

**Corporate Social  
Responsibility Report**

2017



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Our Commitment



## Message from the CEO

**As I look back over the last several years, I'm incredibly proud of the many ways we at Horace Mann have served our customers and communities. In this report, focused on 2017, we highlight some of these stories and achievements.**

While we launched our official corporate social responsibility effort with our 2016 report, our company's commitment is far more longstanding. Horace Mann was founded in 1945 to help educators protect what they have today and prepare for a successful tomorrow. We see our commitment to corporate social responsibility as a natural extension of our mission to serve educators, who shape the lives of students in schools all over the country. At Horace Mann, we care about the lifelong financial well-being of educators and their families, offering tailored solutions and local expertise through agents across the United States. In 2017, we continued to improve our ability to serve educators through our "PDI" strategy of enhancing products, distribution and infrastructure.

Our mission to serve educators is both a legacy and a responsibility. The commitment and dedication of educators who serve their students and our communities motivates us to think, and act, beyond the day-to-day requirements of running a corporation. Our commitment to serving educators inspires us to be a responsible corporate citizen. As a U.S.-based company with three major office locations and representatives in nearly 700 communities, we look broadly across the country for ways we can help.

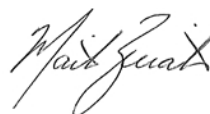
One of our priorities this year was to seek feedback from our stakeholders on our inaugural report, as well as continue the conversation about the issues that matter most. We engaged with investors, customers, employees, agents and

other stakeholders before drafting this report. Their input informed the content and led us to expand our discussion of climate change, data security, diversity and other important environmental, social and governance topics.

In the pages that follow, you'll learn more about how we give back to communities, live up to our high ethical standards, share our knowledge and respect the environment. You'll also read examples of how our service, support, dedication, compassion and commitment have benefited our stakeholders and communities. We welcome your feedback on our initiatives at [csr@horacemann.com](mailto:csr@horacemann.com).

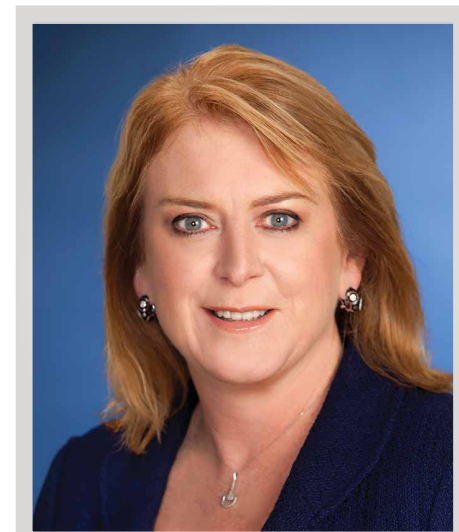
I hope this report helps you further discover the ways Horace Mann is living its commitment to educators and making a difference in the world around us.

Sincerely,



**Marita Zuraitis**

President,  
Chief Executive Officer and Director  
December 2018



## Leadership Message on Corporate Social Responsibility

**As the executive leaders responsible for advancing corporate social responsibility at Horace Mann, we're enthusiastic about our accomplishments — and even more excited about the opportunities ahead of us. We look forward to learning more from our stakeholders and taking on new challenges as we continue to formalize and expand Horace Mann's longstanding corporate citizenship initiatives.**

Our Enterprise Risk Management Committee formally oversees our program, consistent with today's best practices to combine corporate risk and compliance management with supervision of environmental, social and governance programs. Throughout our company, we continually look for ways to improve our environmental, social and governance practices. We firmly believe that we can make a difference to our communities, customers, employees and agents through our giving, business practices, solutions and services.

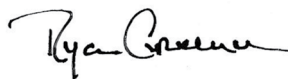
As described in the following pages, we focus on areas that impact society, our workforce and the environment. And as we developed this report, we encountered great stories about people who truly exemplify Horace Mann values. We've shared a handful of those stories in the pages that follow.

Sincerely,



**Donald M. Carley**

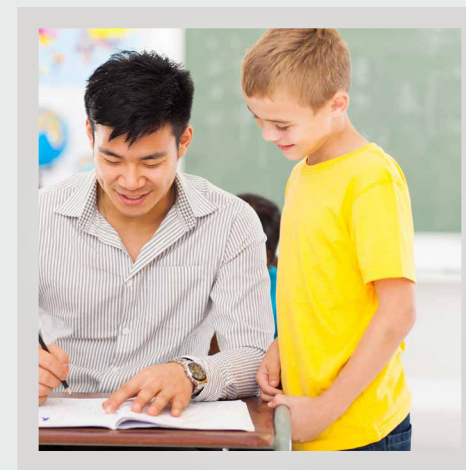
Senior Vice President,  
General Counsel & Corporate Secretary



**Ryan Greenier**

Head of Corporate Social Responsibility,  
Vice President, Corporate Finance

December 2018



“We firmly believe that we can make a difference to our communities, customers, employees and agents through our giving, business practices, solutions and services.”

# Horace Mann by the Numbers

At Year-End 2017



## Our reach

**893,000**  
auto, property  
and life insurance  
policies in force

**184,213**  
educators saving  
for retirement  
with Horace Mann

**242,354**  
students  
reached through  
DonorsChoose.org  
partnership

**502,532**  
households  
served

**91,180**  
educators  
reached through  
financial education  
workshops

**4,000**  
public school  
districts served by  
local agents

## Our financial strength

**\$11.2B**  
in assets under  
management

**\$1.2B**  
in premiums and  
contract deposits

**\$46.4M**  
returned to  
shareholders  
through dividends  
and share  
repurchases

**152%**  
five-year  
shareholder return,  
outperforming  
peer group and  
S&P 500<sup>1</sup>

<sup>1</sup> Bloomberg as of 12/31/17.

## Beyond the Numbers

We are the largest multiline financial services company focused on America's educators.

**Our shared goals and principles unite us and define the behaviors we embrace to continue to be a good corporate citizen, neighbor and partner.**

### **Our corporate goal**

is to create long-term stakeholder value by driving profitable growth.

### **Our vision**

is to be the company of choice to provide financial solutions for all educators — to help them protect what they have today and prepare for a successful tomorrow.

### **We can achieve this**

by understanding and solving issues facing educators, helping them to achieve financial success to live better and retire happier.

### **Our priorities are to:**

- offer a full suite of solutions to meet educators' unique needs
- tailor distribution channels to educator preferences and offer expert advice through trusted advisors
- modernize infrastructure continuously to enhance the customer experience

Our Impact





**Our company was built on a promise to help educators. And our commitment to corporate social responsibility is a natural extension of that. Every day, we work to deliver on our promise to take care of our customers, our employees, our communities and our environment. And we do that using a shared set of beliefs and values.**

Compassionate. Trustworthy.

Straightforward. Approachable.

Respectful. Knowledgeable.

**As individuals and as an organization, we strive to convey these values in our interactions with every one of our stakeholders.**



## We strive to be compassionate.

**Giving back to our communities, taking care of our employees, and serving our customers... here are examples of Horace Mann compassion in action.**

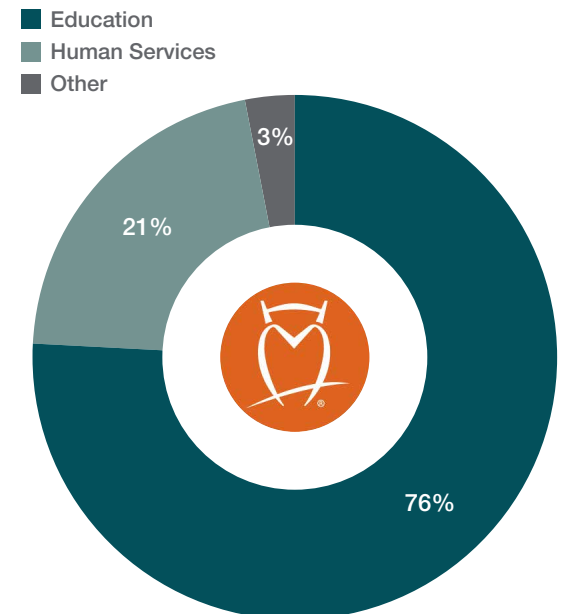
### Communities

In giving back to our communities, we're inspired by the example of educators all over America who devote countless hours to educating our nation's students, who use their own money to fund school projects, and who look beyond their individual schools to become leaders in the communities where they live and work. Our employees and agents devote thousands of hours each year to public service, ranging from board leadership to mentoring at-risk students in local schools. We're committed to improving the quality of life in both schools and the communities we serve. Here are some of the ways Horace Mann agents and employees supported educators and communities in 2017.

**Building stronger communities through corporate giving.** We focus most of our community investment on organizations that serve educators or benefit the educational community, such as DonorsChoose.org and The NEA Foundation, to which we've given a combined \$650,000. We also focus on supporting human services in central Illinois. Together with our employees, we are one of the largest contributors to United Way of Central Illinois, giving nearly \$380,000 in 2017 through corporate contributions, employee pledges and charity fundraising events.

Our actions are directly informed by the Horace Mann mission to serve educators.

### 2017 Giving





**Building stronger communities through volunteerism.** Horace Mann employees and agents spent thousands of hours volunteering in 2017, including board leadership of organizations such as United Cerebral Palsy and the NAACP. (See list on page 34.) Employee volunteerism in 2017 included taking part in the United Way Day of Action and our holiday Giving Tree Program, donating more than \$10,000 to the Central Illinois Foodbank during its annual donation campaign, and working with the Springfield Urban League to provide local students with job-seeking skills through resume writing workshops and mock interviews.





**Donating vehicles to schools.** Three school districts served by our agents in Illinois, Texas and Pennsylvania each received a donated vehicle in 2017 to help them better serve their schools and students. Two were used as maintenance and service vehicles, while another was used for transportation of families in need. Our claims group identified used vehicles to be donated, worked with local collision centers to complete any repairs and delivered them to their new homes.

**Community safety and education.** After declining for decades, U.S. traffic fatalities surged by 14.4% in 2016 and 2017, especially among bicyclists, motorcyclists and pedestrians. Distracted driving is a significant driver of the trend. In 2017, we piloted a program with endDD.org to help our clients and communities address the dangers of distracted driving. We expanded on this partnership in 2018.

**Recognizing excellence in education.** Our agents partner with school districts across the country to recognize outstanding teachers and school employees with awards, events and luncheons. At the corporate level, we recognize teaching excellence locally with the District 186 Educator of the Year award in Springfield, Illinois, and nationally with The NEA Foundation by sponsoring five annual Horace Mann Awards for Teaching Excellence.



## We Respond When Disaster Strikes



“It’s amazing what coming together as a community — even miles away — and friendship can accomplish!”

– Ron DeFreitas, Horace Mann Agent

When Hurricane Irma hit the southeastern United States in September 2017, Horace Mann employees and agents mobilized to take care of affected customers. More than a thousand miles away, in Altoona, Pennsylvania, Horace Mann agent Tom Stetter was thinking of his friends and fellow agents in the affected areas — and decided to act.

Tom, his wife Nancy Frantz-Stetter, and other volunteers worked with a local trucking company to procure a 53-foot semi-truck, plus a driver and gasoline, to transport donations to Florida. They parked the truck in a prominent location, posted a giant banner and handed out flyers for four days to mobilize their entire community of Altoona, Pennsylvania — population 45,000 — to donate 88,000 pounds of water, nonperishable food items, medical and cleaning supplies, baby and personal hygiene items, mattresses and more. The donation drive was so successful that they had to find a second truck and driver to transport it all.

In Naples, Florida, Horace Mann agent Ron DeFreitas and his wife, Lucinda, received the donations. They set up an authorized hurricane relief distribution center at an elementary school in Immokalee, Florida, where residents were still without electricity and living in shelters two weeks after the hurricane made landfall. They recruited volunteers to unload the trucks and worked with school officials to identify the families most in need of assistance. “Words can’t express the gratitude I have for everyone involved in the Hurricane Irma relief effort for the Immokalee community,” DeFreitas said. “It’s amazing what coming together as a community — even miles away — and friendship can accomplish!”

## Workforce

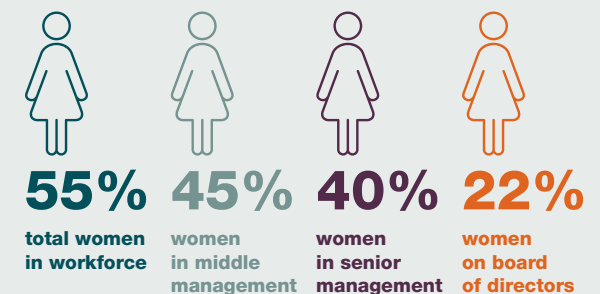
We strive to offer a great place to work — where employees can engage, share their unique perspectives, and develop their skills and abilities. Our policies and actions play an integral role in maintaining and enhancing Horace Mann’s compassionate, caring and collaborative culture.

**We value diversity and inclusion.** Our Code of Conduct and Employee Handbook hold us accountable for creating and maintaining an inclusive work environment where individual differences are recognized, understood, respected, appreciated and valued as contributing factors to our success. We apply equal opportunity principles in recruiting, hiring, advancement, training, compensation and retention; treat employees and job applicants fairly and equitably; have a zero tolerance policy for harassment and discrimination; and evaluate people based on their qualifications, demonstrated skills and achievements rather than their ethnicity, religion, gender, age, veteran status, disability, sexual orientation or gender identity.



## Diversity and Inclusion: A Gender View

Our commitment to diversity and inclusion is reflected in our recruitment and promotion of diverse talent. Beyond recruitment, we look at retention, promotion and turnover numbers to make sure we’re providing ample opportunities for diverse employees to succeed at Horace Mann, including informal mentoring relationships and networking opportunities. We’re particularly proud of the strong representation of women at all levels of our workforce (see infographic below). In 2017, 56% of promotions went to women. As part of our continuing efforts to align compensation and talent, we recently reviewed our pay structure to determine gender alignment within salary grades. This analysis revealed that we have gender alignment (94% to 110% of female-to-male compensation) within salary grades. For more information on our gender diversity, see page 38.



**We facilitate professional development.** Horace Mann offers a comprehensive online library of resources, onsite instructor-led programs, in-depth skills training, internships and leadership development opportunities for all employees. The Career Development Resource Center facilitates professional development through self-assessments, career action plans and discussion guides. We further encourage professional growth by covering the cost of over 58 industry and professional certifications and designations from the Life Office Management Association (LOMA), The Institutes, The American College and other educational partners, and we pay a bonus for each designation earned. How successful is this initiative? For the fifth time, Horace Mann has received the Excellence in Education (EIE) Award from LOMA, which recognizes companies with high percentages of successful certification completions. Worldwide, only 47 of the more than 1,200 LOMA member companies are awarded the EIE — and of those, only four other companies are five-time winners.

More than 85 employees have participated in our Emerging Leaders program since its introduction in late 2016. Individuals selected for this program share a five-month cohort experience alongside a cross-functional group of participants, exploring leadership concepts in eight different modules linked to Horace Mann's Leadership Success Profile. This has been a pipeline for leadership development and promotion.

We awarded 10 employee scholarships in 2017. Eligible courses include elective or required courses toward degree programs that are directly related to employees' jobs. All courses and degree programs earn college credit and are taken at fully accredited universities.

Our agents enjoyed enhanced eLearning and in-person training programs in 2017. In a little over a year, we updated or added more than 80 eLearning courses, 40+ assessments and eight new instructor-led webinars. The eLearning option enables agents and field leaders on the go to use their smartphones for professional development.



**5th**

**Excellence in Education Award from LOMA**



**85+**

**employees participated in Emerging Leaders program since 2016**



**10**

**employee scholarships awarded in 2017**



**80+**

**eLearning courses updated or added in 2017**



**40+**

**assessments added to eLearning in 2017**



**8**

**new instructor-led webinars added to eLearning in 2017**

**We celebrate achievement.** We launched a new social recognition portal in 2017, in which employees can provide peer-to-peer or leader recognition. This includes the opportunity to make positive comments in employee yearbooks that celebrate service anniversaries, work and personal achievements. “Give a Hoot” eCards enable employees to recognize great work. Values and skills being recognized include collaboration, innovation, extraordinary service, leadership, problem solving, delivering results, being a team player and being a change agent.

Horace Mann also has numerous formal award programs to celebrate individual and team achievements. These include Employee of the Month, Employee of the Year, Community Spirit Award, Team Spirit awards, an annual employee recognition trip and career milestone awards.







**We take care of employees and their families.** We seek to provide a total rewards package that attracts and retains top talent — and to link rewards to work in a straightforward way. Benefits include comprehensive medical, dental and vision coverage; voluntary benefits, such as critical illness coverage; an employee assistance program; automatic enrollment in our 401(k) plan, including a company-paid 3% contribution and additional 5% employee contribution match; and a generous policy for personal time off that encourages a healthy work-life balance. We also encourage wellness. In Springfield, Illinois, employees and their dependents enrolled in Horace Mann health plans can use the HSHS St. John's Hospital LEADWELL™ health and wellness clinic — just a block away from our headquarters — for free or reduced-cost preventive, diagnostic and medical care. We also reimburse employees up to \$200 per year for use of a fitness facility, weight loss program or smoking cessation program.

## Customers

In 2017, we enhanced our ability to take care of customers with compassion in the following ways:

**Our agency force.** Agents are the face of Horace Mann in schools across the country and the cornerstone of our unique value proposition. Many of our agents are former teachers, administrators and counselors. They're committed to building relationships and partnerships with the schools and educators they serve through one-on-one meetings, school visits, workshops and community involvement.

In 2017, we enhanced tools and training to help agents take care of customers. New capabilities include agent alerts when customers need additional assistance, as well as a proprietary education tool that facilitates conversations about wealth and risk management, offering a holistic, goal-based financial planning model to help clients achieve their retirement goals.

To further enhance customer service and our pipeline of highly qualified, diverse agents, we instituted a new agency model with expanded training, immediate feedback and financial support for new agents growing their agencies from scratch. The new program enabled us to attract a more diverse candidate pool in new market areas. In 2017, we onboarded 131 new agents through this program of which 25% were women and 30% were people of color.

**Listening to our customers.** We look for ways to improve our customer experience based in part on our "net promoter score," a numerical rating of how many customers say they're willing to recommend us to others. Our average annual net promoter score for 2017 was 51, a three-point increase from the prior year, due in part to infrastructure and customer service improvements. This score exceeded industry averages for life insurance companies (34), auto insurance companies (43) and brokerage/investment companies (50), according to [Satmetrix](#).

We also evaluate customer loyalty through policy retention and persistency. In 2017, our auto and property policy retention were a strong 83.0% and 87.6%, respectively. Life and retirement persistency (the percentage of policies that remain in force from year to year) were 95.1% and 91.6%, respectively.



**83.0%**

**auto  
policy retention  
in 2017**



**87.6%**

**property  
policy retention  
in 2017**



**95.1%**

**life policy  
persistency  
in 2017**



**91.6%**

**retirement policy  
persistency  
in 2017**

# We're Here for Our Customers



Precious Wesley,  
Claims Representative, Irving, TX

“People love their cars, and they want them fixed fast. I never thought I’d have a career in insurance — I’m here because I enjoy helping people.”

Benjamin Whitney was among those Wesley helped last year. “Precious Wesley provided fantastic customer service. I’ve never been in a car accident before — therefore, the insurance process was new to me. Precious explained everything. She was knowledgeable and resolved my frustration and concern.”



James Rushing,  
Senior Claims Representative, Raleigh, NC

“I’ve been in insurance for 20 years, so you can ask me anything. I treat everybody like you were family. I told Anne, ‘Let me take care of your claim — you just focus on getting better.’ ”

Retired educator Anne Marcus required surgery to repair her “smashed” wrist after a major accident where she was not at fault. According to Marcus, Rushing provided frequent status reports and reassurance as the claim went through the process.



Nathan Sirbaugh,  
Claims Representative, Raleigh, NC

“My main concern was Mark’s health. Once I knew he was OK, my next priority was to make sure the claim went smoothly.”

Outside the school gym in South Bend, Indiana, Mark Johnson saw a shocking sight — a telephone pole had fallen on top of his Buick LaCrosse, despite a lack of wind or storms as an obvious cause. “Nathan reached out to me by email, as well as by phone, asking about my safety first, then the car. I greatly appreciate his empathy!”



**Continued systems enhancements.** Following life and retirement systems improvements over the past few years, we completed the first phase of a multi-year program to modernize our property and casualty operations. In 2017, we integrated multiple legacy administrative systems into a single, modernized platform to improve the customer experience and lower operating costs by creating efficiencies, such as improved information flow among everyone involved in resolving claims. The new system reduces manual claims handling so employees can focus on strategy and execution, not keystrokes. Over time, we expect the new system to help reduce claims cycle time — the average number of days required to pay out an insurance claim. This is a leading indicator of customer satisfaction at a time when our customers need us most. Additional infrastructure enhancements in 2018 will include a new policy administration system, a “smart communication” platform and an agent portal.

Depending on their personal preferences and the complexity of their question or need, customers may prefer to interact with Horace Mann online, by phone or in person. We continue to enhance our digital customer experience, including online quoting capabilities and retirement plan enrollments. In 2017, we made our website more user-friendly and enhanced our mobile app to allow customers to submit photo claims online. Finally, we go where our customers are, whether that’s on school campuses or social media. For example, Horace Mann has 14,500 followers on Pinterest — more than any other insurance company in the United States.



**14,500**

**followers on  
Pinterest in 2017 —  
more than any other  
insurance company  
in the United States**

## **We strive to be trustworthy, straightforward and approachable.**

**Maybe it's our Midwestern roots. After all, we're headquartered in Springfield, Illinois — the capital of Illinois and the home of Abraham Lincoln. Maybe it's our size. We're small but mighty, with 1,500 employees in three major locations, augmented by sales leaders and support staff throughout the United States. Either way, if you ask people about Horace Mann's business practices and corporate culture, you'll hear three words that invoke Midwestern values. Trustworthy. Straightforward. Approachable.**

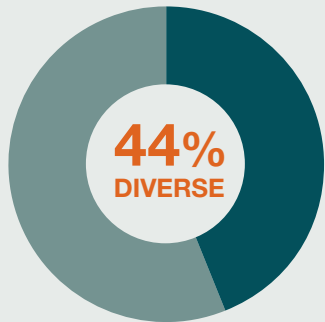
**Ethics code.** Since our inception in 1945, we at Horace Mann have held ourselves to the highest ethical standards. Our [Code of Ethics](#) demands honesty and fairness in all dealings our employees have with customers, employees, shareholders and suppliers. Employees see and hear our principles in action throughout our day-to-day operations and reaffirm their commitment to our ethical standards during an annual formal training and certification process. In addition, management regularly discusses ethics and integrity with Horace Mann agents, who represent our company as independent business owners.

Our Code of Ethics demands honesty and fairness.

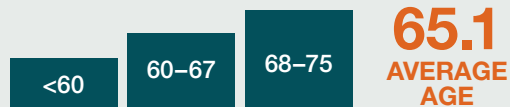


## Board Diversity

■ Diverse board member,  
based on gender and/or ethnicity

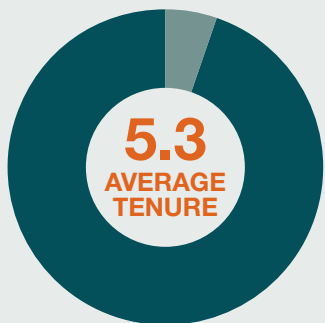


## Board Age



## Board Tenure

■ 10 years or less on board  
■ More than 10 years on board



**Sound corporate governance representing a diversity of perspectives.** Our corporate governance principles require a majority of independent directors on our board and hold us to best practices at both the board and committee levels. The board and Nominating & Governance Committee members believe it's important for our board to represent a diversity of expertise, professional experience, age, ethnicity and gender, as well as a range of tenures. It is equally important to the board that Horace Mann's executive compensation programs align with long-term value creation, reinforced by an expanded discussion of these programs in our 2018 proxy statement.

**Environmental, social and governance oversight.** Horace Mann's Enterprise Risk Management (ERM) Committee has formal oversight of environmental, social and governance (ESG) programs, consistent with today's best practices to combine corporate risk and compliance management with supervision of ESG programs. The ERM Committee regularly briefs the board of directors on Horace Mann's ESG initiatives and ESG topics and developments, including major risks and exposures facing the company and the steps taken to monitor and mitigate such risks and exposures. As an integral component of its ESG oversight, the full board reviews and approves the corporate social responsibility report before publication.

**Taking care of our customers through financial strength and stability.** We're proud of Horace Mann's solid reputation for financial stability and strength built over the past 70 years. In 2017, total revenues of \$1.2 billion were 4% higher than the previous year. Core earnings<sup>2</sup> of \$1.74 per diluted share reflected improvement in auto profitability, growth in retirement assets under management, and double-digit sales growth in life insurance. Independent agencies consider these and other metrics in rating the financial strength of our companies — in other words, our ability to meet our obligations, including claims payments and death benefits.

To ensure we can meet our financial obligations, we also focus on making well-diversified, high-quality investments that generate top-tier risk-adjusted returns. Diversification is an important way we manage investment risk. Excluding cash and cash equivalents, our portfolio is composed of federal, state and municipal obligations, corporate bonds, mortgage-backed bonds, preferred and common stocks, real estate mortgages, real estate and alternative investments. We welcome opportunities to invest in high-performing socially responsible investments, including community infrastructure projects funded through municipal bonds and real-estate related investments. We began formalizing a responsible investment strategy in 2017 that aligns with our mission to serve and support educators. For example, to more closely align our investment strategy with our commitment to educators' well-being and safety, we opted to divest investments in gun manufacturers and prohibit future purchases.

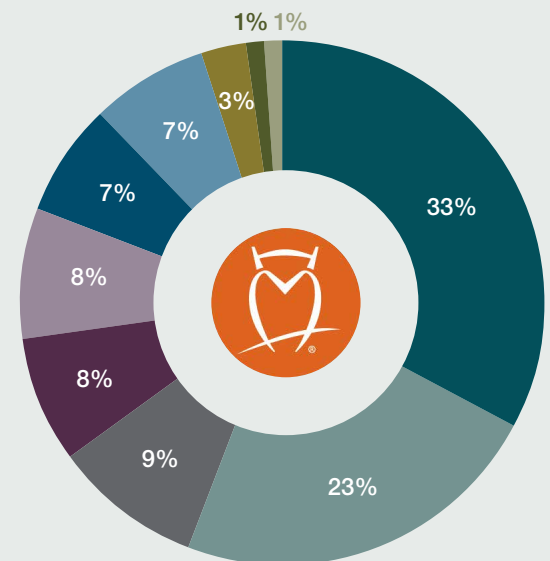
<sup>2</sup> See our SEC filings for a definition of core earnings.

## Financial Strength Ratings

Agency	Rating	Outlook
A.M. Best	A (5/22/18)	stable
Standard & Poor's	A (1/25/18)	stable
Moody's	A2 (10/2/18)	stable
Fitch Group	A (7/17/18)	stable

## Our Portfolio

At Year-End 2017



**Equal opportunity for potential suppliers.** The goal of our vendor selection process is to provide equal opportunities to all potential business partners. Ethical standards are written into every contract.

**Public policy advocacy.** We belong to trade associations that advocate on property and casualty, life insurance and retirement issues that are important to the financial well-being of educators. (See page 33.) These issues include distracted driving, climate change and disaster preparedness.





## Information protection and privacy

The [headlines](#) — including news of a single data breach that compromised nearly half the country — certainly emphasized the importance of information protection and privacy in 2017. At Horace Mann, information security and privacy have always been of utmost importance to us because we see this issue as a matter of trust. We are committed to earning and maintaining the trust of our stakeholders by safeguarding their confidential information, including personal information we receive from customers, employees and other consumers.

But protecting information doesn't happen out of good intentions alone. At Horace Mann, we rely on the following interlocking actions to make it a reality.



- **Privacy policy.** In our [privacy policy](#) and day-to-day actions, we commit to protect and limit the use of, and access to, personal information that is shared with us. While we gather personal information to issue and service customers' policies and offer them other insurance or financial products, we do not sell customers' personal or medical information to anyone.
- **Enterprise information security program.** The security and privacy of business and customer data is safeguarded through our extensive cross-functional enterprise information security program, security operations center and vendor management program that assesses information security controls of third parties.
- **Leadership.** Our Chief Information Security Officer and our Information Security Council oversee information asset and technology protection, direct critical incident response planning and testing, and advise on the development of information security initiatives, projects and policies as advocates of Horace Mann's policyholders, agents, employees and shareholders.
- **Training.** Every employee is trained on enterprise security at the time of hire, quarterly and annually. The annual training and review of information security policies and standards is especially important given the increasing prevalence and sophistication of cybercrime tactics, such as phishing and social engineering. Employees in high-risk roles receive additional advanced training. We recently updated our information security awareness training to provide more comprehensive information on applicable security policies, standards and the appropriate handling of customer data.
- **Risk assessments.** Horace Mann uses a risk-based approach in deploying its enterprise information security program. The program and information security risk assessment processes are aligned with the National Institute of Standards and Technology (NIST) cybersecurity framework, combined with fundamentals and concepts from the Factor Analysis of Information Risk (FAIR) methodology. We continually survey the environment to monitor data security and privacy trends, assess emerging risks and enhance our enterprise information security program accordingly.
- **Audits and controls.** The internal audit team annually reviews and evaluates the effectiveness of cybersecurity controls deployed within the Horace Mann information security program. The internal audit team performs its activities in adherence to the Institute of Internal Auditors' Mandatory Guidance, which includes the International Standards for the Professional Practice of Internal Auditing, Core Principles for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing as published and promulgated by the Institute of Internal Auditors.

## We strive to be knowledgeable.

As the largest financial services company focused on providing America's educators and school employees with insurance and retirement solutions, we're proud to serve thousands of school districts nationwide. Educators in these districts count on us to provide tailored financial solutions to help address their retirement and insurance needs. In addition, our agents and staff personally offer individual consultations and in-school workshops to discuss topics and issues facing educators today, such as student loan debt.

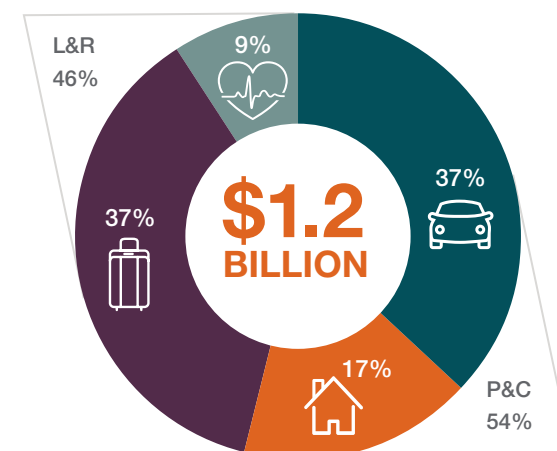
Our customers are predominantly kindergarten through 12th grade teachers, administrators and other employees of public schools and their families. They typically have modest annual incomes. Here are some of the ways we have enhanced our product and service offerings to help educators meet their financial needs.

**Retirement savings.** We want to help educators achieve their desired retirement income, which they may not be able to do solely through their state retirement plan or 403(b) retirement solution. Horace Mann offers a suite of solutions to fill any future income gap with supplemental retirement savings. In 2017, we enhanced the Horace Mann Retirement Advantage™ "open architecture" mutual fund program to meet a wider range of needs for more educators and school districts. This platform combines a wide array of mutual funds with a group unallocated fixed annuity stable value fund. Horace Mann is an approved provider to many employer-sponsored retirement 403(b) and 457(b) plans, which enable educators to supplement their pensions and Social Security benefits at retirement. Contributions are made pre-tax through automatic salary reductions and any earnings are tax-deferred. Some employer plans also offer a Roth after-tax salary reduction option.

**Property & casualty products.** In 2017, we improved our online quoting system and made significant progress on improving the customer experience by streamlining processes and addressing common customer concerns.

## Premium and Contract Deposits in 2017

■ Auto     ■ Retirement  
■ Property   ■ Life



**Student Loan Solutions.** New educators and other graduates left college in 2016 with an average of more than \$37,000 in student loan debt. This financial burden can delay retirement savings and major life decisions, such as starting a family or buying a home. Horace Mann’s comprehensive Student Loan Solutions program offers workshops and guidance through the highly complex student loan forgiveness, repayment and refinancing options. In 2017, we assisted more than 1,750 educators in refinancing \$4.4 million in student loans — and put them on track to receive more than \$120 million in loan forgiveness over the next 10 years.

**Other financial wellness programs.** In addition to Student Loan Solutions, we offer a variety of educational workshops to help teachers become retirement-ready, make ends meet and plan for the future. In 2017, we presented nearly 3,000 financial wellness workshops to more than 91,000 educators at the schools where they work, at the universities they attend, and for the first time, in an online training course that allows educators to earn professional continuing education credit. We intend to expand our online training program from Illinois to multiple states in 2018 due to an extremely favorable response from educators and school principals, who see strong recruitment and retention benefits.



**1,750**

**educators  
helped with  
student loan  
refinancing**



**\$4.4M**

**in student loans  
refinanced  
through Student  
Loan Solutions**



**3,000**

**financial  
wellness  
workshops  
presented**



**91,180**

**educators  
participated in  
financial wellness  
workshops**

## We Offer Solutions



“It’s amazing to be able to find someone you trust to walk you through the options that can help you financially — and at no charge.”

– Shelby Chollett, Horace Mann Customer

“As a young teacher, you’re not taught about retirement or insurance — so I had a *lot* of questions,” recalled Shelby Chollett, 27, who teaches eighth grade language arts at Sauk Rapids-Rice Middle School in Sauk Rapids, Minnesota. Her financial education began during a school visit by Horace Mann Licensed Producer Patrick Michaud.

Student loans are a significant financial challenge for Chollett and other young educators. Michaud introduced Chollett to Student Loan Solutions, a Horace Mann program that helped her consolidate multiple loans for her bachelor’s and master’s degrees and get approved for an income-based payment plan. Chollett reduced her monthly student loan bill from \$900 to just \$155 per month — and as a savvy young professional, used part of her savings to finance retirement savings. In 2017, Student Loan Solutions also helped Chollett defer loan payments while pursuing a doctorate in education.

“Teaching is a calling, but teachers don’t make much. Reducing my student loan payments allows me to stay in a profession I love without having to move in with my parents,” Chollett said. “It’s amazing to be able to find someone you trust to walk you through the options that can help you financially — and at no charge.”



## We strive to be respectful.

**At Horace Mann, we recognize our responsibility to respect the environment. Many of us work in Springfield, Illinois — where we nurture and collectively enjoy our headquarters campus, one of the city’s largest green spaces. We think more broadly about the environment in managing our business risk, as a greater number of severe weather events caused by fluctuating weather patterns and climate change have increased insurance claims. Our catastrophe team’s claims adjusters — the people who rush to the scene of natural disasters to help our customers — especially respect the power of nature.**

Climate change is an important issue for us because it’s our business to protect our customers against many of the property-related risks associated with increasingly severe weather. The insurance industry has experienced rising numbers of severe weather-related claims and costs in recent years. As a result, we are closely following the ongoing discussions and concerns about climate change in the scientific community. Climate change, to the extent it produces rising temperatures and changing weather patterns, could make weather events and wildfires both more frequent and more severe. In 2017, Horace Mann helped customers across America cope with the effects of numerous natural catastrophes, including hurricanes, windstorms, hail, severe winter weather, wildfires and earthquakes. We’re continually working to better understand the climate risks that directly affect our insurance products and portfolio of investments, as well as how climate change may affect the affordability and availability of catastrophe reinsurance coverage. Our ongoing climate risk assessments enable us to improve the accuracy of how we model climate-related risks, refine how we price and underwrite policies, and help our customers both prepare for weather events and recover if they are affected by such an event.

At Horace Mann, we recognize our responsibility to respect the environment.



As an insurance and financial services company, Horace Mann has a modest environmental footprint. Nonetheless, we strive to reduce our environmental footprint. This includes efforts to reduce, reuse and recycle, as well as efforts to reduce greenhouse gas (GHG) emissions. We focus on four areas where we believe we can have the greatest impact:

**Reduce paper usage.** Over the past several years, we've enhanced our systems to reduce paper usage and encouraged customers to sign up for electronic notification of auto policy and retirement documents, such as contracts, identification cards and correspondence. Approximately 13.5% of our customer communications are now delivered electronically, compared with 12% the previous year. We expect additional conversions from paper to digital as we continue to modernize our infrastructure — and because e-delivery is more immediate, convenient and secure.

**Reduce waste sent to landfills.** Active recycling programs at our three offices have significantly reduced the paper, plastic, metal and cardboard that might otherwise end up in landfills. We also recycle outdated personal computers, monitors, servers, hard drives, printers and printer cartridges.

**Reduce energy use.** As an insurance company, a major portion of our environmental impact is from energy consumption in our buildings. We continue to seek — and find — ways to operate in a more environmentally friendly way. For example, we've reduced electricity use by installing more efficient systems, including an energy management system, motion sensors, LED lighting, energy efficient ballasts, solar shades and window films at our headquarters. Our office building in Dallas, Texas has Gold certification from LEED (Leadership in Energy and Environmental Design). Since 2016, we estimate that Horace Mann has reduced annual energy consumption by 5.9 million kWh and GHG emissions by 9.4 million pounds each year.

**Engaging employees, customers and communities.** Our employees actively participate in environmentally friendly behaviors, including powering down computers and lights every evening, participating in recycling and shredding programs, and limiting travel to essential trips. We also strive to inform and engage customers and local communities by posting relevant information, news and events on our website and social media channels.

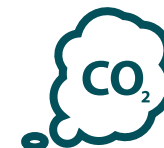


**certification  
from LEED  
awarded to our  
office building in  
Dallas, Texas**



**5.9**

**million kWh of  
energy saved  
each year  
since 2016**



**9.4**

**million pounds of  
GHG emissions  
avoided each  
year since 2016**

# GRI Index

**This report on our 2017 corporate social responsibility initiatives uses the Global Reporting Initiative (GRI) sustainability reporting standard: core option. These guidelines are a globally recognized framework for companies to measure and communicate their environmental, social and governance (ESG) performance. In determining the topics to be discussed in this report — and as shown in the graphic at right — we:**

- Identified potentially relevant issues based on their significance, fit with Horace Mann’s mission to serve educators and our ability to influence the issue.
- Defined impacts and activities related to each issue.
- Prioritized issues based on executive interviews, as well as a formal external stakeholder engagement initiative in which we surveyed customers and interviewed investors and non-governmental organizations (NGOs).

The following index shows where specific GRI disclosures are located, either within this report or other reports we publish as a publicly traded company.

## Key Issues





Topic	Response
<b>Organizational Profile</b>	
102-1 Organization name	Horace Mann
102-2 Activities, brands, products and services	2017 Annual Report on Form 10-K, pages 1–21
102-3 Location of headquarters	1 Horace Mann Plaza, Springfield, IL 62715-0001
102-4 Location of operations	Our principal insurance subsidiaries are licensed to sell products in 49 states and the District of Columbia. Beyond our headquarters in Springfield, Illinois, we operate claims offices near Dallas, Texas and Raleigh, North Carolina.
102-5 Ownership and legal form	Public company listed on the New York Stock Exchange (NYSE: HMN)
102-6 Markets served	10-K pages 1–21
102-7 Scale of the organization	10-K pages 1–21
102-8 Information on employees and other workers	10-K page 21
102-9 Supply chain	Page 24 of this report
102-10 Significant changes to the organization and its supply chain	None
102-11 Approach to risk management	Horace Mann does not follow the precautionary approach, but has a comprehensive risk management plan in place.
102-12 External initiatives	None
102-13 Association memberships	<p>Some of the policy, research and trade associations with whom we engage include:</p> <ul style="list-style-type: none"> <li>• Life Insurance and Market Research Association (LIMRA)</li> <li>• American Council of Life Insurers (ACLI)</li> <li>• Illinois Life Insurance Council</li> <li>• Insurance Information Institute (III)</li> <li>• Property Casualty Insurers Association of America (PCI)</li> </ul> <p>We also engage with the following risk and control associations:</p> <ul style="list-style-type: none"> <li>• Insurance Accounting and System Association (IASA)</li> <li>• Institute of Internal Auditors (IIA)</li> <li>• Information Systems Audit and Control Association (ISACA)</li> <li>• Risk Management Society (RIMS)</li> </ul> <p style="text-align: right;"><i>continued on following page...</i></p>

Topic	Response
<b>Organizational Profile</b> <i>continued</i>	
102-13 Association memberships <i>continued</i>	Horace Mann employees serve on the boards of: <ul style="list-style-type: none"> <li>• Abraham Lincoln Presidential Library Foundation</li> <li>• Central Illinois Foodbank</li> <li>• Downtown Springfield, Inc.</li> <li>• Greater Springfield Chamber of Commerce</li> <li>• Leadership Springfield Advisory Board</li> <li>• Mt. Zion School Board</li> <li>• Mini O’Beirne Crisis Nursery</li> <li>• NAACP, Springfield branch</li> <li>• Sparc</li> <li>• Springfield Public Schools Foundation</li> <li>• Springfield Urban League</li> <li>• The Institutes</li> <li>• The Phoenix Center</li> <li>• United Cerebral Palsy, Land of Lincoln</li> <li>• United Way of Central Illinois</li> <li>• Village of Chatham, Friends of the Parks</li> <li>• Village of Chatham, Public Properties and Recreation Commission</li> </ul>
<b>Strategy</b>	
102-14 Statement from the senior decision maker	Page 4 of this report
102-15 Key impacts, risks and opportunities	<a href="#">Annual Report</a> pages 21–37
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards and norms of behavior	<a href="#">Governance Documents</a> <a href="#">Privacy Policy</a> Pages 9 and 14 of this report
102-17 Mechanisms for advice and concern about ethics	<a href="#">Code of Ethics</a>

Topic	Response
<b>Governance</b>	
102-18 Governance structure	In 2017, Gabriel L. Shaheen was the chairman of our nine-member board of directors. For more information about our current board and its committees: <a href="#">Committee Composition and Charters</a> <a href="#">2018 Proxy Statement</a>
102-19 Delegating Authority	<a href="#">Corporate Governance Principles</a>
102-20 Executive-level responsibility for economic, environmental, and social topics	Horace Mann’s Enterprise Risk Management (ERM) Committee has formal oversight of ESG programs, consistent with today’s best practices to combine corporate risk and compliance management with supervision of ESG programs.
102-21 Consulting stakeholders on economic, environmental and social topics	In preparation for publication of this report, we reviewed the GRI framework, benchmarked peer company disclosures and consulted with both internal (employees, ERM Committee) and external (investors, NGOs and customers) stakeholders.
102-22 Composition of the highest governance body and its committees	<a href="#">2018 Proxy Statement</a>
102-23 Chair of the highest governance body	<a href="#">2018 Proxy Statement</a>
102-24 Nominating and selecting the highest governance body	<a href="#">2018 Proxy Statement</a>
102-25 Conflicts of interest	<a href="#">2018 Proxy Statement</a>
102-26 Collective knowledge of the highest governance body	<a href="#">2018 Proxy Statement</a>
102-29 Identifying and managing economic, environmental, and social impacts	Page 22 of this report
102-30 Effectiveness of risk management processes	<a href="#">2018 Proxy Statement</a>
102-31 Review of economic, environmental, and social topics	Page 22 of this report
102-32 Highest governance body’s role in sustainability reporting	Page 22 of this report
102-35 Remuneration policies	<a href="#">2018 Proxy Statement</a>
102-36 Process for determining remuneration	<a href="#">2018 Proxy Statement</a>
102-37 Stakeholders’ involvement in remuneration	<a href="#">2018 Proxy Statement</a>
102-38 Annual total compensation ratio	<a href="#">2018 Proxy Statement</a>
102-39 Percentage increase in annual total compensation ratio	<a href="#">2018 Proxy Statement</a>

Topic	Response
<b>Stakeholder Engagement</b>	
102-40 List of stakeholder groups	Our stakeholders include customers, employees, shareholders and other investors, governments and regulators, NGOs and the communities in which we do business. In addition to employee agents, a dedicated team of exclusive agencies sell Horace Mann’s products and limited additional third-party products.
102-41 Delegating Authority	None
102-42 Stakeholders	We primarily engage with entities and individuals who have the highest potential impact on our business operations.
102-43 Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>• <b>Customers:</b> interaction through our call centers, employees and agents; we also monitor customer satisfaction via surveys and focus groups</li> <li>• <b>Employees:</b> companywide, divisional, team and one-on-one meetings; surveys; direct interaction with supervisors and managers; human resources and compliance helplines</li> <li>• <b>Agents:</b> regular written communications and meetings, an agent advisory council and agent satisfaction surveys</li> <li>• <b>Shareholders and investors:</b> direct contact via meetings/calls, investor presentations, SEC filings and other communications</li> <li>• <b>Governments and regulators:</b> interactions with federal, state and local entities in the course of doing business; also through industry organizations</li> <li>• <b>Communities:</b> engagement through donations, employee volunteerism and involvement in DonorsChoose.org, Student Loan Solutions, financial education and other programs</li> </ul>
102-44 Key topics and concerns raised	<ul style="list-style-type: none"> <li>• <b>Customers:</b> inquiries generally focus on our product and service offerings, pricing and support</li> <li>• <b>Employees and independent agents:</b> questions include our business strategy; product offerings; technology and business practices, including community involvement</li> <li>• <b>Shareholders and investors:</b> typically ask about business strategy and results</li> <li>• <b>Governments and regulators:</b> questions are generally specific to our business reporting</li> <li>• <b>Communities:</b> since schools are at the center of nearly every community in America, we hear interest in our programs and products to benefit educators</li> </ul>

## GRI Index *continued*

Topic	Response
<b>Reporting Practices</b>	
102-45 Entities included in the consolidated financial statements	10-K page 1
102-46 Defining report content and topic boundaries	Horace Mann strives to have a positive effect on its stakeholders through our products and services, sourcing, hiring, programs for educators, investments and environmental practices.
102-47 List of material topics	Page 32 of this report
102-48 Restatements of information	None
102-49 Changes in reporting	None
102-50 Reporting period	2017
102-51 Date of most recent report	2017
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	Pages 4 and 40 of this report
102-54 Claims of reporting in accordance with the GRI Standards	Page 32 of this report
102-55 GRI content index	Pages 33–39 of this report
102-56 External assurance	None
<b>Economic</b>	
201-3 Defined benefit plan obligations and other retirement plans	10-K pages F54–55, F92–97
201-4 Financial assistance received from government	None
203-1 Infrastructure investments and services supported	We and our third-party asset managers invest in community infrastructure projects across America through municipal bonds and real estate-related investments.
206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	None
<b>Environmental</b>	
302-4 Reduction of energy consumption	Page 31 of this report

Topic	Response																																																				
<b>Social</b>																																																					
401-1 New employee hires and employee turnover by age group and by gender	<table border="1"> <thead> <tr> <th data-bbox="1060 427 1186 451">New Hires</th> <th data-bbox="1213 427 1318 451">Female</th> <th data-bbox="1339 427 1413 451">Male</th> <th data-bbox="1434 427 1507 451">Total</th> <th data-bbox="1528 427 1591 451"></th> </tr> </thead> <tbody> <tr> <td data-bbox="1060 459 1165 483">Under 30</td> <td data-bbox="1255 459 1287 483">50</td> <td data-bbox="1360 459 1392 483">38</td> <td data-bbox="1444 459 1476 483">88</td> <td data-bbox="1528 459 1581 483">35%</td> </tr> <tr> <td data-bbox="1060 492 1165 516">30 to 50</td> <td data-bbox="1255 492 1287 516">69</td> <td data-bbox="1360 492 1392 516">57</td> <td data-bbox="1444 492 1497 516">126</td> <td data-bbox="1528 492 1581 516">51%</td> </tr> <tr> <td data-bbox="1060 524 1165 548">Over 50</td> <td data-bbox="1255 524 1287 548">14</td> <td data-bbox="1360 524 1392 548">21</td> <td data-bbox="1444 524 1476 548">35</td> <td data-bbox="1528 524 1581 548">14%</td> </tr> <tr> <td data-bbox="1060 557 1203 581"><b>Grand Total</b></td> <td data-bbox="1255 557 1308 581"><b>133</b></td> <td data-bbox="1360 557 1413 581"><b>116</b></td> <td data-bbox="1444 557 1497 581"><b>249</b></td> <td data-bbox="1528 557 1591 581"><b>100%</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th data-bbox="1060 638 1329 662">Turnover by Age Group</th> <th data-bbox="1371 638 1497 662">Employee</th> <th data-bbox="1518 638 1591 662">Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="1060 670 1165 695">Under 30</td> <td data-bbox="1444 670 1476 695">37</td> <td data-bbox="1528 670 1581 695">18%</td> </tr> <tr> <td data-bbox="1060 703 1165 727">30 to 50</td> <td data-bbox="1444 703 1497 727">104</td> <td data-bbox="1528 703 1581 727">14%</td> </tr> <tr> <td data-bbox="1060 735 1165 760">Over 50</td> <td data-bbox="1444 735 1476 760">86</td> <td data-bbox="1528 735 1581 760">16%</td> </tr> <tr> <td data-bbox="1060 768 1203 792"><b>Grand Total</b></td> <td data-bbox="1444 768 1497 792"><b>227</b></td> <td data-bbox="1528 768 1591 792"></td> </tr> </tbody> </table> <p data-bbox="1060 800 1329 824">Excludes temporary employees</p> <table border="1"> <thead> <tr> <th data-bbox="1060 881 1287 906">Turnover by Gender</th> <th data-bbox="1371 881 1497 906">Employee</th> <th data-bbox="1518 881 1591 906">Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="1060 914 1144 938">Female</td> <td data-bbox="1444 914 1497 938">116</td> <td data-bbox="1528 914 1581 938">14%</td> </tr> <tr> <td data-bbox="1060 946 1123 971">Male</td> <td data-bbox="1444 946 1497 971">111</td> <td data-bbox="1528 946 1581 971">16%</td> </tr> <tr> <td data-bbox="1060 979 1203 1003"><b>Grand Total</b></td> <td data-bbox="1444 979 1497 1003"><b>227</b></td> <td data-bbox="1528 979 1591 1003"></td> </tr> </tbody> </table>	New Hires	Female	Male	Total		Under 30	50	38	88	35%	30 to 50	69	57	126	51%	Over 50	14	21	35	14%	<b>Grand Total</b>	<b>133</b>	<b>116</b>	<b>249</b>	<b>100%</b>	Turnover by Age Group	Employee	Rate	Under 30	37	18%	30 to 50	104	14%	Over 50	86	16%	<b>Grand Total</b>	<b>227</b>		Turnover by Gender	Employee	Rate	Female	116	14%	Male	111	16%	<b>Grand Total</b>	<b>227</b>	
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401-2 Benefits standard for full-time employees that are not provided to temporary employees	Life insurance; medical, dental, and vision insurance; health savings accounts when enrolled in medical plan; flexible spending accounts; dependent care accounts; disability and invalidity coverage; 401(k) retirement savings plan; supplemental voluntary benefits (pet insurance, legal insurance, identity theft, supplemental medical).																																																				
401-3 Parental leave	We offer parental leave under the Family and Medical Leave Act. In 2017, seven men and 25 women took parental leave and all but one returned to work after their leaves ended.																																																				
402-1 Minimum notice periods regarding operational changes	Each organizational change, regardless of impact, requires a formal communication and change plan before execution. Our goal is to communicate to the most impacted leaders and employees first and ensure that those affected receive the right messages in the right way, delivered by their own leaders.																																																				
403-6 Promotion of worker health	Page 17 of this report																																																				
404-1 Average hours of training per year per employee by gender	An average of 22 hours for men and 23 hours for women																																																				

Topic	Response
<b>Social</b> <i>continued</i>	
404-2 Programs for upgrading employee skills and transition assistance programs	We have training programs for emerging leaders and essential leaders; internship programs; Lean Six Sigma (Yellow Belt and Black Belt); industry certifications (The Institutes, The American College and LOMA); and an online library with thousands of professional development courses. We also offer specialized job training for agents, customer care center representatives, claims adjusters, actuaries and cybersecurity experts. Also see page 15 of this report.
404-3 Percentage of employees receiving regular performance and career development reviews	99%
405-1 Board and employee diversity	Pages 14 and 22 of this report
405-2 Gender pay equality	Page 14 of this report
413-1 Percentage of operations with community engagement programs	100% of our major operations, including our corporate headquarters and claims offices, have community engagement programs; in addition, we engage with and serve the educational community throughout the country.
415-1 Political contributions	None
417-3 Incidents of non-compliance concerning marketing communications	None
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
419-1 Non-compliance with laws and regulations in the social and economic area	None

## Corporate Social Responsibility at Horace Mann

**We're guided by our mission to serve educators,  
inspired by their dedication to excellence,  
and committed to making our communities better.**

To view active links within this report, please download our electronic version from:  
[horacemann.com/csr/2017](http://horacemann.com/csr/2017)

We welcome your feedback and suggestions:  
[csr@horacemann.com](mailto:csr@horacemann.com)



[horacemann.com](http://horacemann.com)

