

United Nations Global Compact

Communication on progress

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1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

I am pleased to reaffirm Innovation Group UK's support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This short report describes how we integrate these principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sustainability is a key value upon which our business will move forward. Sustainability matters to our employees, customers and wider stakeholders. Quite simply, we must run our business in a responsible, considerate, informed and sustainable way.

Innovation Group manages critical incidents in the car and home on behalf of the world's leading insurers, brokers and fleet managers, together with warranty and service plan provision for many automotive manufacturers, globally. We consider our operations to have relatively low risk to the societies and environments in which we operate. However, we recognise the importance of environmental and social protection as well as economic success.

Innovation Group UK aims to operate in an ethical and responsible manner, taking steps at all stages of our operations to manage our environmental and social impacts. We acknowledge that climate change is having a notable impact on the insurance sector and we have developed plans to address the associated risks and opportunities this presents to our business.

Signed by



Matthew Porter
UK CEO
Innovation Group

2. OUR CULTURE AND COMPANY VALUES

Our Values

What we believe in

We believe in going beyond expectations for our clients and their customers at every turn. Our aim is to inspire positive change in the sectors we serve. To do this we are clear, visionary, can-do, together and transformational.

Clear - We are customer focused, and this gives us complete clarity on where we're going and why. Improving the customer experience and delivering in the moment of truth is everything. We have a clear sense of others' needs and have the depth of knowledge that enables us to respond.

Visionary - We constantly look at things differently, question the status quo, ask 'what if...?' We're imaginative. Not only does our culture give permission to be thought provoking, innovative and creative, these things are highly valued and rewarded. We're ambitious for improvement.

Can-do - We're a positive, can-do organisation, which makes it a happy place to work in and a great organisation to deal with. We recognise that people work better when work is fun – we want them to enjoy every day. We all strive to create an ethos in which great ideas can get ahead.

Together - We work together to make things happen: we're collaborative. Fundamental in making togetherness real and credible is being trustworthy. That means being consistent in our level of service; reliable in doing what we say we'll do, when we say we'll do it; and open and honest in our dealings.

Transformational - The combination of all of these qualities gives us the power to take things further for our clients and their customers. We want to go beyond what people thought possible and be a formidable force for transforming the customer experience of risk and the impact of incidents on lives.

It is clear that sustainability underpins our values. We believe in doing the right thing for the right reasons and we know that our employees, customers and wider stakeholders expect us to do our bit for a more sustainable and insurable future.

3. DESCRIPTION OF ACTIONS

3.1. Human Rights

We are committed to adhering to the Universal Declaration on Human Rights and ILO Core Conventions. We communicate our policy on Human Rights and Labour principles in our code of conduct. This code outlines to our suppliers, partners and employees the standards that we will operate under. The following policies relating to Human Rights and Labour principles are taken from our code of conduct:

- **Discrimination:** Harassment or discrimination based on race, colour, sex, religion or on any other basis, will not be tolerated by Innovation Group. In the case of disability or chronic illness employees should be able to work for as long as medically fit and appropriate work is available, avoiding prejudice and discrimination in the process. It is one of our core objectives to create an attractive working environment for our employees. In this respect it is our responsibility to recruit, hire and promote employees on the sole basis of suitability for the job to stimulate their individual and professional development, and to provide a safe working environment.
- **Child labour:** Innovation Group adheres to the legal minimum age requirements in all countries in which the Company is active. The business unit management is responsible for making the Innovation Group standards with regard to child labour known to key suppliers and contractors.

3.1.1. Outcomes

Current initiatives we have in place include:

- Health and Safety (H&S)
 - Mandatory training for all new employees (and then repeated on an annual basis)
 - Desk assessments for all employees when they join the organisation and when required
 - H&S intranet site with all relevant policies and procedures
 - H&S contact mailbox for all employees to raise any questions
 - Our Environmental division who are arboricultural and site investigation experts have site based workers. They have Toolbox Talks and coaching sessions delivered by their line managers / supervisors to keep knowledge current and to brief them on any changes. Exposure to work-related hazards such as hand-arm vibration and noise are managed by selection of appropriate work equipment, in-use measurements of noise and vibration during selection of tools and ongoing monitoring of trigger time to ensure any adverse health effects are minimised.
- Support
 - If employees suffer drug or alcohol dependencies the company will work with them, providing assistance to them to help them resolve their issues, rehabilitate and return to being a happy, productive member of the team.
 - Employee assistance programme (counselling support) is offered to employees

3.2. Labour

Our Code of Conduct sets out our business principles that we will uphold including: all human rights issues e.g. preventing discrimination and child labour and improving labour standards, adhering to minimum work ages and ensuring that forced labour does not occur within the company. These principles further state that Innovation Group recognises and respects worker's rights to organise and join trade unions.

Furthermore, the application of the Code of Conduct ensures that there is no place for any kind of discrimination at Innovation Group. The Board of Directors, as well as regional and business area management, are responsible for ensuring that this Code of Conduct is communicated to and observed by all employees. The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. Our employees must be recruited, selected, and promoted on the basis of objective criteria only, in accordance with all legal requirements. The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Our business depends on the talent and teamwork displayed by our employees. As such, we consider it critical that our employees feel engaged and motivated to produce their best in order to provide the best service possible to our clients. We ensure we comply with the regulations on minimum wage and regularly review policies and understanding of the factors that could potentially mean non-compliance.

We only use approved, reputable employment agencies to source labour. Our contractors and suppliers are not reliant on factories or other entities that would normally be associated with slavery or forced labour therefore we are not likely to be susceptible to this risk.

The following policies relating to Modern Slavery and Forced Labour principles are taken from our code of conduct:

Modern Slavery - We endorse the implementation and promotion of ethical business practices to protect workers from being abused and exploited. The Company is committed to preventing slavery and human trafficking in our corporate activities and ensuring that our supply chains are free from all forms of modern slavery. All employees must attend compulsory training.

- Forced labour: Innovation Group will under no circumstances make use of forced labour and will only employ employees that are working of their own free will.
- Whistle blowing - We do not discriminate on any basis and we encourage our people to speak out if they believe something is wrong. We operate a whistle blowing telephone hotline and a whistle blowing web reporting service.
- Policies - All policies promote equal opportunities and fair treatment, UK policies include Ethical Code and Equal Opportunities
- Recruitment - Job vacancies are advertised internally for transparency and to provide opportunities across our diverse workforce. There are no restrictions in being able to apply

3.2.1. Outcomes

Current initiatives we have in place include:

- Innovation Group is currently reviewing and will be publishing their gender pay gap data by 4 April 2018.
- Our data shows, that, in common with many other UK companies, we do have a gender pay gap. The current IG UK median age is 35 and average is 38 and in IG the pay gap starts to open up from the early 30s. For the c.150 employees aged less than 25, the pay gap favours women. Our data shows us that the widening gap is likely to be due to career progression. We are currently undertaking a job levelling exercise to align to our new organisational and data from this job levelling system offers further evidence the pay gap is, in part, explained by occupational segregation i.e. women are recruited to or gravitate to lower paid occupations, on average

- As a consequence we are further exploring the following:
 - ◆ **Promotions** – we are reviewing our succession planning process and promotions process happen in the business (external research indicates women are less likely to seek promotion) to ensure we have a process fair and open to all
 - ◆ **New hires** – we are considering how to attract and recruit more females into senior roles, e.g. inclusion of females on all shortlists
 - ◆ **Leavers** – we are looking at reasons why people leave – are more females leaving than males and at what point in the career life cycle
 - ◆ **Occupational segregation** – we are reviewing why some functions employ higher proportions of men and how might we address the imbalance
 - ◆ **Pay Policy** – it may be that our pay practices are inconsistent and the job levelling project will help bring this to light. We have just implemented a group wide remuneration policy and set up an external Remuneration Committee
- We are also mapping the employment lifecycle career paths of women compared to men to see what trends are emerging. We are committed to parity of pay between men and women and are actively seeking ways to address the current imbalance.
- Morale initiatives include:
 - In our motor businesses there are a total of 8 teams who each have nominations for an employee of the month. The initiative is called Motor stars and the winners each receive a prize and a certificate. The awards are not based on work stats, rather nominated by managers for employees going the extra mile within their role.
 - WOW awards for Property. The WOW! Awards is an organisation which recognises outstanding customer service based purely on customer nominations. They work with organisations across the world, helping them to engage with their customers in a positive way. They provide the tools to make it easy for our customers to tell us when we have delivered great service for them, and then to give positive recognition to the employees in our organisation that are delivering that great service. The nominations can be used for benchmarking, identifying key characteristics of best practice and as a basis for future training.
- Training
 - A comprehensive Learning Management System launched was in the UK in 2017 which is pro-actively encouraged. Employees have a broad choice of e-learning courses which they can complete at their own pace and revisit as needed to support their development for current and future roles. This approach also covers some legal compliance requirements such as Display Screen Equipment (DSE) Assessments.
 - Employees are encouraged to gain additional qualifications relevant to their role, e.g. Chartered Institute of Insurance (CII) Certificate, and are supported in this by being given time off for study and financial sponsorship for the cost of the course / study materials and the examinations.
 - The Company pay into the Apprenticeship Levy and will be looking for employees to join the relevant NVQ's where applicable.

3.3. Environment

We recognised that the nature of our business requires the use of energy, water and resources such as paper and fuel for business travel. For the majority of our offices, we consider ourselves to have relatively low environmental risk. We do not store hazardous chemicals or oils etc., nor do we produce any significant emissions into air, land or water. Our activities and facilities do not generate excessive noise or odour emissions. Operations and land use do not significantly threaten biodiversity, nor water resources, as water consumption is mainly limited to building usage.

However, due to the diversity of services offered (ranging across our motor and property divisions), some activities do present a greater risk to the environment than others (e.g. site-based operations). We have identified the potential environmental risks associated with these activities and have management systems and controls in place to ensure that we meet our compliance obligations, protect the environment, prevent pollution to land, air and water and minimise our impact.

Across the UK business, carbon dioxide emissions and the wider carbon footprint of the organisation has been identified as the main environmental concern for Innovation Group (mostly related to electricity consumption and fossil fuel use for business travel).

3.3.1. Outcomes:

At last calculation (2014) Innovation Group had achieved a 16% reduction in the global carbon footprint intensity per employee (global Scope 1 & 2 carbon footprint (tCO₂e) per Full Time Equivalent (FTE) employee). We also achieved a reduction in our absolute emissions of Scope 1 and 2 emissions of 5% against our 2013 base year.

We are committed to the continual improvement of our environmental performance and the on-going reduction in our impact on the environment. Where possible we ensure that:

- We use resources more efficiently and minimise waste produced by advocating and facilitating an: eliminate- reduce- reuse- recycle attitude throughout our operations.
- We maximise resource efficiency through minimising fuel, electricity, resource and water consumption.
- We monitor energy consumption and ensure we turn off computers, etc. at night.
- We encourage the use of video/tele conferencing to avoid environmental impacts associated with business travel.
- We request that company drivers keep business journeys to a minimum and car share where possible.
- We have reduced the weight of the paper we use and ensure it meets the FSC standard.
- We promote recycling of paper, card, cans, fluorescent tubes, mobile phones and ink cartridges.
- The UK property divisions plan the use of locally based consultants and contractors to cut down on long journeys.

Environmental objectives and on-going improvement plans, across the UK business, focus on:

- Develop a sustainability strategy
- Consult with key stakeholders to ensure that our strategy is relevant and beneficial to all interested parties including management, staff, customers and suppliers.
- Actively educate and engage with staff to ensure everybody has the knowledge to support our sustainability agenda.
- Identify the risks, opportunities and influences of climate change on the business and produce a plan to act on these.
- Calculate and report our UK carbon emissions in line with the Greenhouse Gas Protocol
- Set greenhouse gas emissions reduction targets, work collaboratively with other companies and governments, and publicly report on performance on an annual basis. In this way we are demonstrating our support of United Nations Global Goal for Sustainable Development 13: Take urgent action to combat climate change and its impacts
- Complete regular energy audits across our business
- Actively managing our energy, paper and water consumption and waste.
- Improve our processes in order to reduce the amount of paper we print (e.g. by using electronic signatures and digital storage options for contracts and other documentation where possible).

3.4. Anti-Corruption

The Innovation Group Limited promises to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and we are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery and uphold all laws relevant to countering bribery.

We have implemented controls including our Code of Conduct and Anti-Bribery and Corruption Policy training, to support legal, ethical and responsible behaviour in all our business interactions.

Our policies are available on our intranet and all of our employees are required to take online training so that they understand these requirements and can behave in an ethical manner.

Our Anti-Bribery and Corruption policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located.

Examples include:

- Assess the risk of corruption when doing business - This is done in due diligence stage and through ongoing audit and reviews
- Mention “anti-corruption” and/or “ethical behaviour” in contracts with business partners - This is standard on most contracts
- Ethical Code - The business and our employees abide by an Ethical Code – this sets out requirements for the type of behaviour and conduct required of our employees, suppliers and contractors. The code includes requirements on confidentiality, equality (no discrimination or harassment), gifts, bribery, working relationships and dealings with other organisations which require the highest standards of professionalism, integrity and ethics to be maintained.
- Ensure that internal procedures support the company’s anti-corruption commitment - Policies cover this including expectations to staff
- Whistle blowing policy - We are committed to conducting our business with honesty and integrity, and we expect all staff to maintain high standards in accordance with our Code of Conduct.

3.4.1. Outcomes:

- Employees responsible for managing suppliers and others involved in the Group are responsible for ensuring our values are upheld. We check the companies out on companies’ house for registration and relevant tax information. Any serious violations by suppliers would lead to the termination of the business relationship.
- Staff are trained on induction and we actively encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected.

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