

Hastings

Towards a sustainable future

Hastings Group
Sustainability Report 2020



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, the technology driven insurance provider, delivers straightforward products and services to 3.1 million car, bike, van and home insurance customers, and employs over 3,300 colleagues across sites in Bexhill, Leicester, London and Gibraltar.

Hastings Group ("Hastings", "Company", "Group") comprises the ultimate UK parent entity Hastings Group (Consolidated) Limited, Hastings Group Holdings Limited (100% intermediate holding company), other 100% intermediate holding entities, and two main operating subsidiaries; Hastings Insurance Services Limited (trading as Hastings Direct), in the UK, and Advantage Insurance Company Limited, in Gibraltar. This report refers, holistically, to activities conducted at the subsidiary level within the Group framework.



Chief Executive Officer's statement 2



"We continue to make great progress on our ESG strategy and believe ethical conduct is an integral component of a successful business."

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Our 4Cs 3

All of our actions are based on our 4Cs way of working. We focus on getting it right for our Colleagues, Customers, Company, and Community.



Contributing to the UN Sustainable Development Goals 33

We aim to contribute in some way to all 17 of the goals. There are 6 on which we have had the greatest impact over the last 12 months.



Towards a sustainable future

Delivering on our ambitious strategy and plans has always been underpinned by a strong focus on our 4Cs. Our focus on colleagues, customers and the communities in which we work has been more important than ever in 2020.

I am immensely proud of how the Hastings team has adapted and responded to COVID-19 to make sure we continue to do the right thing by all stakeholders. When the national lockdown commenced in March 2020, we very quickly implemented support measures focussed on our colleagues, customers and our local communities and those measures continued throughout 2020 and into 2021.

Actions taken have included free breakdown cover and extra claims support for NHS and frontline healthcare workers, extra support including payment holidays for vulnerable customers, premium refunds, a community fund which has since supported over 220 charitable causes, and a colleague hardship fund which has supported any Hastings colleagues and their families who have found themselves in need of financial support at this time. In total, these investments have amounted to tens of millions of pounds.

Great progress continues to be made on our ESG strategy, including being certified as carbon neutral for the first time in 2020. We have achieved this through many initiatives to reduce our energy consumption, including new lighting systems and heating controls, whilst also switching to green energy suppliers. There is an ongoing pipeline of initiatives to minimise our impact on the environment, however in the meantime we have offset our remaining emissions through investing in environmental projects such as re-forestation.

Fundamental to our success are our colleagues and culture and I am really pleased that in 2020 we recorded our highest ever colleague engagement score in our history.

"Our agility and digital capability, alongside our commitment to all of our 4Cs has enabled operations to continue with minimal interruption despite the unprecedented disruption to UK society and the economy as a result of COVID-19."

We have achieved this partly through the extraordinary steps we have taken to support our colleagues throughout the pandemic, whilst also continuing to invest in training and career development and actively managing the diversity and inclusion agenda. We hit our 30% Club target a year early in 2019, supporting the progression of women into senior roles and following the events in the USA and across the world involving racism and prejudice, every colleague was invited to have discussions around race, allowing all voices to be heard. We were delighted to be recognised in the 2020-21 Inclusive Top 50 UK Employers league table alongside other organisations that are also leading the promotion of diversity and inclusion for all. Recruitment, retention and inclusion of individuals with diverse skills, perspectives and backgrounds will bring real strength to Hastings and allow us to continue to deliver our strategic goals.

We believe that ESG considerations can be long-term drivers of investment return and ESG criteria are incorporated into our investment portfolio without negatively impacting returns, diversification, or the overall quality of the portfolio. We have enhanced our ESG investment reporting throughout 2020 and also introduced negative screening for those sectors most damaging to society, such as tobacco. We have new shareholders on board in Sampo plc and we look forward to working with them, alongside existing shareholders Rand Merchant Investment Holdings ('RMI'), to continue to progress our ESG agenda in 2021 and beyond.

Toby van der Meer
Chief Executive Officer

15 March 2021



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; enabling us to grow the Company profitably and sustainably and allowing us to invest in the Communities we serve and in society and the wider environment.



Our 4Cs ways of working drives our decision making and continues to guide us as we grow:



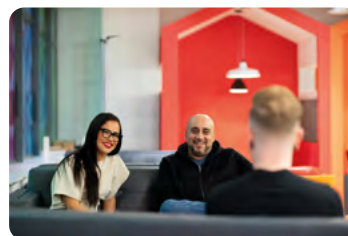
Investing in our colleagues

We continually invest in supporting our colleagues and act on their feedback, read more on page **4**



Improving our service and digital proposition

Our digitally focused business is built for the way customers want to buy and manage their insurance, read more on page **5**



Driving our vision and generating value

Our data, technology and digital capability supports our future growth and continued success, read more on page **6**



Helping our communities

We take our 4Cs full circle by investing in and playing an active part in our local communities, read more on page **7**



We believe that engaged colleagues lead to happy customers so we are committed to investing in, developing, and listening to our colleagues so they continue to contribute, thrive and be who they are.

Colleagues



Development

Our business and our industry is evolving and we need to look continuously at what critical skills our people need to ensure we have the organisational capability to succeed now, and that we are investing in developing the skills we will need in the future.



Diversity and inclusion

We encourage our colleagues to be themselves in the workplace, because respecting diversity of thinking, and appreciating different perspectives, strengthens the way we work. This helps us to deliver better outcomes for our colleagues, customers, and the communities that we serve.



Wellbeing

Wellbeing is a key part of our ethos as a responsible employer and we believe it has a positive impact on both our individual colleagues and the productivity and efficiency of our business. Our programme, supported by 79 wellbeing champions, offers an extensive programme to help colleagues feel healthier, happier, and stronger.

Customers



We have a simple approach – to provide straightforward car, van, bike and home insurance products to customers based within the UK at competitive prices, supported by service that strives to exceed customer expectations, however they choose to interact with us.

Customers



Digital

We continue to build on our digital capabilities, resulting in more customers choosing to make contact through the mobile app. This has had over 1.2 million downloads and remains one of the highest rated UK insurance apps, with customer engagement and feedback on the app continuing to be positive.



Net Promoter Scores ('NPS')

We measure customer satisfaction using the industry standard NPS. We also use internal customer feedback and forums, which provide real time information about customers' experiences and opinions relating to our products and services. We aim to continually improve our customer service, experience and advocacy, which has led to significant improvements in our NPS during 2020.



Customer complaints

The complaints we receive help us identify areas in our business where we need to improve, including the policies, processes and services we provide, through to the underlying training given to, and quality of service provided by, our colleagues. We ensure fair outcomes for customers by monitoring complaints volumes, the standard and quality of complaints handling processes, analysis of root cause of complaints, and other relevant metrics.



Ethical conduct is an integral component of a successful business. Ensuring long-term sustainability is fundamental to the delivery of our strategic goals, and underpins our culture.

Company



COVID-19

Our agility and digital capability, alongside our commitment to all of our 4Cs has enabled operations to continue with minimal interruption despite the unprecedented disruption to UK society and the economy as a result of COVID-19.



Investment in future

Despite the disruption from COVID-19, good progress has been made on all of our strategic initiatives to support delivery of our vision and strategy. Focus areas during 2020 have remained on renewals, digital capabilities, and transforming our claims management processes to drive better commercial and customer outcomes.



Responsible investment

We believe that responsible investment promotes change for good as well as being a long-term driver of investment return. While we use traditional financial metrics to manage and measure the performance of our portfolio, we have a responsible investment framework that incorporates ESG considerations into our investment decisions.

Community



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

Community



COVID-19 Community Commitment Scheme

We immediately responded to the COVID-19 pandemic by launching our Community Commitments Scheme, providing financial assistance to a range of local charities directly impacted by the pandemic, including Foodbanks, NHS & Care, Animal, Vulnerable People and Childrens' charities. At the end of 2020 we supported 220 local charities with over £250k of financial support.



Pink Ribbon Foundation

Our insurePink product donates £10 for every insurance policy purchased to Pink Ribbon Foundation, a breast cancer charity. We are pleased that our customers have now helped us reach the milestone of raising over £1 million for this good cause.

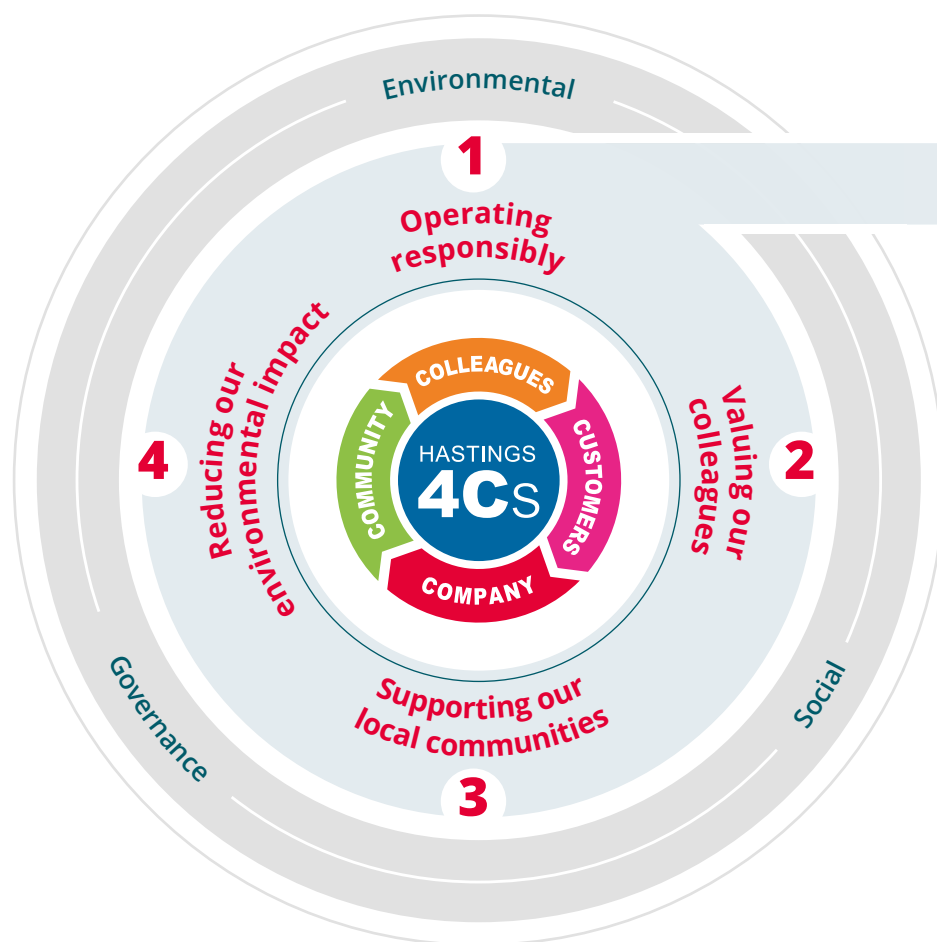


Environment

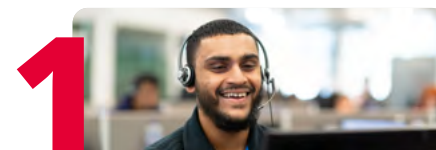
Throughout the year we would normally support local initiatives via Community days, such as beach cleaning and keeping public spaces clean, tidy and weed free. This wasn't possible in 2020, however we continued our work with the Bexhill Environmental Group who planted 520 trees on Bexhill Downs and we plan to continue our support in 2021.

Positive societal impact

Our approach to managing ESG factors is key to ensuring the longevity and sustainability of our business and tackling the challenges of our time, such as social inequality and climate change, whilst minimising any adverse impacts to our operations.



Areas of focus



1 Operating responsibly

Read more on pages 10-18



2 Valuing our colleagues

Read more on pages 19-24



3 Supporting our local communities

Read more on pages 25-28



4 Reducing our environmental impact

Read more on pages 29-33

Overview of 2020

Throughout the Coronavirus pandemic keeping our colleagues safe, and our customers and communities supported, have been our key priorities. Significant actions have been taken to support our customers, colleagues and our local communities throughout the pandemic, including premium reductions, the waiving of fees, and charitable donations to support colleagues and local communities.

All of our decision making has been based on doing the right thing for our 4Cs, investing £10s of millions in putting support measures and actions in place to help them during these unprecedented times.

Overall, motor claims frequencies reduced during the year, reflecting reduced motor vehicle usage following national and local restrictions resulting from COVID-19. Claim severities increased due to interruptions in both the repair networks and supply of parts caused by COVID-19 and increased car rental costs, with repairs typically taking longer than anticipated.

We do not provide insurance for any business lines which have been negatively impacted by COVID-19, such as travel or business interruption.

1 | Operating responsibly

Insurance refunds

Making premium refunds for customers driving fewer miles during the pandemic

Waiving of fees and targeted premium rate reductions



Enhancing support for our NHS, care worker and vulnerable customers, including fast tracked claims service and extra courtesy car cover to keep them on the road



Free RAC cover

Offering free RAC breakdown cover for our NHS and frontline health care workers

Establishing a dedicated Customer Operations Team in place to support customers in financial difficulty



2 | Valuing our colleagues

c.3,300 colleagues

Enabling almost all of our c.3,300 colleagues to work from home within 3 weeks of the first lockdown being announced

Protecting colleagues' roles and salaries since the start of lockdown with no recourse to Government furlough funding



Offered the maximum flexibility possible, to help our colleagues manage home and work life

Invested in COVID-19 safe offices and offered free food and drink to those colleagues keeping the building lights on



Over 90 awards

Establishing a colleague hardship fund with more than 90 awards totalling over £80k

£1.9m bonus

Paying an extraordinary 'Thank you' midyear bonus to a large proportion of our colleagues, amounting to £1.9m in total, to support them financially during the pandemic

3 | Supporting our local communities

Establishing a COVID-19 Community Commitments scheme, which at the end of 2020 gave over 220 donations to local charities providing over £250k of financial support

2,000 food parcels

Preparing 2,000 food parcels from our canteen, delivering to those most in need in our communities via a local charity



Extending the scheme into 2021 with a further £100k continuing to provide financial support to our local communities and education providers, including supporting local schools with computer equipment to ensure all students can learn effectively whilst being home schooled

520 trees

Continuing our work with Bexhill Environmental group who planted 520 trees on Bexhill Downs in November

4 | Reducing our environmental impact

Committing to reducing our carbon footprint¹ by 50% over the next 3 years



¹ Scope 1 and 2 emissions and scope 3 emissions under our control.

Implementing a responsible investment strategy



Supporting the creation of new woodlands in the UK by committing to supporting two hectares of UK tree planting projects, delivered in accordance with The Woodland Carbon Code

100% CarbonNeutral®

Becoming a 100% CarbonNeutral® organisation

Improving our Cycle to Work scheme – encouraging colleagues to make healthier and more environmentally friendly lifestyle choices



1 | 2 | 3 | 4



Operating responsibly

1 | Operating responsibly

A differentiated business model

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 focused on large markets



UK Car market
32 million cars
2.6 million
customers
8.3%
Share



UK Home market
21 million homes
0.3 million
customers
1.3%
Share



Built for the way the majority of consumers 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 and in particular the use of mobile apps.

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



Underwriting discipline and business segmentation

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



Small team, colleague centric culture

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



Low cost, efficient operating model

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

Responsible Underwriting and Investment

We are committed to ensuring that our business operates ethically, lawfully and with integrity, as this is critical to our long term success.



“Our market leading and continually evolving anti-fraud practices include working closely with law enforcement authorities.”

We have identified some of the key risks we face in achieving this and also the controls we have put in place to help ensure our operating practices meet our stakeholders’ expectations.

Managing risk well and ensuring our returns are sustainable means considering environmental and ethical matters in our underwriting and investment decisions.

Responsible Underwriting

We have well established and disciplined underwriting principles, with an operating structure that ensures our 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 are exploring propositions that support changes in vehicle fuel types as well as changes to usage. We also use key data sources that identify the flood risk of each property, providing the ability to consider the implications of temperature rise in our underwriting rules longer-term.

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



Responsible Investment

We believe that responsible investment promotes change for good as well as being a long-term driver of investment return. While we use traditional financial metrics to manage and measure the performance of our portfolio, we have a responsible investment framework that incorporates ESG considerations into our investment decisions.

We have put in place guidelines to which our investment managers must adhere, ensuring we maintain a high ESG rating and exclude exposure to certain sectors, such as tobacco and coal. Using specialist data sets and reporting, we can review the overall ESG performance of our investment portfolio and ensure that investments continue to meet our ESG criteria.

All of the financial institutions with which we work are signatories to the UN Principles for Responsible Investment (‘UNPRI’), demonstrating their ongoing commitment to responsible investing. We consider their responsible investment policies and their approach to responsible investment as part of our appraisal process.

Our ESG areas of focus

1 | Operating responsibly

Responsible Underwriting and Investment continued



“We provide ESG guidelines that investment managers incorporate into their investment rules, thereby ensuring that target ESG scores are maintained, and that we do not invest in excluded or sensitive sectors. We are committed to maintaining an average ESG score of “A” or above, based on MSCI scoring.”

Commitment to Responsible Investing

We believe that ESG considerations can be long-term drivers of investment return and a focus on ESG through the investment portfolio aligns to our 4Cs approach to corporate responsibility.

Our insurance subsidiary's 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. The key aims for the investment strategy are strength and predictability. We believe we can achieve these aims while also driving change for good through our investment decisions.

We provide ESG guidelines that investment managers incorporate into their investment rules, thereby ensuring that target ESG scores are maintained, and that we do not invest in excluded or sensitive sectors. We are committed to maintaining an average ESG score of “A” or above, based on MSCI scoring.

Quarterly reporting to the insurance subsidiary's Investment Committee includes ESG scoring and confirmation of exposure to excluded or sensitive sectors, facilitating review of the guidelines and allowing challenge to controversial positions. The Investment Committee reports to the insurance subsidiary's board of directors when breaches arise or when recommending changes to the framework.

ESG integration

ESG criteria are incorporated into the investment portfolio without negatively impacting returns, diversification, or the overall quality of the portfolio. Investment managers integrate ESG criteria into their fundamental, bottom-up investment process, where they seek to identify factors which they believe are key to determining whether a company would outperform or underperform the market. The investment managers deploy capital in a manner that integrates ESG criteria, while preserving and growing financial assets.

1 | Operating responsibly

Responsible Underwriting and Investment continued



“During 2020 we adopted a new supplier qualification system and, in 2021, we plan to assess all of our key and critical suppliers against ESG criteria including their environmental policies, data protection and human rights.”

Negative screening and norms-based screening

Our negative screening focuses on three sectors: tobacco, controversial weapons, and coal. These sectors have been excluded following internal discussions, stakeholder demands, industry review, consideration of climate change, and consultation with the Company's investment managers.

We also conduct norms-based screening reporting quarterly on companies that do not meet UN Global Compact Compliance standards. These are considered by the insurance subsidiary's Investment Committee.

As at 31 December 2020, the portfolio had exposure to two companies that produce tobacco, one company that derives >3% revenue from tobacco, and two companies that derive some revenue from thermal coal extraction. These investments were made prior to implementing the ESG strategy which began in 2020 and we will have no further investment in these industries when the positions mature.

Active ownership

As we do not have any direct equity investments we do not partake in voting activities. We believe that by excluding certain sectors, and by only purchasing fixed income investments from companies highly rated based on ESG criteria, we can influence corporate behavior and drive positive change.

We have strategic equity and currency exposure through a number of external funds that are managed by external investment managers, and we require all investment managers to be signatories to the UNPRI.

Responsible supply chain

We work with our suppliers and partners to drive high standards across our supply chain.

Strong and productive supplier relationships are key to our continued success. We work closely with our local and national suppliers to communicate our standards, values, principles and sustainability goals to them and ensure they are aligned in helping us offer the best price, product and service solutions to benefit our customers and colleagues.

Suppliers of key services are subject to a robust due diligence process, under a Supplier Relationship Management Framework, in order to enhance the relationship and risk management. Critical suppliers are subject to ongoing reviews throughout the year 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 our ongoing dialogue with suppliers to ensure we make procurement choices with clear environmental and social benefits.

During 2020 we adopted a new supplier qualification system and, in 2021, we plan to assess all of our key and critical suppliers against ESG criteria, including their environmental policies, data protection, and human rights.

1 | Operating responsibly

Cyber security and the use and protection of customer data

We take the protection and integrity of personal data very seriously by linking security and data activities to our goals and strategy and promoting effective management of cyber security risks, data risks and threats that our business faces on a daily basis.

Data is at the heart of our organisation. It plays a huge role in everyone's daily lives. We take the protection and integrity of personal data very seriously, and we recognise that our customers want clarity and transparency about how their data is used and protected.

We have a continuous improvement based approach towards our information security framework which is aligned to the ISO27001 standard. We maintain a focus that ensures customer statutory privacy rights are upheld, including a commitment to process personal data securely by means of appropriate technical and organisational measures. Our policies and procedures seek to ensure the information we collect is stored and used correctly, to protect personal data, and to make sure we keep that data for no longer than we should.

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 inappropriate access to information. We are active across our industry in the areas of cyber and security threat intelligence and we are members of cyber co-ordination groups sponsored by the industry regulators.

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

Our cyber, data and privacy governance:

- Links security and data activities to our goals and strategy
- Engages and empowers colleagues who are responsible for making security and data decisions
- Promotes effective management of cyber and data risks including building an adequate response to cyber security threats

This 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. Operational measures are also 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 our levels of resilience and that our incident management procedures are robust.



We have a formal Data Protection Policy in place that applies to all of our operations, whether that data relates 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 and 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.

Effective governance

We believe that observing high standards of corporate governance, acting with integrity and professionalism, with the governing bodies of individual regulated entities championing a healthy, responsible corporate culture, promotes long-term sustainable success.

Our governance framework is kept under constant review and is supported by a prudent system of internal controls and processes for identifying, managing, and mitigating key risks.



“Ethical conduct and strong governance is integral to meeting the needs of colleagues, customers, and local communities and the running of a successful business, with a broader focus on the environmental and social impacts of our activities underpinning that philosophy.”

Board and management decisions take into account the views and interests of our wider stakeholders. Ethical conduct and strong governance is integral to meeting the needs of colleagues, customers, and local communities and the running of a successful business, with a broader focus on the environmental and social impacts of our activities underpinning that philosophy.

Our trading subsidiaries, in the UK and Gibraltar, are each separately regulated, by the Financial Conduct Authority (“FCA”) and Gibraltar Financial Services Commission (“GFSC”) respectively. The respective board of directors, each having a non-executive Chair and including an appropriate balance of non-executive and executive directors, is the governing body of each entity, is tasked with ensuring each entity satisfies its regulatory and broader statutory obligations.

The FCA’s Senior Managers and Certification Regime, and the GFSC’s Regulated Individuals Regime, is embedded within each of the businesses and has, respectively, become part of each entity’s system of governance.



Our ESG areas of focus

1 | Operating responsibly

Effective governance continued

Governance structure:

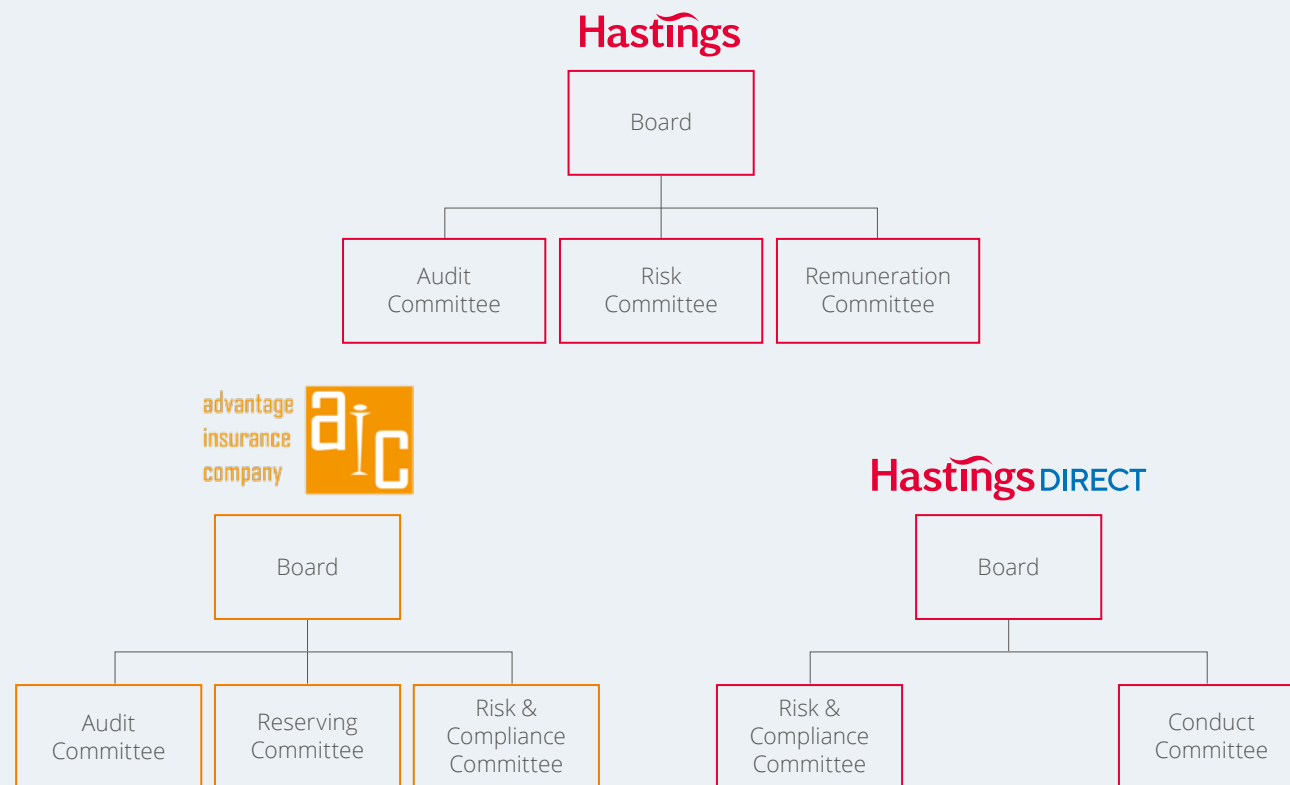
The Group board of directors, comprising representatives of our shareholders, Sampo Group plc and Rand Merchant Investment Holdings, and two non-executive directors, oversees the consolidated business and acts as the conduit to ensure that we appropriately adopt the policy and governance framework of the Sampo Group. The activities of the trading subsidiaries are co-ordinated by an Executive Committee, led by the Group CEO and comprising senior functional leaders in each of the subsidiaries and leaders of Group functions.

Each board provides constructive challenge and support to, and oversight of, executive management. Each board has its own sub-committee structure, to consider matters not otherwise considered directly by the board, such as: assessing the integrity of financial reporting and internal controls (Audit Committee); setting overarching principles and parameters of remuneration (Remuneration Committee); reviewing risk strategy, exposures and appetite; and the effectiveness of risk management and regulatory compliance (Risk, Risk and Compliance Committee); and reviewing and recommend appropriate levels of claims reserves (Reserving Committee).



“Each of the main operating subsidiaries has its own board directors, with a non-executive chair and non-executive directors. The activities of the subsidiaries are coordinated by an Executive Committee, led by the Group CEO and comprising senior functional leaders in each of the subsidiaries and leaders of Group functions.”

Group board structure



Our ESG areas of focus

1 | Operating responsibly

Effective governance continued

Culture and governance

Compliance

Our Risk and Compliance functions oversee and monitor risk and regulatory matters, supported by an independent Internal Audit function.

Conduct

We strive to maintain the highest standards of governance, personal and corporate ethics, compliance with laws and regulations, and fair treatment of customers. We value integrity and honesty in all dealings with stakeholders.

Anti-fraud, bribery and corruption

Our policies and practices help to combat money laundering, terrorist funding, fraud, bribery, corruption, and tax evasion.

Safe and secure environment for colleagues

We promote a safe, diverse and inclusive working environment, free from bullying, harassment and discrimination, within which all colleagues should be treated fairly and with respect.

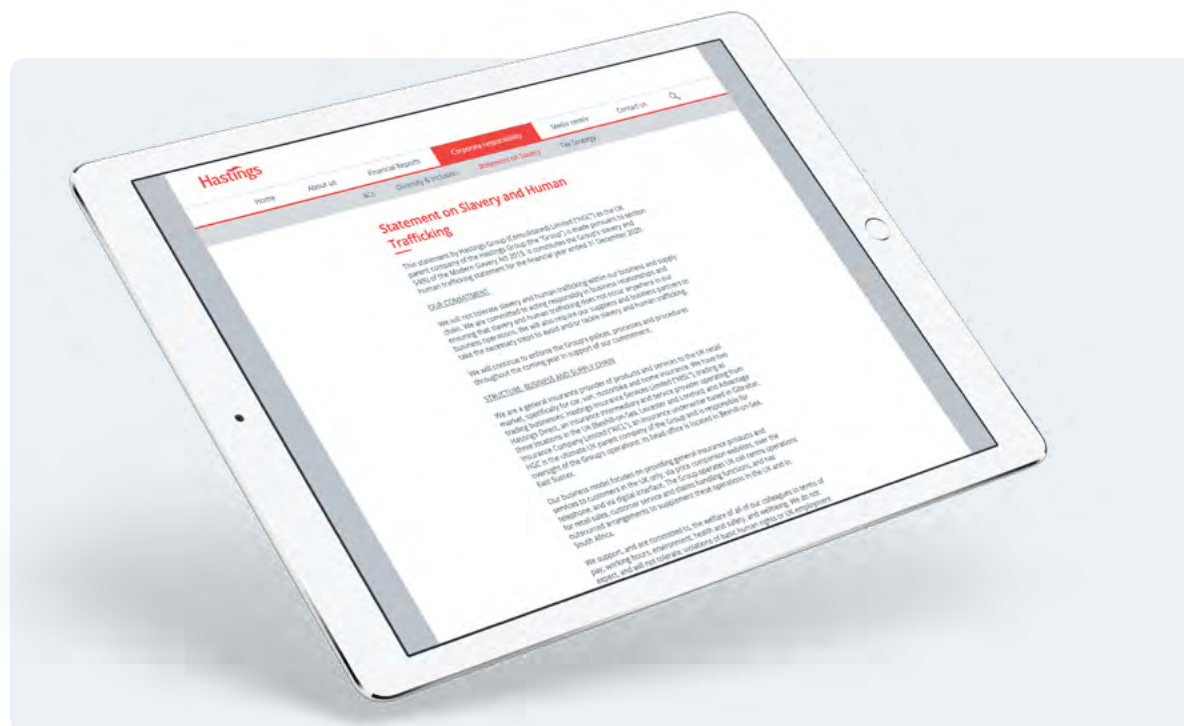
Tax strategy

We seek to comply with all legal requirements by making all appropriate returns and payments in respect of our own tax liabilities, and by collecting taxes on behalf of tax authorities in accordance with prescribed rules and deadlines.

Modern slavery

We respect and promote human rights through our employment policies and practices, through our supply chain screening and engagement, and through the responsible provision of our products and services. We will not tolerate slavery and human trafficking within our business 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 or our supply chain.

We publish our statement each year which can be found on our corporate website.



A photograph of three men in an office environment. The man in the center, wearing a camouflage t-shirt, is smiling broadly at the camera. He has a tattoo on his left forearm. To his left, another man is seen in profile, looking towards the center. In the background, a third man with a beard is seated at a desk, looking at a computer monitor. The office has a modern feel with wooden desks and blue chairs.

Valuing our colleagues

2 | Valuing our colleagues

Our business performance and our customers' experience depend on the ability to attract, develop and retain talented individuals at all levels, with diverse skills, perspectives and backgrounds.

Our colleagues are critical to every aspect of our strategy and we are committed to supporting them through developing skills and capability, building a diverse and inclusive business, and supporting colleague wellbeing.

We are committed to workplace diversity and to cultivating, fostering and preserving a culture of inclusion. We know that bringing our diverse backgrounds, cultures, and perspectives together is the best way to deliver the best outcomes for our colleagues, customers, the communities we serve, and the Company.

Development

Our business and our industry is evolving and we need to look continuously at what critical skills our people need to ensure we have the organisational capability to succeed now, and that we are investing in developing the skills we will need in the future. There are three components to our colleague development offering:

Since CareerBuilder's launch, almost

2,500

colleagues have accessed our online training modules with over 50,000 log-ins.

Early careers

Our early careers strategy focuses on developing new skills through structured learning whilst practically applying newly acquired skills in different entry level roles across the organisation. We have graduate schemes running in some functional areas, school leaver programmes in our Pricing and Analytics teams and, in 2020, we have launched a series of apprentice schemes for both existing and new colleagues.

Role based development

We actively encourage personal development by offering a range of role-based progression schemes. We currently run two schemes across our customer-facing teams, supporting colleagues to develop through a structured career path and remuneration progression. A similar approach is being developed in our technical teams, such as IT and Analytics, to build greater expertise and proficiency in the core skills needed for our future. To support both role based and broader personal development, we launched our digital learning tool, CareerBuilder, in September 2019. Since CareerBuilder's launch, almost 2,500 colleagues have accessed our online training modules with over 50,000 log-ins.

Leadership development

We recognise the critical role our leaders play in developing our colleagues so that they are able to deliver for our customers. In 2020 we have taken a more structured approach to developing our leadership colleagues and launched a Frontline Leadership Development Programme for 100 leaders; this will be implemented among our broader leadership community throughout 2021.



Our ESG areas of focus

2 | Valuing our colleagues

Wellbeing

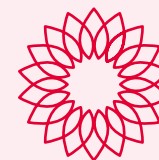
Wellbeing is a key part of our role as a responsible employer and we believe it has a positive impact on both our colleagues and the productivity and efficiency of our business. Supported by 79 Wellbeing Champions and 40 Mental Health First Aiders, our extensive programme helps colleagues feel healthier, happier and stronger.



We want every colleague to have the opportunity to achieve their full potential whilst putting their wellbeing at the heart of everything they do. The aim is to help colleagues live healthy and happy lives, both inside and outside of work.

With that objective in mind, we created a comprehensive Wellbeing Programme that is now in its fourth year that has continued to provide our colleagues with 24/7 help and support with mental, physical, financial, and social wellbeing.

This was made possible by giving colleagues the opportunity to attend various wellbeing workshops and establishing new partnerships with, amongst others, financial wellbeing support providers, and access to a mental health app.



“We created a comprehensive Wellbeing Programme that is now in its fourth year that has continued to provide our colleagues with 24/7 help and support with mental, physical, financial and social wellbeing.”

The Wellbeing programme includes:

- Various awareness and educational wellbeing initiatives throughout the year.
- Access to a vast library of wellbeing support and information to help colleagues live a healthy and happy life.
- Personalised financial support from our new financial wellbeing partner.
- Access to our Colleague Assistance Programme, which also has a free app for colleagues to access a range of webinars, factsheets and four-week programs to support their and their dependents' wellbeing needs.
- Access to mental health app, which supports colleagues' mental health.
- Family friendly workshops - designed to help colleagues and leaders understand the steps they both need to take before, during, and after a period of extended leave.
- Subsidised in-house restaurants at our locations in Bexhill and Leicester that provide breakfast, lunch, and dinner with an ethos of offering freshly made food using local ingredients.

Our Mental Health Digital Learning module also helps support colleagues and leaders spot the early signs of adverse mental health within others, providing tips and coping strategies on how best to approach and support those who may be struggling, and understanding coping strategies available both inside and outside of Hastings.



Our ESG areas of focus

2 | Valuing our colleagues



Since April,

c.1,050

colleagues have attended a mental health workshop, helping teams and colleagues to look out for each other in case anybody is struggling with a mental health issue and help to signpost them to the correct support and help.

Activity during 2020:

A monthly wellbeing survey was introduced to capture how colleagues were feeling which allowed us to focus on areas of wellbeing that were most important to them.

We produced many support guides for colleagues which included 'How to work from home remotely and look after your wellbeing' and 'Supporting parents who have children returning back to school' amongst many other wellbeing topics.

We continued to invest in our growing network of Wellbeing Champions and Mental Health First Aiders with the aim of allowing them to understand what tools and resources are available to provide colleagues with advice.

We supported many wellbeing initiatives during the year, including World Sleep Day, Stress Awareness Month, World Suicide Prevention Day, and Migraine Awareness Week. Our colleagues helped to produce our 'Be Kind' video in support of Mental Health Awareness Week, as well as the wellbeing 'It Begins With Me' campaign which was shared to mark World Mental Health Day.



We continued to run our Menopause Cafés

virtually

770 colleagues

colleagues took advantage of a free flu vaccination voucher

2 | Valuing our colleagues



Here are our Group board of Directors in March 2020 showing their personal commitment to gender equality by striking the #Eachforequal IWD 2020 pose.



Diversity and inclusion

Doing the right thing for our 4Cs starts with our colleagues. We want to make sure we remain a place where all colleagues can contribute, thrive and be who they are, and to create a culture where every colleague feels that they belong.



"We encourage our colleagues to be themselves in the workplace, because respecting diversity of thinking, and appreciating different perspectives, strengthens the way we work."

We encourage our colleagues to be themselves in the workplace, because respecting diversity of thinking, and appreciating different perspectives, strengthens the way we work. This helps us to deliver better outcomes for our colleagues, customers, and the communities that we serve.

We regularly monitor all aspects of colleague diversity across the business. We consider candidates from all backgrounds as part of any recruitment process and we are dedicated to attracting and retaining the best talent in the industry.

Our commitment to diversity and inclusion has been further embedded this year with the creation of a dedicated Diversity and Inclusion Manager role, and by developing a strategy to further enhance and guide our approach to diversity and inclusion. In addition, 14 colleagues from across the business formed our new Inclusion Council, to push boundaries and highlight things that need to change and evolve with the aim of making Hastings an even more inclusive place to work.

We have highlighted many important days throughout 2020, including:

- In March, we celebrated International Women's day to recognise the achievements of women and to support the call to action for gender equality.
- In September, we celebrated national inclusion week, where colleagues were given the opportunity to say what inclusion meant to them, and hosted small discussion groups about subjects that colleagues felt passionately about.
- In September and October, we celebrated Black History Month by sharing colleague stories and heritage, and what black history meant to them.
- In December, we celebrated International Day of People with Disabilities, by sharing colleague stories about how invisible disabilities which are not always immediately apparent have affected them.



**INTERNATIONAL DAY OF
PEOPLE WITH DISABILITIES**

Our ESG areas of focus

2 | Valuing our colleagues

Following the events in the USA and across the world involving racism and prejudice, every colleague was invited to have discussions around race. We worked with experts to shape our initial discussion, which was open for all colleagues to attend, followed by a series of confidential small group conversations, with the aim of listening to colleagues and allowing all voices to be heard. We shared a toolkit to support our colleagues and leaders to have ongoing meaningful and constructive conversations about race as a starting point to drive change.

We continue to be signatories to the Women in Finance Charter supporting the progression of women into senior roles in the financial services sector by focusing on the executive pipeline and the mid-tier level. We are also signatories to the 30% Club and have met our commitment of having women in 30 percent of senior leadership positions ahead of our 2020 target.



“This isn’t simply about building a list, but about recognising organisations who are brave and innovative, and see diversity and inclusion as a smart way to grow their business; and we are thrilled to showcase your organisation as one of the UK’s most inclusive employers.”

Paul Sesay
Inclusive Companies CEO & Founder



2020-21 Inclusive

Top 50

UK Employers league table, placing us alongside other leading organisations working hard to promote diversity and inclusion for all.

We are also signatories to the

30% Club

of senior leadership positions ahead of our 2020 target.



We are proud to have partnered with Carers UK this year, which enabled us to provide our colleagues and leaders with free online support and resources, and helped us establish a network of Carer Ambassadors. Our Carer Ambassadors are colleagues from across the business, trained by the Care for Carers charity, to help our colleagues who have caring responsibilities. They can support and guide carer colleagues and their leaders to relevant information.

At the end of the 2020, we were delighted to be recognised in the 2020-21 Inclusive Top 50 UK Employers league table, placing us alongside other leading organisations working hard to promote diversity and inclusion for all.



“Recognition of the progress we are making in this area is great, particularly in a year where diversity and inclusion has featured so heavily in the public arena. This accolade is testament to our colleagues and the 4Cs culture that we are all part and proud of; it represents a strong foundation for us to build on. We will use this momentum to continue engaging our colleagues, leaders, and our Inclusion Council to embed an inclusive approach in all areas of our business practice.”

Pam Angel
Group HR Director

1|2|3|4



Supporting our local communities

Our ESG areas of focus:

3 | Supporting our local 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.

With happy colleagues, satisfied customers, and a profitable business, we are able to take the 4Cs full circle by taking an active part in serving our communities. To complement our local focus, we play an active role in the communities where we work and live by being a good neighbour, investing in local education initiatives, and looking after our environment.

Dozens of Hastings and Bexhill organisations given financial backing during pandemic

A community grant set up by Hastings Direct in the wake of the Covid-19 pandemic has helped 73 charities in Hastings and Bexhill with more than £78,500 in funds.



Being a good neighbour

Our Charity Events Committee is made up entirely of colleagues who volunteer to organise fundraising events throughout the year for local charities nominated by Hastings colleagues.

COVID-19 Community Commitment Scheme

We immediately responded to the COVID-19 pandemic by launching our Community Commitments Scheme.

The scheme targeted local charities within a 20-mile radius of our sites in Bexhill and Leicester to provide financial assistance to a range of charities who were directly impacted by the pandemic, including Foodbanks, NHS & Care, Animal, Vulnerable People and Childrens' charities.

At the end of 2020 we had supported over 150 local charities with over £250k of financial support.

Bexhill company, Hastings Direct, fundraising for small charities through coronavirus pandemic

Hastings Direct is making an initial amount of £50,000 available to support smaller charities in Bexhill and Leicester through the coronavirus pandemic.



Community Commitment Scheme 2020 (£)

Foodbank	£76k
NHS/Care	£29k
Vulnerable & children	£150k

At the end of 2020 we gave over 220 donations to local charities providing over

£250k

of financial support

This support has continued into 2021, with a further

£100k

of funding allocated for local charities in need for financial support.

National fundraising days

During 2020, colleagues chose to support four national fundraising days, namely Comic Relief, Macmillan Coffee Morning, Movember, and Christmas Jumper Day and looked at a range of ways to virtually fundraise for these national causes. We were delighted to see these events raise £5k.



"To complement our local focus, we play an active role in the communities where we work and live by being a good neighbour, investing in local education initiatives and looking after our environment."

Our ESG areas of focus

3 | Supporting our local communities



We are so thankful to have received a generous £3,000 from the @HastingsDirect Community Grant scheme! Heartfelt thanks from all @LAMPadvocacy Your donation means so much. Thanks for supporting #mentalhealth in #leicester #leicestershire and #rutland



Community day programme

Over 400 colleagues were still able to complete Community Days in 2020, which were a range of virtual team exercise challenges. These days raised a further £5k for a range of local and national causes including Children in Need, SANDS and The Samaritans.



"Through virtual team exercises in 2020 we raised £5,000 for local and national causes."

Looking after our environment

Throughout the year we would normally support local initiatives via Community days, such as beach cleaning and keeping public spaces clean, tidy and weed free. This wasn't possible in 2020, however we continued our work with the Bexhill Environmental Group who planted 520 trees on Bexhill Downs in November and we plan to continue our support in 2021.



We continued our work with the Bexhill Environmental Group who planted

520

trees on Bexhill Downs in November and we plan to continue our support in 2021.

Our ESG areas of focus

3 | Supporting our local communities

Investing in local education initiatives

We have historically had significant interaction with schools, colleges and universities in and around our communities to help develop, attract, and nurture home grown talent. In 2019 we sponsored a programme called 'Be the Change' in Bexhill and Leicester which aims to raise the aspirations of local 13 to 14 year olds. The programme was designed to help remove barriers that may make students disengage from school and general day-to-day life; provide them with life skills to help shape their future; and give them the opportunity to make a difference to their education and career paths. Our colleagues volunteer as business mentors to help support the students with anecdotal and professional advice and guidance.

Sadly our education programmes were postponed in 2020 due to the global pandemic, but we will continue to support these in 2021. We aim to continue our three-day programme with 240 year nine students from September 2021 onwards.

Pink Ribbon Foundation

We continue to donate £10 to the Pink Ribbon Foundation, a breast cancer charity, for every new business policy sold under our InsurePink brand.

In 2020 we were able to support the Pink Ribbon Foundation with £75k as part of our continuing work with this national charity.



We continue to donate

£10 per policy

to the Pink Ribbon Foundation, a women's cancer charity, for every new business policy sold under our InsurePink brand.

Colleague Hardship Fund

The Colleague Hardship Fund was established in response to the Coronavirus pandemic, to support Colleagues and their families who are experiencing significant and acute financial hardship.

The Colleague Hardship Fund continues in 2021 and to date has supported more than 90 Colleagues totalling over £80k.

2021 activity to date:

Our COVID-19 Community Commitments Scheme has continued into 2021 with a further £100k to support our local communities and education providers. We have also continued to support local schools with computer equipment to ensure all students can learn effectively whilst being home schooled.

Our national fundraising days and virtual community days will continue throughout 2021.



1|2|3|4

Reducing our environmental impact

Our ESG areas of focus

4 | Reducing our environmental impact

We are committed to acting responsibly and have been focusing our efforts on becoming more sustainable in our business operations, and reducing our impact on climate change.

The first step has been to measure, monitor, and manage the factors that influence our overall carbon footprint, including energy consumption, business travel, and waste.

Greenhouse gas emissions ('GHG')

Total Tonnes CO ₂	2019	2020
Scope 1 & 2 emissions	1,093	611
Scope 3 emissions (Electricity T&D losses, waste, business travel for both years and in 2020 including emissions for colleagues working from home)	525	669
Total organisational footprint	1,618	1,280

We have set ourselves ambitious targets to reduce our total carbon emissions (tonnes CO₂e) by 50% from our 2019 baseline over the next three years, whilst growing the business, which we are on track to achieve.

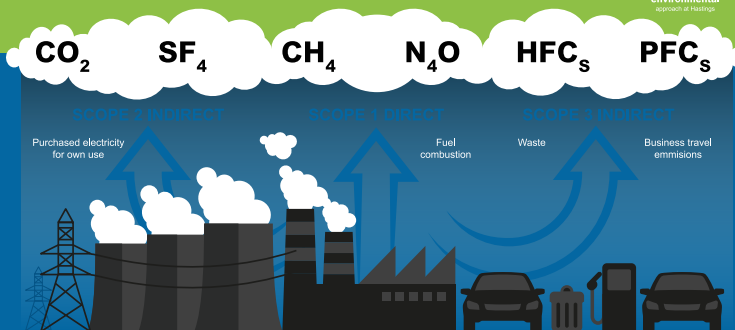


environmental
approach at Hastings

We also met our 2020 target of becoming a certified CarbonNeutral® organisation, by:

- reducing our energy consumption through a range of actions in our main sites, such as introducing new LED lighting and better heating controls, and boiler maintenance.
- switching to renewable electricity sources in both our Bexhill and Leicester sites.
- taking significant steps to reduce waste, for example, by drastically reducing the amount of single use plastics available throughout our sites, and instead providing compostable replacements, cutting down on the use of nearly one million single use plastic items per year.
- partnering with Natural Capital Partners to support emission reduction projects, offsetting the scope 1 and 2 emissions, as well as the scope 3 emissions under our control.

Carbon footprints are organised by scope – this diagram helps explain which scopes we've measured and reduced



By taking some simple steps we can all contribute to saving the planet



Our ESG areas of focus

4 | Reducing our environmental impact

We have chosen to support the following two emission reduction projects, both of which support our 4Cs values and 15 of the 17 United Nations Sustainable Development Goals.

1. Acre Amazonian Rainforest conservation

This project aims to prevent deforestation across 105,000 hectares of pristine rainforest in the Amazon basin, protecting some of the world's most biodiverse habitats. With the support of carbon finance, the project works with communities and local groups to help protect ecosystem services, while providing alternative means of economic development which avoid destruction of the forest.

2. Reforestation, East Africa

A community-based project with over 12,000 small groups involving 90,000 farmers in Kenya and Uganda, all working together to re-plant trees and help replenish nutrients in the soil. Forests are often destroyed to create smallholder farmland. The project also helps improve community livelihoods through education and training, and creates additional sources of income beyond smallholder farming.

We have taken our climate action one step further by supporting UK Forest Creation; in addition to providing essential funds to the impactful emission reduction projects above, we are also supporting the creation of new woodlands in the UK.

As a UK-based business it was important to us to also support projects that deliver local environmental benefits. To achieve this we have committed to supporting two hectares of UK tree planting projects, which are delivered in accordance with The Woodland Carbon Code meaning that they must be independently measured and audited. We also continued our work with the Bexhill Environmental Group, who planted 520 trees on Bexhill Downs in November, and we plan to continue our support in 2021.

The UK is one of the least forested countries in Europe and our support will contribute to delivering natural climate solutions that enhance biodiversity and enrich communities in the UK.



"This project aims to prevent deforestation across 105,000 hectares of pristine rainforest in the Amazon basin, protecting some of the world's most biodiverse habitats."



4 | Reducing our environmental impact



As well as dramatically reducing the use of single use plastics from both of our two main sites in the UK, we have taken many steps to make environmental improvements and support sustainability, including:

- Unsold fresh packaged food is donated to local charities twice a week in Bexhill, avoiding food waste and supporting the community
- Improved our Cycle to Work scheme – encouraging colleagues to make healthier and more environmentally friendly lifestyle choices
- Waste electrical and electronic equipment is securely disposed of and recycled
- A 20% reduction in water consumption has been achieved through better maintenance and installation of water-saving equipment
- Zero general waste from our Bexhill site to landfill
- We have extended our environmental focus to other areas of our business, including our customers, suppliers, and our investments, where we feel we can have the most impact:

20%

reduction in water consumption has been achieved through better maintenance and installation of water-saving equipment



Customers and products

We have an active focus on changing customer demands and attitudes, exploring propositions that support changes in vehicle fuel type as well as changes to usage.

We have made a change to the Telematics device packaging for our Hastings Direct YouDrive product. This is now entirely recyclable, a 50-60% increase compared to the previous packaging.

Supply chain

We assess all of our key and critical suppliers against ESG factors, examining their environmental, data protection, and human rights policies. We are committed to exploring with individual suppliers how we can help them drive lower emissions.

Investments

We maintain an average ESG rating of A on our core portfolio.

We aim not to invest in companies that mine and burn coal, or produce tobacco or controversial weapons.







We work with investment managers and financial institutions which have signed up to the UNPRI.

4 | Reducing our environmental impact

Contributing to the UN Sustainable Development Goals


In 2015 the United Nations launched 17 Sustainable Development Goals to help end poverty, fight inequality, and tackle climate change, by 2030.

We aim to contribute in some way to all 17 of the goals, of which there are 6 on which we have had the greatest impact over the last 12 months.

UN SDG	Description	Hastings activity	ESG area of focus
	Ensure healthy lives and promote wellbeing for all at all ages	<ul style="list-style-type: none"> Extensive wellbeing programme in place Financial wellbeing support Network of Wellbeing champions and Mental Health First Aiders 	2. Valuing our colleagues
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Graduate programmes Apprenticeships Continuous learning Online learning tool – CareerBuilder Investing in local education initiatives 	2. Valuing our colleagues 3. Supporting our local communities
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Diversity and inclusion strategy 30% Club mentoring Women in Finance Charter 	2. Valuing our colleagues
	Ensure access to affordable, reliable and sustainable and modern energy for all	<ul style="list-style-type: none"> Sourced 100% renewable energy for our two main sites 	4. Reducing our environmental impact
	Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> Continuous learning Diversity and inclusion strategy in place Track record of profitable growth 	2. Valuing our colleagues 1. Operating responsibly
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Becoming a CarbonNeutral® organisation Responsible investment strategy in place 	4. Reducing our environmental impact

Our carbon offsets

We have chosen to support two emission reduction projects, both of which support our 4Cs values and 15 of the 17 United Nations Sustainable Development Goals

 [Read more on pages 30-32](#)

Hastings

Hastings Group

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