

ESG Investment Policy

Prudent stewardship of Horace Mann's investment portfolio is vital to meeting our commitments to policyholders, employees, shareholders and other stakeholders. We pursue diversified investment strategies that offer yield, duration and other characteristics that align with the liabilities they support. Our strategy is designed to limit portfolio volatility, appropriately navigate changing market dynamics and economic uncertainty, and proactively identify and capitalize on opportunities – all of which contribute to competitive risk-adjusted returns. Our investment strategy has resulted in strong and stable investment returns, allowing us to provide financial security to our customers at their time of need – whether we're paying their catastrophe claims, supplemental and life insurance benefits, or lifelong retirement income.

We cultivate this conservative risk management culture in a way that appropriately balances investment returns with environmental, social and governance (ESG) risks and opportunities to ensure that we are investing in a manner consistent with Horace Mann's commitment to the environment, diversity and inclusion, and ethical conduct.

Integration of ESG Considerations into our General Investment Account

Horace Mann recognizes the importance of ESG considerations when assessing investment returns and risks over time. Since our portfolio is predominately fixed income securities, our primary ESG considerations include operational, market, liability, policy, reputational and regulatory risks to credit ratings. In addition, we consider and have incorporated climate risk into our investment process, as we have a large allocation to municipal bonds in our fixed income portfolio.

Our Board of Directors approves our investment objectives and policies, which include this ESG policy statement.

Third-Party Asset Manager Requirements

Third-party asset managers manage nearly all of Horace Mann's fixed income, mortgage loan and equity securities. We encourage these managers to integrate ESG factors into their investment processes. We ask our asset managers to annually provide us with information about their policies and procedures that demonstrate how they incorporate ESG factors into their investment processes. In addition, we may utilize a third-party investment consultant, who provides an annual report to the Investment & Finance Committee of our Board of Directors. This report focuses on each asset manager's performance compared to benchmarks and other managers, as well as the level of integration and sophistication of ESG policies and procedures in the manager's proprietary investment processes.

Internal Investment Management

While the vast majority of Horace Mann's invested assets are managed by third-party investment managers, we manage a portion of our investment portfolio internally. The investments in this portfolio are primarily alternative investments, comprised of limited partnership and commercial mortgage loan funds.

We apply ESG risk and opportunity considerations to our analysis of potential investments, with a focus on climate risk related to investments in, or collateralized by, real estate. In addition, our alternatives portfolio has a dedicated strategy focused on responsible investments that provide societal and environmental benefits, while also generating a long-term sustainable return to benefit all stakeholders. Examples of such investments include equity stakes in LEED-certified real estate properties; wind, solar and other renewable energy infrastructure projects; and project-specific impact investments that improve the communities in which we live and work. Investments include economic development, affordable housing, low-income housing and historical preservation.

Integration of ESG Considerations into our Products

Horace Mann offers sustainability investment options in a number of our products for retirement plan sponsors and educator customers. These products give customers access to a variety of third-party mutual funds that integrate ESG into their selection process. We frequently review and update the investment options we offer our customers to ensure they remain current.

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