our customer and colleague policies and processes. The Inclusion Council works across the business to promote new ideas and best practice focussing on 8 core areas:

1. Gender balance
2. Ethnicity & culture
3. Sexual Orientation (LGBTQ+)
4. Religion & Belief
5. Disability (visible & invisible)
6. Age
7. Social mobility
8. Carers & family friendly

Clear and accessible mechanisms for colleagues to report any concerns which they may have in relation to their employment are provided. This includes a grievance policy & procedure and a Whistleblowing service.

Our grievance process provides a route by which timely and informal resolution is attempted before the formal mechanism is invoked. All of our leaders have access to three online learning modules which provides them with the information and guidance they need to effectively address and resolve colleague complaints. Since the introduction of the refreshed grievance policy and the online learning modules we have seen the number of colleague grievances reduce. There has also been an increase in informal resolutions where a colleague has initially submitted a formal grievance.

We listen and engage with our colleagues via our intranet, bi-annual colleague engagement survey, roadshow events, and through day to day performance conversations. Colleague feedback is taken seriously, responding to and acting on points raised throughout the year with a summary 'you said, we did' communication published at the end of the year. Changes made as a result of colleague feedback in 2022 include: creation of a new Leadership Learning for Growth programme for the wider leadership community, the introduction of the cost of living support package, and change to the community fundraising approach.

The Hastings Colleague Forum (HCF) is recognised as our colleague consultation group for the purposes of statutory collective consultation and we also recognise the trade union membership of our colleagues in the context of individual formal processes (conduct, grievance, performance, sickness absence management). The HCF is made up of democratically elected members acting as representatives who engage with their business areas to represent the general views of colleagues, discussing collective issues and feedback in addition to the consultation process. During 2022 the HCF worked to affect change within the organisation such as, changes to pricing within onsite canteens and in doing so raised the forums profile resulting in increased engagement from its colleagues.

We continue to maintain systems and practices to safeguard against slavery and related human trafficking within across the company and our supply chain.

Sustainable product and service offering

Sustainable underwriting

We have well established and disciplined underwriting principles, with an operating structure that ensures decisions are grounded in data, and the business is able to react quickly to changes in the market. We have an active focus on the changing needs and attitudes of customers and explore propositions that support changes in vehicle fuel types as well as changes to usage. Key data sources are used which identify the flood risk of properties, providing the ability to consider the implications of temperature rise in underwriting rules longer-term.

We continue to work closely with law enforcement authorities to support industry wide efforts to prevent fraudulent activity and continue to invest in new technology, data, and people capabilities in order to keep pace in an ever-evolving fraud environment; where we remain an industry leader for fraud prevention. This benefits customers by protecting them from the negative experience of fraud and higher premiums.

Claims handling

Our Claims function has maintained strong focus on customer outcomes throughout 2022, aiming to ensure customers receive the service and support they need at all points during their claim. During 2023, we will implement new digital capabilities which will provide customers with additional communication channels and facilities to get updates on their claim.

A new total loss process was introduced in 2022, which provides customers with a clearer, quicker and more straightforward journey. Reviews of other customer journeys and processes are underway, with further enhancements and improvements planned for 2023.

A dedicated workstream has been created to review customer communications across all Claims journeys. This will assess the information customers are being provided

at each stage of their claim and focus on improvements, ensuring that customers always have the right level of information to make the right choice.

Good customer outcomes are pivotal to our claims handling philosophy and a key consideration for all plans and processes.

Customer service

A new integrated telephony and customer service platform was integrated in 2022, offering a more sustainable service model and an enhanced customer experience. The platform also provides colleagues and leaders with richer feedback, access to chat, email, and knowledge management functions in one system for operational efficiency. Feedback from colleagues following the implementation is positive with additional enhancements planned for 2023.

Sustainable supply chain management

Approach

We work with our suppliers to highlight the importance of ESG within the supply chain. By communicating our values and principles to suppliers, our intention is to align suppliers' ESG strategies with those of own, to ensure the best service, products and pricing to our customers and colleagues.

Due diligence assessments are conducted on suppliers in accordance with our Procurement and Supplier Relationship Management Policy, proportionate to the size and potential impact to our business operations.

Critical suppliers are subject to ongoing reviews throughout the year, on a monthly and quarterly basis. In 2022, we added ESG to the formal quarterly business review agenda for all critical and strategic suppliers, ensuring that the ESG agenda can be addressed in a consistent manner, whilst also being able to use this time to discuss potential improvements to suppliers' own ESG policies.

Goals and ambitions

We plan to continue the integration of ESG in our supply

chain with the implementation of a sustainable supply chain strategy and creation of a supplier code of conduct in 2023 supporting the organisation's longer-term net-zero goals.

Actions and results

Our Claims function continues to work with supply partners to push sustainable improvements for vehicle repairs, with a number of new sustainability initiatives delivered in 2022, including:

Recycled (Green Parts)

We introduced green parts into our claims repairs process in 2021, working with two external suppliers to fit recycled parts to circa 5% of all repairs completed within our approved repairer network. This supports our longer term sustainability through savings of circa £350,000 on the purchase of new parts for repairs and consequently saved 15,000kg of CO₂: that's the same as driving around 88,000 kilometres in the average UK car.

Green Earth Scheme

The Green Earth scheme was launched in February 2022 and offers our customers the opportunity to opt out of the courtesy car facility in favour of having a tree planted on their behalf.

During the first 10 months, the use of 671 courtesy cars has been avoided with 3.3% of relevant claimants choosing to opt for tree planting over a courtesy car; circa 3.5 trees are being planted per day under this initiative.

Approved repairer accreditation - PAS2060 (Carbon reduction)

PAS2060 is an internationally recognised British Standards Institution (BSI) standard for demonstrating carbon neutrality, confirming that claims made by a business are genuine whilst setting measurement and reduction targets. We are working with one of our repair network providers, to gain PAS206 certification for individual repairers in their network. Each repairer must create a Carbon Management Plan, publicly committing to carbon neutrality and detailing the main points of the reduction strategy. This is a long

and reasonably complex process to achieve all 3 scopes of the standard and the repair network provider has offered extensive consulting support through a specialist company to assist body shop businesses in achieving the accreditation. 10% of repairers in the network are now accredited with more moving through the process. We plan to introduce this scheme across our other repair networks.

Sustainable sales and marketing practices

Approach

We are committed to ensuring we deliver good customer outcomes and that customers receive fair value. The approach to product governance has been further enhanced, ensuring the impact of our activities on the value customers receive is closely monitored, with action being taken in a timely manner if required. 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.

Customers can purchase their products digitally or via the contact centre, and regardless of the chosen channel, it is essential that our customers are clear on all options available so they can make an informed choice. We work hard to ensure our sales journey provides relevant and timely information to support our customers in fully understanding the cover options available and purchasing products that meet their demands and needs

Digital and marketing design

We focus on meeting level AA of the Web Content Accessibility Guidelines (WCAG 2.1) and maintain high standards, with annual accessibility audits being introduced in 2022 across all customer-facing digital platforms. This ensures we stay up to date with the latest WCAG guidelines and allows us to identify any potential accessibility risks. For customers in vulnerable circumstances, we have a well adopted user experience and user interface design process that ensures customers have relevant signposting. Design



principles are used to deliberately avoid using 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

Customers are provided with clear and transparent information prior to purchasing a policy with full disclosure provided on product coverage, cover limitations, exclusions, 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 to ensure we 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 at least annually to ensure it remains appropriate.

Conduct framework

Delivering good customer outcomes and avoiding foreseeable harm is central to our conduct oversight. The existing conduct framework, is anchored in the Financial Conduct Authority's (FCA) six best interest outcomes.

The associated controls and measures are regularly assessed and reported to our executive and board committees, where we focuses on customer conduct, including outcomes, experience and value measures with a focus on customer vulnerability.

The conduct framework is being reviewed to align to the FCA's new Consumer Duty in 2023. This requires us to act to deliver good outcomes for retail customers and centres around 3 rules:

- Act in good faith towards retail customers.
- Avoid foreseeable harm to retail customers.
- Enable and support retail customers to pursue their financial objectives.

Actions and results

Following the embedding of a new simple and human tone of voice in 2021, our priority in 2022 was implementing a new customer marketing platform which facilitates better customer communications, supporting them at each stage of the customer lifecycle and enables increased marketing activity in 2023.

Following the launch of our new quote & buy journey for our car product in 2021, including the new Multi Car product, we have launched new and improved websites for our bike and van insurance products as well as Insure Pink and People's Choice brands. Feedback from customers on these new journeys remains predominantly positive with customers rating the Car insurance buying experience 4.3 out of 5 for ease of use.

Sustainable investment management and operations

Investment management

Approach

Investment management is part of the operations of Advantage Insurance Company Limited (Advantage / AICL), the insurance subsidiary of Hastings.

The key objectives of the strategy are to deliver strength and predictability in our investments, whilst also seeking to drive change for good through investment decisions.

Our investments comprise a core portfolio of high-quality sterling-denominated bonds, with additional strategic allocations that provide a diversified return from equity and currency markets.

Goals and ambitions

We view responsible investment as a process of continuous development and improvement, with the organisation's responsible investment policy being reviewed and refreshed in 2023. We are committed to reducing the environmental impact of our investment portfolio and we are reducing carbon intensity in the core investment portfolio by 50 per cent by 2030 with plans to be net-zero by 2050.

Working with our investment managers, we are integrating ESG criteria into our investment process without negatively impacting returns, diversification, or the overall quality of the portfolio, with capital deployed in a manner that integrates ESG criteria whilst preserving and growing financial assets.

We are committed to maintaining an average ESG score of "A" on the fixed income portfolio, based on MSCI rating (scale CCC-AAA).

Commitments have been made to reduce the environmental impact of the investment portfolio, with a

pledge to reduce carbon intensity in the core investment portfolio by 50 per cent by 2030, and to net-zero by 2050, supported through setting near and long-term targets through the Science Based Target initiative (SBTi).

Actions and results

During 2022, the fixed income portfolio's average MSCI ESG rating has been maintained above target at "AA".

During 2022, the application to the United Nations Principles for Responsible Investing (UN PRI) was accepted, further supporting integration of ESG consideration into investment decisions in future years.

The carbon intensity (T CO2/\$MM) of the portfolio exceeded the targeted 6% annual reduction in line with the 2030 50% reduction target. Current climate targets will be reviewed according to SBTi approved methodology in 2023.

Negative screening and norms-based screening

There is a focus on three negative screening sectors: tobacco, coal and controversial weapons, all of which have been excluded from the investment portfolio with internal reviews regularly undertaken to identify exposure to other sensitive industries.

Norms-based screening is also undertaken with information on any companies that do not meet the principles of the UN Global Compact highlighted and decisions made on appropriate next steps.

Actions and results

No new investments were made in excluded sectors of tobacco, controversial weapons, and coal in 2022, any residual investments made prior to implementing the ESG strategy, have proportionately reduced with the growth of the portfolio.

In 2023, the active ownership and engagement policies of the external investment managers will be reviewed and monitored.