Horace Mann

Corporate Social Responsibility Report

2016 Review

Leadership and Our Commitment

Message from the CEO

Horace Mann was founded in 1945 by two Springfield, Illinois teachers to provide quality, affordable auto insurance to educators.

Since then, we've broadened our offerings significantly and are now the largest financial services company focused on providing America's educators and school employees with insurance and retirement solutions. As a publicly traded company with $11 billion in assets, we're proud to serve more than 4,100 school districts nationwide.

While our company has grown significantly, our mission to serve educators has remained unchanged. We're inspired by the commitment and dedication educators bring to their students' lives, which inspires us to do more for them – to listen and learn, to be a champion as well as a resource, and to solve for their needs both in and out of the classroom.

Inspired by our customers who serve our communities, we've always been led by a strong ethical and moral compass. Our employees take incredible pride in doing the right thing for our customers. We've always worked hard to be a responsible corporate citizen; we just haven't shared that story in a holistic, all-encompassing way until now.

Since I joined Horace Mann in 2013, we've worked tirelessly to update and improve our products, distribution and infrastructure to position our company for profitable growth. So it only seems natural to apply the same rigor we used to improve our business operations to our corporate social responsibility initiatives.

As always, we turn to our company's mission to help us define success. How can Horace Mann have a positive effect on its stakeholders through its products and services, sourcing, hiring, investments, programs and practices? How can we do a better job of serving educators and our communities?

Marita Zuraitis
President,
Chief Executive
Officer and Director

Committed to educators' financial well-being for more than 70 years.

You're reading one result of asking these questions: Horace Mann's first corporate social responsibility report. Before producing this report, we took a hard look at our business practices, people, communities and environment. We consulted internal and external stakeholders. We compared ourselves to other insurers and financial services firms, some of which have been recognized for environmental, social and governance best practices. And we researched international best practices for reporting corporate social responsibility initiatives, such as the Global Reporting Initiative (GRI).

We learned a great deal through this process. Horace Mann's mission continues to inform our strong commitment to delivering financial education, retirement readiness and student loan solutions programs – empowering our customers to live better and retire happier. We also realized that we need to scale and prioritize our efforts to create the biggest impact. We reaffirmed our intense focus on serving educators – a group that is typically underserved by the financial services industry – as well as our commitment to the communities in which we operate. Finally, as we identified areas that are material to our organization and its stakeholders, we realized we need to begin measuring our impact in ways we never before considered.

As a publicly traded company for more than 25 years, Horace Mann is accustomed to being accountable to shareholders. This report takes that concept and applies it more broadly to all our stakeholder groups to show how we're having a positive impact on the world around us. We pledge to continue to enhance our reporting capabilities using the Global Reporting Initiative's leading framework for effective sustainability reporting and to set and achieve specific short and long-term goals for improvement in key areas. We also welcome your feedback on our initiatives at csr@horacemann.com. We look forward to sharing more about Horace Mann's corporate social responsibility initiatives and successes in the years to come.

Sincerely,

Marita Zuraitis
President, Chief Executive Officer and Director

Message from Our Corporate Social Responsibility Leaders

We're pleased to bring you the first comprehensive report on the corporate social responsibility initiatives and successes of Horace Mann.

This report is intended to summarize the ways in which we have a positive impact on the world around us, including our customers, employees, shareholders and the communities in which we do business.

Horace Mann has always worked hard to be a responsible corporate citizen – guided by the high standards we hold ourselves to as a company, as well as our mission to serve educators across the country. We're proud of the work we do to help educators, and we're equally proud of the ways in which we live our commitment to responsible leadership.

To better align our corporate social responsibility initiatives with other areas of our business practices – and to maximize Horace Mann's impact – we've established a CSR Working Group and expanded the scope of our company's Enterprise Risk Management (ERM) Committee to include formal oversight of corporate social responsibility initiatives. With these two cross-functional teams in place, we're in a strong position to identify and address the continually evolving needs of our stakeholders.

We hope this report will give you a new view of Horace Mann and look forward to sharing more about our corporate social responsibility initiatives in future reports.

Sincerely,

Donald M. Carley
Senior Vice President,
General Counsel & Corporate Secretary

Ryan Greenier
Vice President,
Investor Relations

We strive to have a positive impact on the world around us.

Leadership and Culture

Horace Mann is a citizen, neighbor and partner with a responsibility to create value for our stakeholders and have a positive impact on the world around us.

As a U.S.-based company with three major office locations and representatives in more than 700 communities, our presence spans the country. Yet our shared goals and principles unite us and define the behaviors we all need to embrace to continue to be a good corporate citizen, neighbor and partner.

Our Shared Goals and Principles

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

Our priorities are to:

- Offer a full suite of products 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 leadership principles guide our interactions as individuals and as an organization, with clients and all our stakeholders. We strive to be compassionate, trustworthy, straightforward, approachable, knowledgeable and respectful.

Reporting Framework and Materiality

About this report:

For our first corporate social responsibility report, we've chosen to adopt 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. We have now joined hundreds of companies around the world in quantifying the benefits and impacts of our business activities.

We conducted a rigorous materiality analysis to identify the key issues to address in this report. Specifically, 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
- Gathered and analyzed feedback from our key stakeholder groups – customers, employees, agents, shareholders, regulators and members of the communities where we do business – to prioritize issues from a stakeholder perspective
- Conducted interviews with members of the executive team to prioritize issues from a company perspective
- Consolidated stakeholder and company priorities into a graphic that ranks the issues based on their significance to stakeholders and significance to Horace Mann, as shown on the following page

Materiality

Based on our materiality analysis, the following areas were identified as material for the organization:

- Our Business Practices
- Our People
- Our Communities
- Our Environment

The index on pages 30-36 shows where specific GRI disclosures are located, either within this report or other reports we publish as a publicly traded company.

Horace Mann Materiality Assessment: Relative Priority of Topics

Our Impact

Our Business Practices

Operating in a responsible way has always been part of Horace Mann's culture and way of doing business. After all, our business practices are the foundation for how we serve educators.

We earn educators' trust by acting with integrity and high ethical standards. This trust improves our ability to help them identify and achieve their financial goals, with products, programs and services to protect what they have today and prepare them for the future.

We're a company with a deep appreciation and respect for the role educators play in building strong, vibrant communities. For this reason, we're truly motivated by our mission to listen, learn, understand and help educators through a lifetime of changing financial needs – ensuring they have the tools and support they need. The clarity of our mission helps attract employees and agents – including many former educators – who share our high standards and principled approach. Doing the right thing is ingrained in our people and culture.

We're a company with a deep appreciation and respect for the role educators play in building strong, vibrant communities.

Our Code of Ethics demands that employees conduct all dealings with customers, employees, shareholders and suppliers with honesty and fairness – over and above the obvious requirement to comply with applicable laws, regulations and company policies. The Code of Conduct clearly defines our expectations for appropriate business conduct and ethical decision-making to help employees make the right choices when faced with difficult issues and situations. Our Employee Handbook states our strong commitment to fostering an inclusive environment where the individual differences among us are recognized, understood, respected, appreciated and valued as contributing factors to our success. Each employee is expected to create a respectful workplace culture that promotes inclusion and respect and that is free from all forms of harassment and discrimination. Our compliance helpline offers employees assistance with business conduct and compliance issues, and our human resources helpline offers a dedicated, direct route for employees to report ethical concerns. Employees see and hear our principles discussed in day-to-day business operations, but also reaffirm their commitment to them through an annual formal training and certification process.

In addition, our Corporate Governance Principles help ensure the ethical functioning of the board and its committees and require a majority of independent directors as an additional safeguard. Management also regularly discusses ethics and integrity with Horace Mann agents, who as independent business owners are the face of Horace Mann in schools across the country and the cornerstone of our unique value proposition.

Our approach to responsible business practices that serve the interests of our stakeholders also applies to the following areas:

- **Sales.** In the sales process, we look for opportunities to go beyond a basic discussion of financial products and services, offering tools, resources and support to help empower our customers to achieve the best outcomes for each of their unique situations. We offer programs to help educators reduce out-of-pocket classroom spending, manage student loan debt, achieve retirement readiness and have confidence in their overall financial plan.

- **Operations.** Beginning in 2013, we established a “PDI” strategy to improve our products, distribution and infrastructure to better provide the solutions and experience our customers expect and deserve. The expansion of our product suite is largely complete. We continue to streamline and enhance our customer experience through improvements to our claims, digital and online quoting experiences, while providing Horace Mann agents with more powerful tools and training. We’ve modernized our life and retirement operations and systems infrastructure and continue to build out our new property and casualty administration system. Improvements made as part of the PDI strategy have enhanced our ability to effectively and efficiently serve our customers.

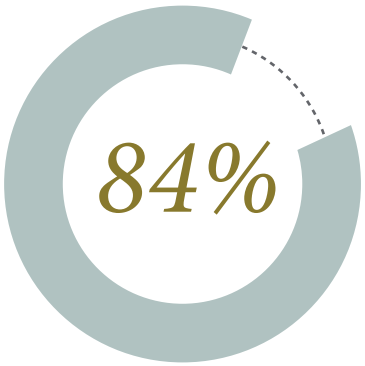
- **Listening to our customers.** We strive to earn customers' trust, satisfaction and loyalty. "Customer experience" is the sum of all interactions between a customer and our company over time. We survey Horace Mann customers regularly to better understand their customer experience and what we can do to improve it. We benchmark and measure loyalty using a "net promoter score" – a numerical rating of how many customers say they're willing to recommend us to others, versus those who provide a neutral or negative response.

  As we began our journey to improve products, distribution and infrastructure, our net promoter scores began to improve as well. In 2016, our overall net promoter score was 48, a five-point increase from the prior year. This was above the industry average for life insurance companies (34) and auto insurance companies (43), but below the industry average for brokerage/investment firms (50), according to Satmetrix. Also in 2016, our year-over-year contact center score improved from 43 to 47, and our year-over-year claims score improved from 38 to 58.

  The 20-point jump in our claims net promoter score was due to specific concerted efforts to improve claims customer satisfaction in 2016. We upgraded our technology and streamlined processes to improve efficiencies and ensure a seamless experience for our customers. We reduced cycle time and introduced customer-friendly digital tools, including a mobile app that allows customers to submit auto damage photos and related documentation. We also offer onsite service to best accommodate school employees' schedules. Overall, we paid $469 million in claims to policyholders in 2016. We plan to continue to modernize our property and casualty claims infrastructure throughout 2017 and begin modernizing our property and casualty billing and administration systems in 2018.

  Over the next three to five years, we plan to improve our overall net promoter score significantly through focused efforts on customer engagement. These efforts will include redesigning the customer experience in key areas that drive satisfaction, including claims and customer service, as well as updating our digital capabilities and brand experience to attract and engage new customers.

  We also evaluate customer loyalty through retention and persistency numbers. Our 2016 auto policy retention was a strong 84%, despite rate actions to address macroeconomic trends as Americans drive more and have more accidents. Property policy retention was 88% in 2016 and life and retirement persistency (the percentage of policies that remain in force from year to year) were 96% and 95%, respectively.



2016 AUTO POLICY RETENTION

2016 PROPERTY POLICY RETENTION

- **Supply chain.** We place the utmost importance on providing equal opportunities to all potential business partners. Our multi-step vendor selection process begins with Requests for Information and Proposals (RFIPs) to numerous vendors who are chosen based on their capabilities, references, industry knowledge and experience. A cross-functional team scores the RFIP responses to identify two to five suppliers who then participate in on-site workshops, which again are scored. A finalist is chosen for further due diligence and contract negotiations; ethical standards are written into every contract. Our goal is to offer each potential vendor an equal opportunity to be selected.

- **Enterprise risk management.** Assessment and management of risk are embedded in our strategic decision-making process and business decisions. After all, our business model depends on our expertise in these areas. Our Enterprise Risk Management Committee oversees the processes by which we identify, evaluate and manage risk; ensures risk is appropriately considered in strategic and operational decision-making; monitors emerging risks; and communicates to the board and its committees. In addition to strategic, operational and financial risk, this committee will now assess and manage environmental, social and governance risk and facilitate the advancement of our corporate social responsibility initiatives.

- **Privacy and data security.** Horace Mann recognizes that customers and employees expect us to protect their privacy rights and personally identifiable information. Our Privacy Policy commitment is to protect and limit the use of, and access to, personal information that is shared with us. Should an unauthorized party obtain access to personally identifiable information, Horace Mann would mobilize an incident response team to take immediate steps to minimize any impact on the subjects, follow applicable legal requirements, investigate and correct the causes and take action to help prevent future incidents.

- **Public policy advocacy.** In 2015, the U.S. Department of Labor proposed a rule that expanded the definition of the "fiduciary" best interest standard when providing retirement investment advice. We've taken multiple measures – beyond the initial requirements – across our entire retirement product suite, as it's the right thing to do for our customers. For example, we established policies and procedures to standardize our advice. We refined our product suite with updated features and a transparent fee structure. And we enhanced our distribution model to improve the customer experience. Accordingly, not only are we positioned to comply with the complexities of the new rule, we are committed to ensuring our customers have a consistent, seamless experience.

  Moreover, 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 our educators. Among their other activities, these associations advocate on issues including highway safety laws, disaster preparedness and tax reform that preserves the current treatment of life insurance proceeds. In 2016, we spent approximately $241,000 with trade associations, primarily with the American Council of Life Insurers (ACLI), Illinois Life Insurance Council, Insurance Information Institute (III), Property Casualty Insurers Association of America (PCI) and the Life Insurance Marketing and Research Association (LIMRA).

- **Financial strength.** We manage our business to ensure we have the financial strength to meet our promises to our stakeholders. In 2016, we reported revenues of $1.12 billion and net income of $83.8 million due to solid operating results across all business segments. Our ability to meet our obligations is reflected in the ratings assigned by respected independent agencies A.M. Best Company, Standard & Poor's, Moody's Investor Service and Fitch Group, which rate our principal insurance subsidiaries.

Financial Strength Ratings

As of December 31, 2016

Rating Agency	Horace Mann Life Insurance Company	HMEC Property & Casualty Subsidiaries	Category Ranking	Outlook
A.M. Best	A	A	3rd highest of 14 categories	stable
Standard & Poor's	A	A	6th highest of 22 categories	stable
Moody's Investor Service	A3	A3	7th highest of 22 categories	positive
Fitch Group	A	A	6th highest of 20 categories	stable

- **Investments.** We're proud of our fundamentally conservative approach to investment management, which focuses on generating top-tier risk-adjusted returns while avoiding highly volatile investments. Independent professionals generally regard our investment portfolio as well-diversified and high-quality.

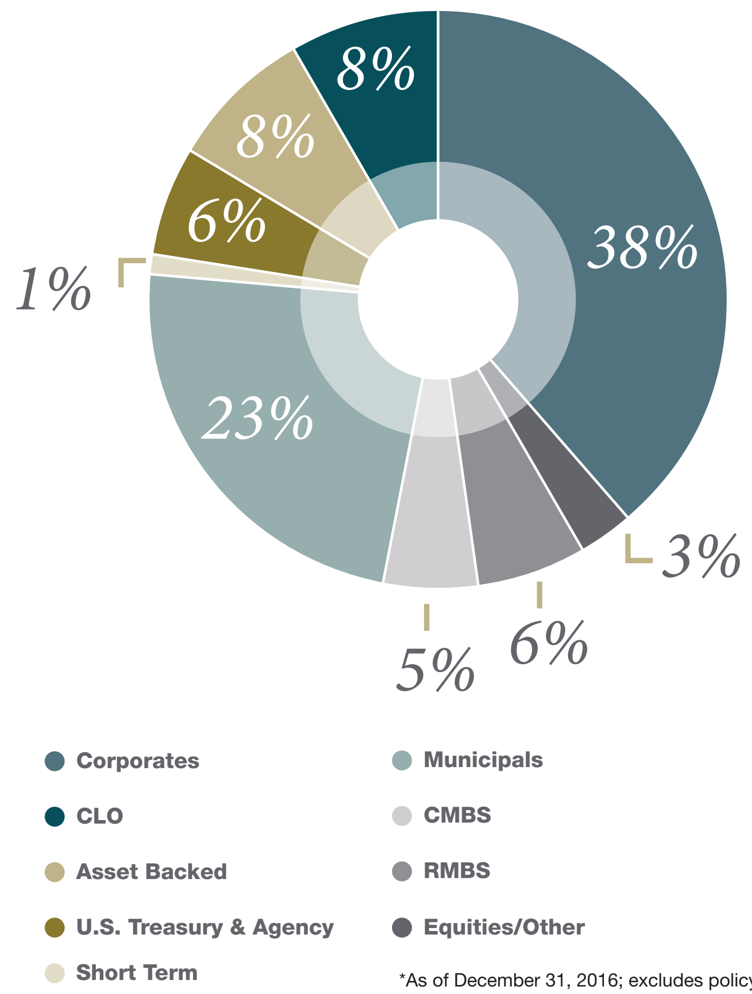
  Our portfolio is designed to align with our product offerings so we can fulfill obligations to policyholders that often come due many years from now, such as paying a life insurance claim or providing reliable retirement income. For example, our property and casualty assets have different characteristics (such as duration, or length of time to maturity) than our retirement and life assets, reflecting the respective characteristics of the underlying policy liabilities. Our overall investment objectives are to protect principal, minimize exposure to interest rate risk and provide a high current yield. As a result, our portfolio emphasizes investment grade, publicly traded fixed maturity securities.

  Diversification is an important component of our risk management approach. Excluding cash and cash equivalents, our portfolio is composed of federal, state and municipal obligations, corporate bonds, mortgage-backed bonds, other asset-backed bonds, preferred stocks, common stocks, real estate mortgages, real estate and alternative investments. We focus on the value of each asset and the relative value of these asset classes to determine which investments offer the most attractive returns within our risk parameters.

  While environmental, social and governance criteria are not currently a formal part of our return and risk strategy, guidelines and evaluations, we welcome opportunities to invest in assets that are both high-performance and socially responsible. In particular, we and our third-party asset managers have found significant opportunities to invest in community infrastructure projects across America through municipal bonds and real estate-related investments.

Portfolio Composition*

$7.8 billion MV



*As of December 31, 2016; excludes policy loans

Our People

About 1,100 of Horace Mann's nearly 1,500 employees are located at our headquarters in Springfield, IL, where we are among the largest employers. We also operate claims offices near Dallas, TX and Raleigh, NC and employ sales leaders and support staff throughout the United States.

In 2016, we were certified as A Great Place to Work® following an extensive review of company programs, policies and practices, as well as an anonymous employee survey. Also in 2016, Horace Mann was recognized as one of three Best Places to Work in Central Illinois by the Springfield Business Journal. Our company's mission to serve educators and its collaborative, caring culture were among the reasons cited for the awards. In our view, a great place to work provides opportunities for employees to be engaged, share their unique perspectives and develop their skills and abilities. And we know engaged employees are happier, healthier and more productive.

Some of the things we do at Horace Mann to support our people:

- **Embracing diversity and inclusion.** We work hard to create a supportive environment for people with a broad range of skills and perspectives. Our Code of Conduct emphasizes the importance of applying equal opportunity principles in recruiting, hiring, advancement, training, compensation and retention; treating employees and applicants fairly and equitably; and evaluating people on their qualifications, demonstrated skills and achievements rather than their ethnicity, religion, gender, age, veteran status, disability or sexual orientation. Our Employee Handbook further specifies how we foster an inclusive environment where the individual differences among us are recognized, understood, respected, appreciated and valued as contributing factors to our success – as well as the ways in which we expect to offer a workplace that is both professional and free from all forms of harassment and discrimination. Each employee is expected to create a respectful workplace culture that enhances and embraces the potential and the contribution of all employees by promoting inclusion and respect.
- **Encouraging personal and professional development.** We believe and invest in a culture where each employee has the resources and support available to reach his or her full potential. We encourage personal and professional development through multiple avenues, including industry courses, instructor-led training and a comprehensive online library of courses. And we cover the cost for employees to earn any of 35 industry designations from LOMA, The Institutes, The American College and other educational partners. Employees receive a bonus for each designation earned.

Our employees are our greatest asset.

- **Investing in employee wellness.** In 2016, we launched an innovative health and wellness partnership with our downtown Springfield neighbor, HSHS St. John's Hospital. Employees and their dependents enrolled in Horace Mann health care plans are able to use the LEADWELL™ health and wellness clinic – just a block away from our headquarters – for free or reduced-cost preventative, diagnostic and medical care. The clinic is staffed by nurse practitioners and accepts both walk-ins and appointments. In addition, we provide reimbursement of up to $200 annually for use of a fitness facility, weight loss program or smoking cessation program.

- **Providing competitive benefits.** Our employees are our greatest asset, and we aim to provide a total rewards package to attract and retain top talent while encouraging a healthy work/life balance. Employees receive three weeks of vacation after one year of employment and are automatically enrolled in our 401(k) plan that includes a company-paid 3% contribution of an employee's eligible salary – even if the employee doesn't make a 401(k) contribution – as well as an additional dollar-for-dollar match of employee contributions up to 5% of salary. Employees also receive annual bonuses for achieving both corporate and individual performance targets.

  Insurance coverage includes major medical with prescription coverage; health savings accounts; flexible spending accounts; dental and vision plans; short- and long-term disability benefits; company-paid basic life and accidental death and dismemberment coverage; and voluntary group term insurance. We also offer a number of additional voluntary benefits including critical illness coverage, accident insurance, hospital indemnity, pet insurance, group legal and identity theft protection. Our employee assistance program offers free, confidential access to a professional counselor to address mental health concerns for employees and their families.

In addition, we offer alternative work locations and schedules to accommodate the diverse needs of our workforce. And since we believe in the importance of education, we offer children of employees the opportunity to earn one of two $10,000 college scholarships each year.

- **Thanking our people.** Our Employee of the Month, Employee of the Year and Community Spirit Award recipients are nominated by their peers and chosen by cross-divisional, employee-led committees. The first two awards identify and honor individuals who drive business results aligned with our vision and mission. They enjoy lunch with our CEO and a reserved parking spot – and automatically qualify for an annual employee recognition trip. Employees are also empowered to recognize their own teams or peers through programs such as “Bravo” peer-to-peer awards, “Applause” manager-to-employee awards and “Team Spirit” awards for work groups and project teams.
- **Honoring community involvement.** Every year, we honor Horace Mann employees who volunteer their time, effort and expertise to make a positive impact on their communities with the Community Spirit Award. Four finalists are chosen, and Horace Mann makes a donation to each respective charity on the recipients’ behalf. The Community Spirit Award winner, announced at the annual employee meeting, receives a $500 gift card and a $1,500 donation to his or her chosen charity.

Our Communities

At Horace Mann, we take our responsibility to be a good corporate citizen very seriously. We define our communities as both the places where we operate and the educators we serve nationwide. In addition to charitable giving and volunteerism, our business model integrates tools, programs and resources that help educators achieve financial success. Because we're inspired by the commitment and dedication educators bring to their students' lives, we're inspired to do more for them.

Financial Wellness Programs

Educators likely don't make their career choice based on monetary rewards. Often, they're motivated by something more altruistic, such as a desire to make a positive impact on students' lives. And working in public education can bring unique financial challenges, such as uncertainty about pension benefits, requirements for advanced degrees and the need for specialized materials and supplies. These educators are sometimes overlooked by financial institutions that target more affluent investors.

Horace Mann agents and staff offer solutions and programs to address educators' specific financial concerns. Through individual consultations and in-school workshops, we offer practical advice on how educators can improve their financial wellness. The focus is on principles, not products – although educators are encouraged to redirect any savings to longer-term financial goals, such as retirement planning. And we offer workshops for administrators as a tool to help address school district recruitment and retention challenges. In 2016, we reached more than 95,000 educators with our financial wellness programs.

- **Student Loan Solutions.** Student loan debt is a major concern for many teachers early in their careers. New teachers typically make less compared to those in other professions with similar educational requirements. On average, new educators have student loan debt of more than $35,000, according to edvisors.com, – an amount that can be a substantial portion of a new educator's first-year salary. For many new teachers, student loan debt is the difference between continuing to teach and changing career paths to earn better pay.

  In 2016, we launched our Student Loan Solutions program, a comprehensive suite of student loan debt solutions for educators. As part of this program, a workshop was developed to guide educators through highly complex student loan forgiveness, repayment and refinancing options. Horace Mann representatives walk attendees through the relevant programs and options, then provide applications and documentation for whichever path an educator chooses to pursue. Since the program's inception, Horace Mann has helped thousands of educators begin the process of obtaining more than $100 million in savings, either through loan forgiveness, new repayment terms or refinancing.

- **Retirement Planning.** Most educators receive retirement benefits either from their state retirement plan or a 403(b) retirement solution. These plans are often complex – and too often, they leave a significant gap between current income and projected retirement distributions. Horace Mann offers a suite of solutions to help teachers and school employees understand their state-specific retirement benefits and how they can fill any future income gap with a supplemental plan.

- **Financial Success.** This program covers money management basics: creating a monthly budget, establishing good credit, protecting assets and putting money away for future needs, such as retirement. Its common-sense approach to topics such as spending, credit scores and saving is especially popular with millennials.

- **DonorsChoose.org.** Teachers spend an average of more than $500 of their own money each year on their classrooms, according to Scholastic. Horace Mann is a national sponsor of DonorsChoose.org, an organization that connects teachers who need funds for classroom resources with donors who want to help. The company and our agents fund projects and hold workshops to advise teachers on how to successfully appeal for funds. Tips include telling the story behind the need, starting small (70% of projects under $800 are fully funded) and using social media to draw attention to the funding request. For example, in 2016, Horace Mann agent Katie Hageman helped fund a project for Ms. Jones of Springfield Southeast High School, resulting in a newfound love of reading for her students. To learn more about this project, visit DonorsChoose.org.

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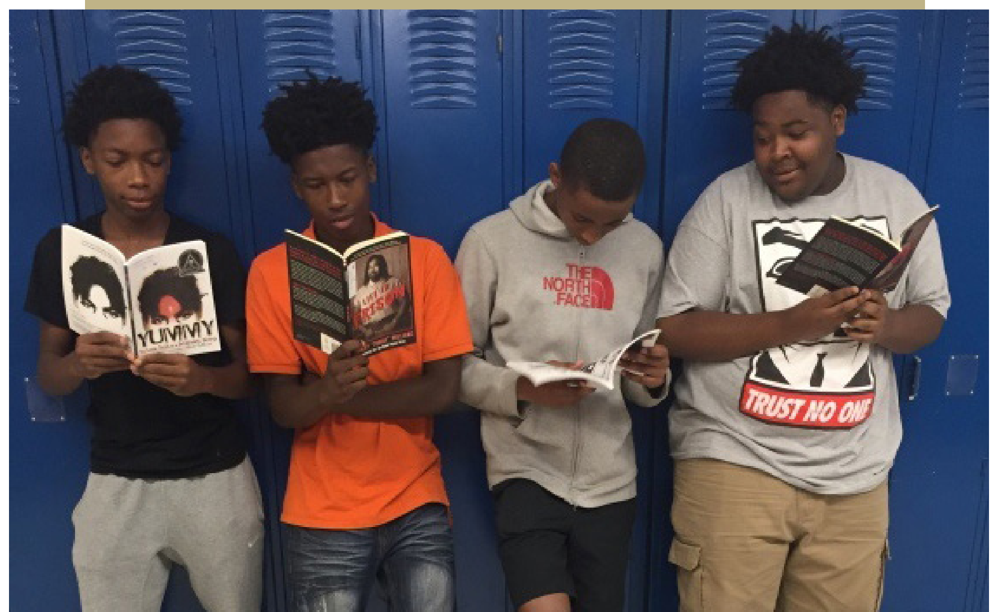
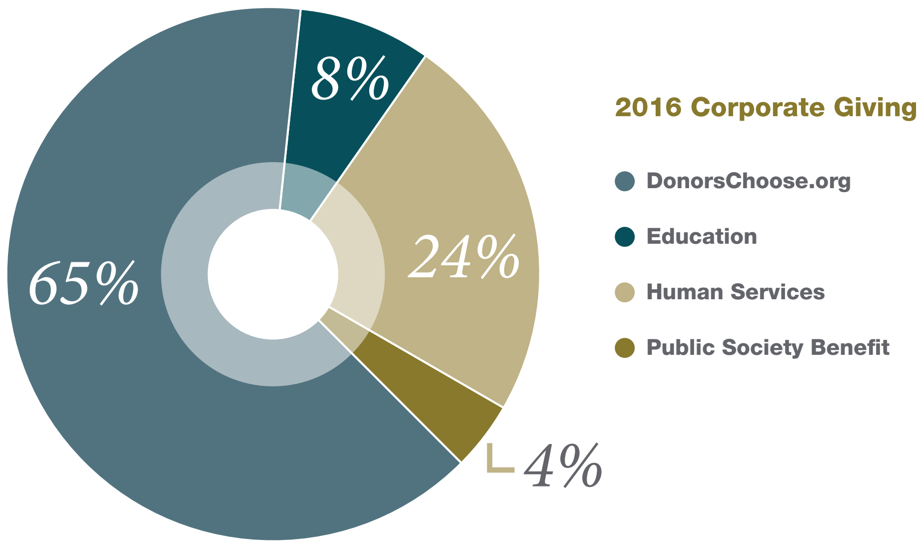
In schools served by a Horace Mann agent, nearly **106,000 projects** were completed at a value of nearly **$67 million** in 2016.



Horace Mann agent Katie Hageman helped fund a library of contemporary fiction for students at Southeast High School in Springfield, IL.

Giving Time, Talent and Donations

Our employees and agents devote thousands of hours each year to public service in the communities where they work and live. Many hold positions on the boards of various not-for-profit organizations in the areas of education, community, leadership, industry, human services and diversity/inclusion. They also assist local food banks and shelters, build homes for Habitat for Humanity and mentor students in schools.



Central Illinois Foodbank

Founded in 1982, the food bank distributes more than 8.5 million pounds of food a year to charitable organizations serving people in need. Horace Mann has donated to this organization since 2001.

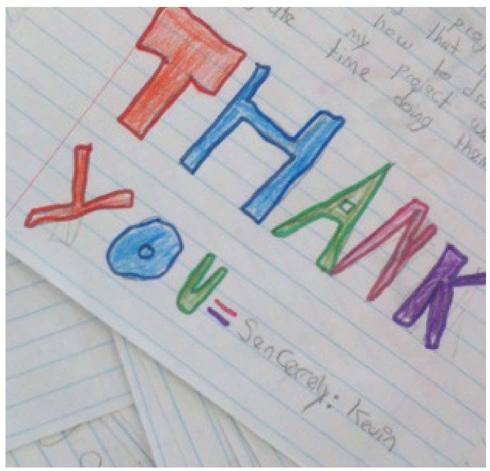
Every year, our employees conduct a food drive to stock food bank shelves during the critical summer months when children in need lose access to free school meals.

In 2016, our Springfield employees donated nearly $10,000 to the Central Illinois Foodbank and were recognized with the “Gravy Award,” which is given to the company that donates the most money during the year. Employees in our Raleigh and Dallas offices also held food drives and donated to local food banks.

As a company, we also offer financial support to organizations that help meet the needs of our local communities and the wider educational community. In 2016, Horace Mann donated $925,000 to educators and communities through organizations such as the United Way and DonorsChoose.org.

We are the top contributor to the United Way of Central Illinois because we believe supporting local charities benefits everyone in the community. We've received several Corporate Gold Awards for our continued support to this organization, which serves 32 agencies throughout Central Illinois. When we reach our annual United Way corporate goal, each employee nationwide is awarded four hours of paid time off to volunteer in his or her community.

As a national sponsor of DonorsChoose.org, we directly fund $550,000 in classroom projects annually. We support the mission of DonorsChoose.org – to make it easy for anyone to help a classroom in need, moving us closer to a nation where students in every community have the tools and experiences they need for a great education. We support Donorschoose.org not only through direct donations but also through our agents who work directly with school districts to increase awareness of this funding opportunity.



DonorsChoose.org

Since our partnership began in 2010, we've directly donated **$3.5 million** which has funded more than **40,000 projects** to date.

In 2016, we funded **3,337 projects**, **59%** of which were in schools with a majority of students in low-income households.

These projects helped more than **3,000 teachers** and **290,000 students** in **2,000 schools** across the country.

We are also a community education partner within our local public school district, Springfield District 186:

- For more than 15 years, we've adopted two local high-poverty schools – mentoring students and donating funds for supplies and other needs. In 2016, we partnered with Harvard Park and Feitshans elementary schools. Our annual holiday "Giving Tree" drive also supports these schools.
- Our annual "Stuff the Bus" school supply drive benefits those District 186 students who need help the most.
- In 2016, we sponsored the District 186 Educator of the Year Award for the 29th consecutive year.
- For more than 25 years, Horace Mann has held a golf outing to benefit local charities. In 2016, the event raised more than $38,000 for The Matthew Project – a nonprofit after-school program that provides food, clothing, tutoring, mentoring and life skills classes to Springfield School District 186 homeless children.
- In 2016, we established our annual District 186 Volunteer Day, where officers and directors donate their day to the district's schools, helping with everything from reading to students to school beautification projects.

Springfield District 186

Education and Recognition Programs

Horace Mann and its agents further demonstrate commitment to the education profession by:

- **Recognizing excellence nationally.** We sponsor five national Horace Mann Awards for Teaching Excellence for the NEA Foundation every year. Each of the five finalists receives a $10,000 cash prize, the potential to win an extra $25,000 and recognition at the foundation's annual awards gala. Educators are nominated each spring by state National Education Association (NEA) affiliates.
- **Recognizing excellence locally.** Horace Mann agents partner with local school administrators to offer Crystal Owl Awards for teaching excellence, as well as Educator and Administrator of the Year awards and luncheons.
- **Sponsoring certification programs.** We sponsor the Association of School Business Officials' Certified Administrator of School Finance and Operations® certification program and the American Association of School Administrators' National Superintendent Certification Program.
- **Partnering in helping schools achieve their goals.** Horace Mann agents often step in to help schools encourage student achievement and incentivize attendance. Schools set academic or attendance criteria for prize drawings sponsored by Horace Mann. Agents typically donate bicycles as grand prizes, along with smaller donations. Horace Mann also sponsors Partners in Education (PIE) fundraising programs when a school is working toward a larger goal, such as building a new playground.

Horace Mann partners with more than **90 education associations** nationwide, spending more than **$1 million** annually to support the education profession.

Ask the Educators

While our agents and employees talk to educators every day, we also want to make it easy for educators to share their views outside the typical sales or service interactions. That's why we founded the Horace Mann Educator Advisory Panel in 2004. The panel currently has more than 1,700 members across the United States. While most are K-12 public school teachers, fewer than 15% are current Horace Mann customers – giving us a broader view of educators' views while simultaneously increasing our company's visibility in the market. Educators sign up online to participate in occasional surveys – which not only helps us serve them better but also provides them with a platform to share best practices with each other. For example, a typical question was: "What are the best methods for teacher collaboration?" The surveys have also given us a better understanding of educators' opinions and preparedness for retirement and other major life changes.

Our Environment

At Horace Mann, we believe the environment is vital to the quality of life of our employees, agents, customers and communities. As just one example of our commitment to the environment, our campus headquarters represents one of the largest green spaces in downtown Springfield, IL. Our building was designed by world-renowned architect Minoru Yamasaki, who also designed the original World Trade Center in New York City. We maintain the award-winning grounds, outdoor seating, fountains and Remembrance Garden for the benefit of both our employees and community.

The environment is also an important factor in our business. Changing climate conditions could significantly affect Horace Mann's business over time. Climate change that alters weather patterns could impact the frequency and severity of weather events, as well as the affordability and availability of our catastrophe reinsurance coverage. A greater number of severe weather events could lead to substantial loss of life and increased insurance claims.

In thinking about how a responsible company should address the environment, we've focused our efforts on six areas where we believe we can have the most impact:

- **Reduce paper usage.** We encourage clients to register for online account access and claims reporting; eDelivery of premium notices and correspondence; and Easy Pay electronic payments on auto, property and life policies. Approximately 12% of our customer communications are now delivered electronically, compared with an industry average of about 23%. As we continue to modernize our infrastructure, we expect additional conversions from paper to electronic transmission.

- **Reduce waste sent to landfills.** We continue to actively promote a recycling program at our three offices, which covers paper, plastic, metal, cardboard and printer cartridges. The program has significantly reduced the amount of waste sent to landfills. Since 2006, we also have recycled our outdated computer equipment, including PCs, monitors, servers and hard drives.

- **Reduce energy use.** Since 2008, we've consolidated our footprint from six major offices to three. Our office building in Dallas, Texas has received LEED (Leadership in Energy and Environmental Design) Gold certification from the United States Green Building Council. At our headquarters, LED lighting, motion sensors, energy-efficient ballasts, solar shades, window film and an energy management system have significantly reduced our energy usage. In addition, the Horace Mann data center has "gone green" by virtualizing approximately 325 servers, reducing annual energy consumption by 2.1 million kWh of electricity per server and total carbon dioxide emissions by an estimated 3.4 million pounds each year. (Estimates were calculated from statistics provided by the VMware Green Calculator.) We continue to transition to more fuel-efficient company vehicles and replace legacy equipment with more energy-efficient solutions.

Since 2008, we've consolidated our footprint from

6 MAJOR OFFICES → **3** MAJOR OFFICES

- **Employee action.** We encourage our employees to take action to safeguard the environment, including carpooling, working flex hours and arranging conference calls in lieu of travel; reducing paper and energy consumption, such as powering down computers and turning off desk lighting when leaving for the night; and participation in an annual “shred day” where employees bring in materials for shredding and recycling.

- **Community action.** Posts to our Facebook and Twitter pages, emails and articles in our monthly e-newsletters encourage policyholders to participate in “green” observances and initiatives, such as Earth Day and school recycling programs. As climate change may increase the prevalence and severity of weather events, Horace Mann’s website provides information on how to prepare for potential catastrophes, build an emergency preparedness kit and what to do after disaster strikes.

- **Improving downtown Springfield.** As a major employer in Springfield, our commitment to quality of life extends beyond maintaining and enhancing our award-winning campus. In 2016, we purchased a nearby empty building that was in poor repair from the Salvation Army, enabling the charity to renovate another downtown building into a new community center. The old Salvation Army building was demolished and is now the site of a new landscaped and fenced employee parking lot. This parking lot replaced an adjacent lot, which will now potentially be used as the site for a new public transportation hub.

GRI Index

Disclosure	Answer, Link or Page Number
Organizational Profile	
102-1 Organization name	Horace Mann
102-2 Activities, brands, products and services	2016 Annual Report on Form 10-K, pages 1-22
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, IL, we operate claims offices near Dallas, TX and Raleigh, NC.
102-5 Ownership and legal form	Public company listed on the New York Stock Exchange (NYSE: HMN)
102-6 Markets served	10-K, pages 1-22
102-7 Scale of the organization	10-K, pages 1-22
102-8 Information on employees and other workers	10-K, page 22
102-9 Supply chain	Page 13 of this report
102-10 Significant changes to the organization and its supply chain	None
102-12 External initiatives	None
102-13 Association memberships	Some of the policy, research and trade associations with whom we engage include: • Life Insurance and Market Research Association (LIMRA) • American Council of Life Insurers (ACLI) • Illinois Life Insurance Council • Insurance Information Institute (III) • Property Casualty Insurers Association of America (PCI)

GRI Index *continued*

Disclosure	Answer, Link or Page Number
Organizational Profile	
102-13 Association memberships	Horace Mann employees also serve on the boards of: • Central Illinois Foodbank • Chatham Friends of the Parks • Chatham Public Properties and Recreation Commission • Downtown Springfield, Inc. • Greater Springfield Chamber of Commerce • Leadership Springfield Advisory Board • Mt. Zion School Board • Mini O'Beirne Crisis Nursery • NAACP, Springfield branch • SPARC • Springfield Public Schools Foundation • Springfield Urban League • The Institutes • The Phoenix Center • United Cerebral Palsy, Land of Lincoln • United Way of Central Illinois

GRI Index *continued*

Disclosure	Answer, Link or Page Number
Strategy	
102-14 Statement from the senior decision maker	• Pages 3-4 of this report • 2016 Annual Report
Ethics and Integrity	
102-16 Values, principles, standards and norms of behavior	• Governance Documents • Privacy Policy • Pages 6 and 11 of this report
Governance	
102-18 Governance structure	Gabriel L. Shaheen is chairman of our nine-member board of directors. For more information about our board and its committees: • Committee Composition and Charters • 2017 Proxy Statement
Stakeholder Engagement	
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 stakeholders (employees, CSR Working Group, ERM Committee) and external stakeholders (primarily investors).

GRI Index *continued*

Disclosure	Answer, Link or Page Number
Stakeholder Engagement	
102-40 List of stakeholder groups	Our stakeholders include customers, employees, shareholders and other investors, governments and regulators 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 Collective bargaining agreements	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	• **Customers:** interaction through our call centers, employees and agents; we also monitor customer satisfaction via surveys to determine the customer net promoter score • **Employees:** companywide, divisional, team and one-on-one meetings; surveys; direct interaction with supervisors and managers; human resources and compliance helplines • **Agents:** regular written communications and meetings • **Shareholders and investors:** direct contact via meetings/calls, investor presentations, SEC filings and other communications • **Governments and regulators:** interactions with federal, state and local entities in the course of doing business; also through industry organizations • **Communities:** engagement through donations, employee volunteerism and involvement in DonorsChoose.org, Student Loan Solutions, financial education and other programs

GRI Index *continued*

Disclosure	Answer, Link or Page Number
Stakeholder Engagement	
102-44 Key topics and concerns raised	• **Customers:** inquiries generally focus on our product and service offerings, pricing, access and support • **Employees and independent agents:** questions include our business strategy; product offerings; technology and business practices, including community involvement • **Shareholders and investors:** investors typically ask about business strategy and results • **Governments and regulators:** questions are generally specific to our business reporting • **Communities:** since schools are at the center of nearly every community in America, we hear interest in our programs and products to benefit educators
Reporting Practices	
102-45 Entities included in the consolidated financial statements	10-K, exhibit 21
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	Pages 7-8 of this report
102-48 Restatements of information	None
102-49 Changes in reporting	None
102-50 Reporting period	2016
102-51 Date of most recent report	2016

GRI Index *continued*

Disclosure	Answer, Link or Page Number
Reporting Practices	
102-53 Contact point for questions regarding the report	Page 4 of this report
102-54 Claims of reporting in accordance with the GRI Standards	Page 7 of this report
102-55 GRI content index	Pages 30-36 of this report
102-56 External assurance	None
102-49 Changes in reporting	None
102-50 Reporting period	2016
102-51 Date of most recent report	2016
Economic	
201-3 Defined benefit plan obligations and other retirement plans	10-K, pages F10-11, F98-107
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
Environmental	
302-4 Reduction of energy consumption	Page 28 of this report

GRI Index *continued*

Disclosure	Answer, Link or Page Number
Social	
401-3 Parental leave	We offer parental leave under the Family and Medical Leave Act.
404-1 Average hours of training per year per employee	23 for full-time employees; 4 for part-time employees
404-2 Programs for upgrading employee skills and transition assistance programs	Page 17 of this report
404-3 Percentage of employees receiving regular performance and career development reviews	98%
406-1 Incidents of discrimination and corrective actions taken	None
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.**

We welcome your feedback and suggestions:
csr@horacemann.com