

# Protecting what matters most

Corporate Social Responsibility Report





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# Business snapshot

**1,000,000+**

**policies** across car, home & contents, small business, classic vehicle, motorhome, motorcycle, caravan and trailer portfolios

**83%**

average employee engagement score over past 12 years



**Direct relationships with customers** via our contact centre, digital channels, or face-to-face via 36 AA centres nation-wide



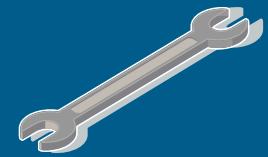
**Four Customer Service Centres:** North, South, West Auckland, and Hamilton

**500,000+**

**New Zealanders** trust us to protect what matters most



Getting things sorted for New Zealanders **since 1994**



Partnering with a network of **154 quality repairers** and **52 quality builders** from Kaitaia to Bluff

**1,000+**

**permanent employees**



**64% female** and **32% male** gender split across our team



**AA Insurance** is independently operated and jointly owned by Suncorp Group and the New Zealand Automobile Association



**Two office locations:** Auckland (head office) and Hamilton

## Accolades

Voted Reader's Digest Most Trusted Brand (general insurance - home, contents, car) **for 12 years running**



**Ranked 6th in Kantar's** Corporate Reputation Index

**Won 2021 New Zealand Insurance Industry Award (ANZIIF)** General Insurance Company of the year for the seventh time



**Won 2021 New Zealand Insurance Industry Award (ANZIIF)** for Insurance Learning Program of the year

**Reader's Digest Quality Service Award** for home & contents insurance



**Reader's Digest Quality Service Award** for car insurance

**Consumer NZ's 2021 People's Choice** for car insurance for third year running







# Message from Simon Hobbs, Acting CEO

## Earning trust by protecting what matters most

Since publishing our inaugural Corporate Social Responsibility Report some 18 months ago, there have been plenty of challenges for our customers, people and communities related to the pandemic and extreme weather events. As an insurer, we're committed to helping get people back on their feet, and as an employer, we're committed to building a strong team and looking after our people.

As I write this introduction in August 2022, our country is again responding to extreme weather events causing long-term damage to communities, with homes and businesses rendered uninhabitable. The Government has released its National Adaptation Plan which sets out how the country will respond to the ongoing impacts of climate change, characterised by extreme weather events and sea level rises. While some of the detail is yet to be worked through, our intent to be here for New Zealanders when they need us most has never been stronger, and we are involved with planning for the future of insurance cover for areas that are at serious risk from repeated flooding and coastal inundation.

While we alone can't solve the impact of climate change, we will always work together to care, help and get things sorted for our customers across Aotearoa. In respect of our own environmental impact, we're taking responsibility to reduce emissions from our own operations. We also acknowledge our responsibility for emissions not under our direct control, coming from property and assets that we insure. As a responsible business, we are committed to taking action that will drive the country towards its transition to a net zero carbon economy.

The resilience and reputation of AA Insurance continues to be strong, founded on a deep sense of purpose and a culture of doing the right thing.

**As I write this introduction in August 2022, our country is again responding to extreme weather events causing long-term damage to communities, with homes and businesses rendered uninhabitable.**

We value our position in the top 10 of most trusted brands in New Zealand (according to the annual Kantar Corporate Reputation Index) because it shows Kiwis see us as

a responsible company, offering value-for-money products and services. We are proud to be recognised this way, especially over the past year as our customers and our people face continued challenges and uncertainty.

For us, trust is about doing the right thing, which is at the heart of our culture, and delivering on our promise at claims time is our moment of truth.

An event leading to a claim can be devastating, and potentially life-changing. Our responsibility as an insurer is to care, help and get things sorted for our customers, making the experience as stress-free as possible while we get things back on track.

In the past 18 months, it's clear that mental resilience and wellbeing has been increasingly challenging for many, and this trend is starting to surface in the



We can make a positive difference for people and society, and this is an opportunity that every member of the 1,000-plus AA Insurance team takes very seriously indeed.

nature of claims we receive. While there is a clear exclusion in any insurance policy for “intentional damage”, the impact on mental health and emotional resilience across our communities cannot be ignored. We have reinforced to our teams that “doing the right thing” must remain our guiding principle when settling claims, including in circumstances where customer vulnerability was a likely factor. We believe we have an important role to play here, both for our customers experiencing vulnerabilities, and for the wellbeing of our people who go above and beyond to support them.

Our commitment to customer service excellence starts when people join the AA Insurance team. We look for people who understand what doing the right thing means and strive to get it right first time.

It’s about bringing a purpose and set of values together and reinforcing positive behaviour.

Every day the front page of our intranet acknowledges and celebrates someone in the organisation who has demonstrated behaviour that aligns with our values. This reminds everybody that it is our collective responsibility to act in the best interests of customers, and with each other’s wellbeing in mind.

I’ll give you an example. A customer, whose vehicle we were repairing, was at the airport and realised they had left their passport at home. They rang us because we had their car and had their keys to their house.

They asked if we could go to their house and get their passport. They trusted us to go into their home, get their passport and deliver it to them at the airport. While this doesn’t happen every day, one of our people got off their seat and did the passport rescue mission and no one at AA Insurance asked why they were missing from their desk for over an hour. That’s about going the extra mile, literally, and getting things sorted.

Looking ahead, I expect to see growing interest from all our stakeholders in how businesses connect with their people, customers and communities.

As we reflect on our role in society, we are aligning our Corporate Social Responsibility strategy with our business strategy to deliver clear, consistent outcomes for our business, our people and our environment. We can make a positive difference for people and society, and this is an opportunity that every member of the 1,000-plus AA Insurance team takes very seriously indeed.



**Simon Hobbs**  
Acting Chief Executive Officer

## Our purpose

We care, we help,  
and **we get  
things sorted**

## Our vision

**Earn the trust** of every New Zealander  
by **protecting what matters most**



# Highlights

## Environment

Set science aligned carbon **emissions reduction** target of

**42%**

by 2030  
(against base year FY20)

Transitioning  
towards

**100%**

hybrid fleet vehicles



Introduced soft  
plastic recycling  
scheme to  
AA Insurance offices

**38%**

reduction in  
carbon emissions  
since FY20



Moved into our  
Hamilton office  
built in accordance  
with green-star  
building principles

**70%**

of customers now receive  
electronic mail, **saving**  
carbon emissions

## Customers

**Aria**

our virtual  
assistant, launched  
and now responds to  
more than **30% of**  
customer queries



Achieved the  
**WriteMark Plus**  
accreditation



Customer  
Satisfaction  
Score (CSAT)  
of 90

Paid  
**\$376.1**  
million in claims



Customer **Net**  
**Promoter Score**  
(NPS) of 68

**500K**  
customers

Helped more than

**3,000**

policyholders recover from  
tornadoes, floods, and other weather  
events across the country

## People and Communities



Launched “Elevate”  
leadership programme,  
**238 participants** in  
first six months



Employee  
engagement  
score of **83%**

Launched “AAI  
Buzz” our new  
social channel to  
connect colleagues



**9**  
employee  
wellbeing  
webinars held

**1,835**  
hours of  
self-selected  
e-learning  
courses  
completed



Donated more  
than **\$220k** through  
internal fundraising,  
company donations and  
community partnerships.

Record team  
growth with

**329**

people joining  
AA Insurance

**3,390**  
hours of new  
employee inductions



**240**

employees took a  
combined **64,786,204**  
steps in our 10,000  
steps challenge



Launched a three  
year community  
partnership  
with **Variety**  
New Zealand





# What matters most: material topics

Focusing on what matters most to all our stakeholders is critical to our long-term success.

## Understanding what matters

Throughout the report you will see references to the relevant material topics, denoted by the number and title. The top five 'highly material' topics for AA Insurance are:

**1**

### Credibility and trust

Building AA Insurance's reputation by demonstrating and maintaining credibility with New Zealanders, ensuring fair treatment of claims and earning customers' trust by being authentic and genuine.

**2**

### Emergency response and post disaster relief

How AA Insurance responds to national emergencies or natural disasters. How we support our customers and communities to prepare for, cope with and recover from these events.

**3**

### Customer experience

Delivering exceptional experiences for all customers – personalised, easy and flexible. AA Insurance cares, helps and gets things sorted – both through interactions and products, as well as complaints handling.

**4**

### Transparency and disclosure

Maintaining robust and transparent governance and disclosure processes and ensuring that information about AA Insurance products is easy to locate and understand.

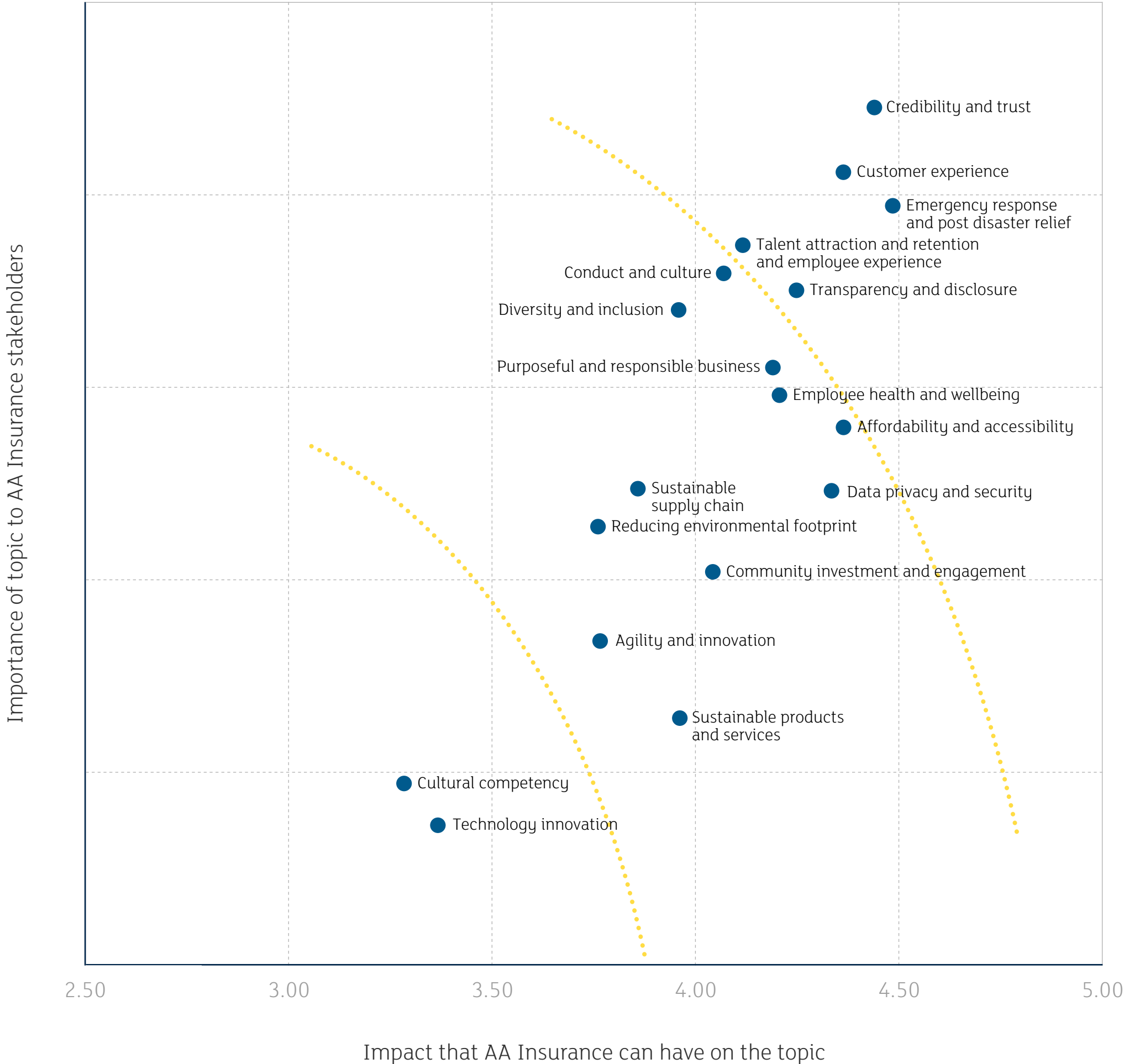
**5**

### Talent attraction and retention and employee experience

AA Insurance's workplace practices support being an employer of choice, providing experiences where our people are engaged and inspired, and can thrive. How we attract, develop, and retain skilled people, embrace the future of work and create a diverse values-based culture.



## Materiality Matrix



The materiality assessment process defines the key environmental, social and governance (ESG) topics that both AA Insurance and our external stakeholders see as most important and where we can make the biggest impact.

In early 2022 we asked our customers, people, suppliers, industry, community and media partners, about AA Insurance and our strategies, performance and impact on the environment and society. We engaged with 25 external stakeholders and 46 internal stakeholders, including Board members, executives, and employees from across the business who ranked the material topics.

After calibrating the responses, results were plotted on a materiality matrix, where the most important topics are plotted against the topics that AA Insurance can have the most impact on.

### How topics have changed since 2020

Some topics that were assessed in 2020 have been combined for brevity, with 26 topics assessed in 2020 and 19 in 2022.

We have seen a notable shift in the positioning of “Emergency Response” and “Talent Attraction” in the past two years reflecting the increased flooding events and the pressure on businesses to recruit and retain skilled employees in a tight labour market.

### Comparison of Top 5 material topics 2020 to 2022

Position	2020 Topic	2022 Topic
1	Credibility and trust	Credibility and trust
2	Fair treatment of claims	Emergency response and post disaster relief
3	Customer experience	Customer experience
4	Emergency response and post disaster relief	Transparency and disclosure
5	Employee health and wellbeing	Talent attraction and retention and employee experience



# Doing the right thing

AA Insurance earns the trust of New Zealanders by protecting what matters most. Our purpose goes beyond profit to benefit our customers, employees, and our environment.





Gain a deep understanding of what social, environmental and economic issues matter most to New Zealanders to support solutions for all of our customers.

Continue to develop and embed CSR risk management (environmental, social and governance) activity into our core business.



**Credibility and trust**

## Our goal is to earn a reputation that transcends our industry. We want to be trusted by all Kiwis.

Looking after and protecting people is core to our business. We have created a remarkable team culture within AA Insurance which will extend to an outstanding community-focused culture that strengthens the connection between our people and our customers.

We are prepared to help people when misfortune hits, led by a workforce that responds with care and is empowered to always do the right thing.

### Customers experiencing vulnerability

We define a “customer experiencing vulnerability” as when their personal circumstances and characteristics mean they need special support, care, or protection to ensure they receive the best possible customer experience and outcomes.

We recognise that vulnerability is a “state, not a trait”, and when a customer is experiencing a vulnerability, they may be less able to cope with pressures and stress during their interactions with us.

A customer’s vulnerability may be made up of multiple factors and the customer may not always reveal, or be aware, that we can offer additional support. Our teams receive regular and robust training to identify a customer experiencing vulnerability by listening attentively for clues and asking the right questions. Sometimes responding with care and empathy can be enough, and by assessing the level of support the

customer may require our people will tailor a solution. This may include recommending external support services if appropriate.

To support customers experiencing financial hardship during the initial stages of the pandemic, AA Insurance set up a \$2 million hardship fund in 2020. The call on the fund during the COVID period was not as high as anticipated. We have since initiated a review on the purpose and usage of hardship funding to enhance support for customers in vulnerable situations.

### Making it easier to understand our policies

In 2021, AA Insurance achieved the WriteMark Plus accreditation.

The WriteMark Plus accreditation acknowledges our policies have a high standard of plain language that has been tested with our customers. As a company always striving to deliver an exceptional customer experience, providing easy-to-understand policy documents for our customers is critically important, and puts us in a better position to earn and maintain the trust of every New Zealander. The policy re-write involved many stages including interviewing customers and reviewing the recommendations Write provided. As a result, we have improved wording across all 11 of our personal insurance policies.





Responding to changing regulations

AA Insurance regularly submits on industry-relevant regulation to ensure we play our part to inform good public policy and sustainable legislative reforms.

Our subject matter experts participate in the Insurance Council of New Zealand (ICNZ) committees for Climate Change, Employment and Education, Motor, Finance, Regulation, Personal Lines, and Communications and Public Education.

In the past 18 months, we supported ICNZ submissions on several consultations, including the National Adaptation Plan (NAP), climate-related disclosure standards, Conduct of Financial Institutions (CoFI) Act, and the modern slavery and worker exploitation proposal.

There is considerable work ahead regarding climate adaptation in New Zealand which we will address with priority alongside greenhouse gas mitigation.

Taking action today will reduce the social, cultural, environmental and economic losses of tomorrow. Controlling and avoiding climate-related risks will become increasingly important to maintain the high levels of insurance availability enjoyed in New Zealand today.

AA Insurance regularly submits on industry-relevant regulation to ensure we play our part to inform good public policy and sustainable legislative reforms.

Aligning our aims with international goals

Our corporate social responsibility (CSR) framework is focused on delivery and transparency.

It includes a commitment to understand and manage our own environmental impact, as well as contributing to the long-term sustainability of our industry and the critical role insurance plays in keeping New Zealand prosperous and resilient.

We acknowledge the United Nations Sustainable Development Goals (SDGs) and, where appropriate, we have mapped our CSR goals against the UN SDGs.

Of the 17 SDGs and 169 targets, eight goals and 17 targets can be aligned with our CSR goals. Throughout this report, you will see reference to the relevant Sustainable Development Goal aligned under each section’s Objectives.

How we contribute to the UN Sustainable Development Goals

Find out more at <https://sdgs.un.org/goals#goals>

SDG and Target	Our goals
 4.7	<ul style="list-style-type: none"><li>Provide employees with access to opportunities to support their personal resilience and build their capability for the future.</li></ul>
 5.c, 5.1	<ul style="list-style-type: none"><li>Continue to develop and embed CSR risk management (environmental, social and governance) activity and focuses in core business activity.</li><li>Grow and embed practices that promote a diverse and inclusive workplace which reflect our communities.</li></ul>
 7.3	<ul style="list-style-type: none"><li>Reduce our energy usage and transition our vehicle fleet from hybrid to battery electric wherever possible.</li></ul>
 8.2, 8.4, 8.5, 8.8, 8.10	<ul style="list-style-type: none"><li>Gain a deep understanding of what social, environmental and economic issues matter most to New Zealanders to support solutions for all of our customers.</li><li>Grow and embed practices that promote a diverse and inclusive workplace which reflect our communities.</li></ul>
 10.2, 10.3, 10.4	<ul style="list-style-type: none"><li>Continue to develop and embed CSR risk management (environmental, social and governance) activity and focuses to core business activity.</li><li>Gain a deep understanding of what social, environmental and economic issues matter most to New Zealanders to support solutions for all of our customers.</li><li>Grow and embed practices that promote a diverse and inclusive workplace and are reflective of our communities.</li></ul>
 11.5, 11.b	<ul style="list-style-type: none"><li>Continue to develop and embed CSR risk management (environmental, social and governance) activity and focuses to core business practices and processes.</li><li>Understand and manage our climate related risks and opportunities.</li></ul>
 13.1, 13.3	<ul style="list-style-type: none"><li>Minimise AA Insurance’s environmental footprint.</li><li>Explore product and service opportunities that will help New Zealanders reduce their carbon intensity, and support a smooth transition to a net zero carbon economy.</li></ul>
 17.17	<ul style="list-style-type: none"><li>Refine the organisation’s community approach to enable our people and the business to establish a meaningful connection through community partnerships and employee volunteering.</li></ul>



# Helping the environment

We are committed to understanding and managing our own environmental impact.







### Stepping up our response to climate change

AA Insurance is doing its part in the shared global challenge to decarbonise society which requires collaborative efforts from all levels of government, businesses, and individuals.

Our response to climate change is maturing as we implement our strategies to reduce our operational greenhouse gas emissions and develop plans to adapt our business to the impact of climate change.

As a financial institution with \$388 million funds under management (at 30 June 2022), we have an obligation to invest our funds responsibly and sustainably, to avoid contributing to global warming and climate change.

Our funds are managed by Nikko Asset Management. We invest in Nikko's wholesale funds which have their own responsible investment policies which are aligned with AA Insurance's policies, so our funds are invested in industries that align with our values.

New Zealand was the first country to introduce legislative requirements mandating climate-related financial disclosures, risks and opportunities. This means that most large businesses that meet the criteria and financial institutions (including insurance

companies) will be required to publicly disclose how they manage the financial impact of climate change on their business.

New standards for climate-related financial disclosures are expected from the New Zealand External Reporting Board (XRB) before the end of 2022. In terms of climate disclosure preparation, we are experienced with scenario modelling as we need to understand the impact of potential earthquakes and sea-level rises on our business and customers.

We see greater challenges in reporting our Scope 3 (indirect emissions) and understanding the impacts of river flooding, which can be harder to model. We're working with the ICNZ to develop scenarios that are consistent and comparable with other insurers, and we have engaged external experts to develop a road map to uplift our climate reporting capability.

Our work towards improved public disclosure continues, and this will be mandatory for us from the end of our 2024 financial year. In the meantime, we are improving our internal capability to analyse the risks and opportunities we face arising from climate change, through the formation of the Climate Change Project Team. This team will be focused on preparing the business for the climate-related financial disclosures, ensuring reporting compliance in line with regulatory requirements.

### There are two key areas of climate change impact and reporting to consider:

- Our impact on climate change and the environment, both from our direct activities and our wider value chain.
- The impact of climate change on our business, including both risks and opportunities, across a range of time horizons.



AA Insurance team members at AA New Zealand's launch of two mobile EV charging Road Service vans.



**Tracking, measuring, and reducing our emissions**

We are committed to reducing emissions and preparing for the physical and economic impacts of climate change on our business and communities, and across our value chain.

AA Insurance has set a 2030 science aligned carbon emissions target conforming to a reduction that supports limiting the global temperature increase to 1.5 degrees Celsius by the end of the century, as set out by the Paris Agreement 2016.

AA Insurance has committed to reducing emissions across all areas by 42% by 2030 against the base year (FY20) for currently reported emissions. We have a specific Emissions Reduction Plan in place to ensure that commitment is met.

As an office-based company, our direct emissions are mainly created by our fleet vehicles and electricity usage, which accounted for 78% of FY22 emissions.

Like many office-based companies impacted by COVID-19 over the past 24 months, our emissions temporarily reduced because of the significant decline in travel and energy.

A total reduction of 38% against base year (FY20) emissions was achieved from 2020 to 2022, primarily attributed to COVID-19 travel restrictions and the transition of our vehicle fleet\* to hybrid vehicles.

Preparation for mandatory climate-related reporting includes the extended measurement and reporting of Scope 3 emissions (underwriting and supply chain). As methodologies evolve at an industry level and meaningful data is captured, the inclusion of previously unreported Scope 3 emissions will inevitably lead to AA Insurance’s total carbon emissions profile increasing. As with the approach already taken, monitoring and management of the newly captured emissions, including disciplined and focused collaboration, will be necessary to achieve emissions reductions.

Encouragingly, the growth in FTE over the past 3 years has not led to a correlation in increasing emissions. It is worth acknowledging that with many of our people working from home regularly or permanently, a proportion of emissions has effectively been transferred from the work environment to the home environment. These emissions will be measured in the future and also reported within Scope 3.

**Objectives**

42% reduction by FY30 against base year FY20, on currently reported emissions.

Minimise AA Insurance’s environmental footprint.

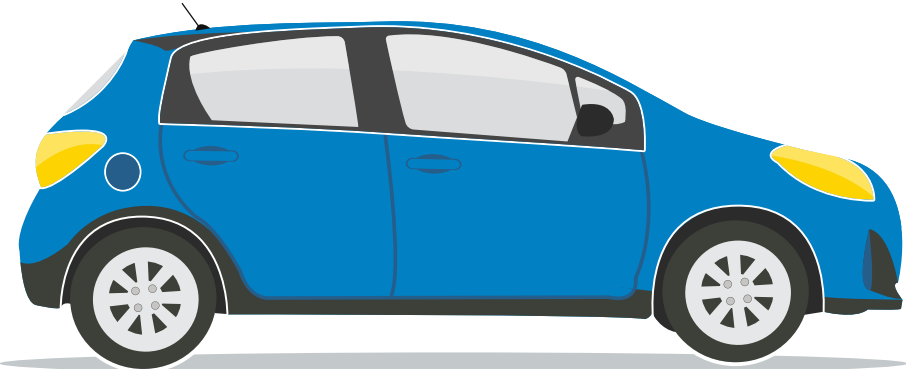
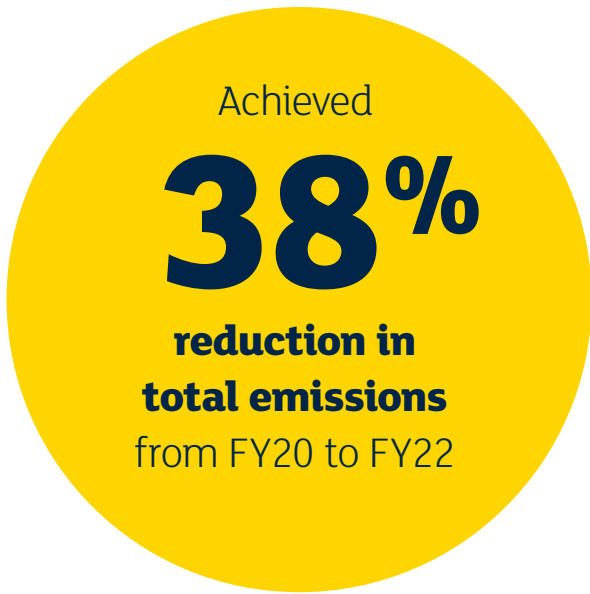
Explore product and service opportunities to help New Zealanders reduce their carbon intensity and support a smooth transition to a net zero carbon economy.



\*AA Insurance owned fleet consists of pool cars and tool of trade vehicles.







Greenhouse gas (GHG) emissions in metric tonnes (tCO<sub>2</sub>e)

Scope	FY20	FY21	FY22	Total reduction % (FY20-FY22)
1	129	97	76	41
2	77	79	70	9
3	96	42	42	56
TOTAL	302	218	188	38

Scope 1: Direct emissions related to fuel use associated with company fleet vehicles  
Scope 2: Direct emissions related to purchased electricity  
Scope 3: Indirect emissions related to air travel, paper usage, office waste to landfill, composting and electricity T&D (transmission and distribution) losses (i.e., energy lost between source and user)

Exploring emissions intensity

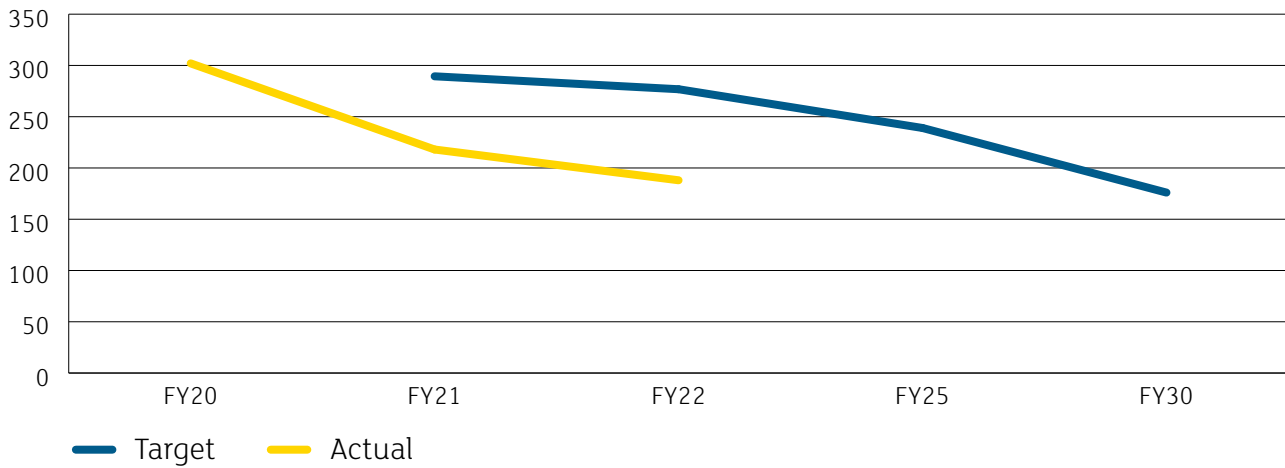
Greenhouse gas emissions (tCO<sub>2</sub>e) per FTE

FY20	0.40
FY21	0.25
FY22	0.19



Progress against reduction target

Total Emissions (tCO<sub>2</sub>e) - FY22 38% FY30 target 42%



The FY20 numbers have been adjusted to reflect changes in how we measured electricity in both Scope 1 (purchased electricity) and Scope 2 (T&D losses). This change sees emissions increasing from 288 to 302 tonnes for FY20 and targets now based off this revised figure.



## Understanding our future impact

As part of better understanding the activity associated with our value chain (Scope 3 emissions) and how it impacts the environment, gathering accurate and meaningful data is essential in order to ultimately reduce our operational impact.

To start this journey, we wanted to understand the emissions associated with our people commuting to work, and when working from home. Using the information we have about where our people are located, making some assumptions about their travel choices, and using the Ministry for the Environment’s work from home emissions factor, we are able to start building a picture of the environmental impact of the activity indirectly related to our business operations. Initial emissions estimates for both our people commuting to work and working from home rather than the office, are shown in the tables below.

### Estimated carbon emissions related to commuting:

	KG per Passenger KM	Ratio chosen for case study
Petrol passenger car	0.265	65%
National bus	0.155	20%
Diesel rail	0.046	15%
Weighted average commute factor		0.210
Estimated employee commuting KM		1,500,000
Potential annual carbon emissions from commuting		~315 tonnes CO <sub>2</sub> e per year

### Estimated carbon emissions related to working from home:

Estimated Work from Home (WFH) days	110,000
Ministry for the Environment emissions factor for WFH day (default):	0.446 KG per day per employee
Potential annual carbon emissions from WFH	~50 tonnes CO <sub>2</sub> e per year

If we had included the emissions from this case study an additional 365 tonnes of carbon emissions would be included in our FY22 total, more than doubling the 188 tonnes of carbon emissions reported. As we improve our understanding of the activities across AA Insurance’s value chain, a more accurate picture of the impact on the environment will become visible. The additional data and insights can be used to make operational decisions and influence behavioural changes to reduce our carbon emissions.

## Case study

### Taking action

We have developed an action plan to achieve our emissions targets and are already taking steps to make reductions, such as occupying offices with Green Building Principles, purchasing sustainable office products, transitioning to a hybrid fleet, repurposing and redirecting redundant office equipment no longer required to charitable organisations, and engaging our people to make a positive impact on the environment at work, at home and in the community.

### Reducing fleet emissions

Passenger cars account for around 14% of all greenhouse gas emissions in New Zealand, so every petrol vehicle that we can replace with a zero or low emission alternative makes a difference.

In June 2022 we took delivery of the final hybrid vehicle from a fleet order of 41 hybrid Toyotas that have replaced our petrol fleet over the past two years. We have achieved a 41% reduction in carbon emissions from our vehicles since FY20 and our intention is to transition to full battery electric, zero-emitting vehicles wherever possible.

### Contributing to the circular economy

Our October 2021 move into a new Hamilton office meant there were items of furniture that were surplus to our requirements. With a continued focus on minimising our waste, these furniture items were offered to our people, local charities and start up businesses. This resulted in no waste being sent to landfill.

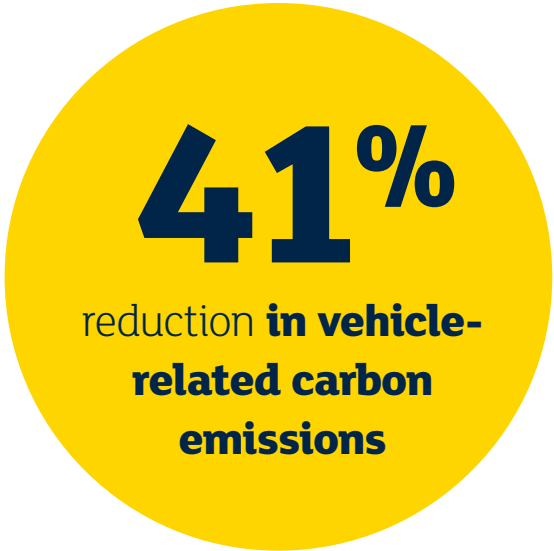
The new office was constructed in accordance with “Green” principles and includes rainwater harvesting and storage for bathrooms, LED lighting controlled by motion sensors, recycling bins and organic waste collection for composting.

### Future-focused

At AA Insurance, we are committed to better understanding the risk that climate change presents to our customers, supply chain and our investments. We have implemented a Responsible Investment Policy and are in the process of implementing a Supplier Code of Practice addressing environmental, social and governance risk.

Through this work we will strengthen our governance relating to climate change, formulate strategies based on climate change risk and opportunity analysis, and disclose climate-related financial risk information.

We understand the need for collective action, so we are passionate about doing our bit to create a sustainable future and working with our people, our customers, and our suppliers to respond to our changing landscape.





### New natural disaster model

On 30 June 2021, a new model for managing natural disaster insurance claims in Aotearoa was introduced, learning from the Canterbury earthquake experience.

Instead of natural disaster claims being lodged with EQC, AA Insurance - along with most other insurers - now lodge, assess and manage these claims for customers. This means customers have a single point of contact, and we settle the entire claim, both EQCover and AA Insurance policy components.

Ahead of introducing the new model, our team completed a training programme run by EQC to upskill in building and land claims, ensuring a smooth transition to the new model.

2

### Emergency response and post disaster relief



## Case study

### Extreme weather events are more frequent

Over the weekend of 17 and 18 July 2021 torrential rain hammered the country. Significant flooding damaged many properties in Westport, Marlborough, and Wellington.

Before the rain hit, our major event response began. Our claims team was quick to arrange additional resources so enough people were on hand to care, help, and get things sorted.

Over the weekend we lodged claims, appointed suppliers, and assisted with urgent needs such as temporary accommodation.

We lodged 609 claims for this event, 87 for Motor vehicles, 425 for Homes and 97 for Contents. This was a considerable event with costs estimated around \$12 million.

This was also the first event where we managed claims under the new natural disaster model. Not only did we look after customers' home and contents claims, but we also managed residential land that had been damaged on behalf of EQC. We identified 40 customers who had damage to their property and of these 40 customers, approximately half had other areas of damage which was covered by their AA Insurance Home or Landlord policy.

Prior to 30 June 2021, those customers would have had to lodge a claim with both AA Insurance and the EQC, resulting in two different contact points for updates and two different assessors to coordinate with. This reinforces why the new model was implemented: to deliver a more effective and efficient response for our customers.

These events can be devastating and life changing for our customers, and this is where our claims teams are empathetic, have a sense of urgency, and deliver our customer service promise to get things sorted.

The increasing frequency of severe weather events across New Zealand not only affects individuals and communities, but also the insurance industry - which is continuously reviewing claims, reinsurance and underwriting arrangements to ensure it can provide sustainable cover for New Zealanders' homes and vehicles.

Ultimately, the impacts of climate change will affect all New Zealanders, as properties that face high flood or other weather risks become harder or more expensive to insure.



Photo credit: Marlborough District Council



# Getting things sorted for our customers

Our resilience and our reputation is founded on our promise of doing the right thing for our customers.



Customer service can be challenging, with our people needing an encyclopedia of insurance and system knowledge in their heads to constantly deliver the amazing customer experience we are known for.

While our service culture and philosophy is based on our purpose of “we care, we help and we get things sorted”, we don’t leave it to chance to get it right.

In 2021, we brought together a team to develop the AA Insurance Service Philosophy, which supports the organisation’s Vision to “Earn the trust of every New Zealander by protecting what matters most”.

Every interaction with our customers is an opportunity to demonstrate the value of the products we sell and the genuine care we have when our customers need us most.

While our service culture and philosophy is based on our purpose of “we care, we help and we get things sorted”, we don’t leave it to chance to get it right.

## Objective

Gain a deep understanding of what social, environmental, and economic issues matter most to New Zealanders to support solutions for all of our customers



**Customer experience**

### Getting things sorted for our Canterbury customers

Following a severe rain event in Canterbury in May 2021 our claims team reported 15–20% more calls than expected over four days following the event. We lodged 257 claims, with the cost of the event reaching \$1.3 million. Thankfully, most of the damage was minimal and many of our customers were back into their homes quickly.

Around 50 customers needed the support of our supplier, Chemdry, to dry out their homes and contents. In one severe case, a customer had to leave their property as they were knee-deep in water inside their home. We helped to arrange temporary accommodation and provided some emergency payments to help them as they had to leave their home with nothing.



### Auckland lockdown flood

On top of being in a lockdown, the Auckland region was hit by severe rain in August 2021, causing flooding and impacting thousands of people, with more than 50 families evacuated into temporary accommodation.

As soon as this event hit, we communicated with our suppliers in the area and made sure we were prepared to manage high claims volumes.

This event was more difficult than usual, since we were not only all working from home on mobile devices, but also needed to work with ICNZ and other parties around what we could do to support our customers in Alert Level 4.

Despite the challenges, our key focus remained ensuring customers were safe and supported and that our suppliers weren’t in any danger when assisting them.

Initially more than 150 motor, home and contents claims were received and more came in subsequently as the floodwaters receded and people assessed the damage to their properties. The August Auckland floods resulted in our people supporting our customers through a total of over 300 claims.





**AA Insurance maintains reputation for the eighth consecutive year**

AA Insurance was again named one of the top 10 New Zealand businesses for corporate reputation in the 2022 Kantar Corporate Reputation Index, ranked sixth overall, and the only general insurer in the top 20.

The Index calculates overall corporate reputation using four measures: social responsibility (for employees as well as the environment); fairness (charge fair prices); success/leadership (well-known, offer good returns to investors, innovative); and trust (honest, ethical, with a positive societal influence).



**Simplifying how we talk to customers**

Insurance can be confusing, and our customers told us they wanted simpler language. The financial services regulator, the Financial Markets Authority (FMA), has sharpened its focus on how the industry conducts itself and treats its customers. FMA Director of Banking and Insurance, Clare Bolingford, says, “Insurers must ensure that products and services are clearly understood by their customers and are suited to their needs.”

This year we enhanced online content to better support customers to navigate insurance, understand key terms and know what to expect at claim time. Topics included excess, gradual damage, agreed and market value (to name a few). Content includes simple text explanations, longer form content and short visual cues to make information appealing and accessible to all customers.

As part of our mission to de-jargonise insurance and remove barriers to understanding, we also introduced our “Spokesfish”. Spokesfish is a creative response to the need to lift financial literacy and improve understanding of insurance terms and policies. He takes customers through the basics of insurance in a fun, friendly content series.

We took selected typical insurance terms that we use when writing a new policy or dealing with a claim and explained them in simple, jargon-free language.

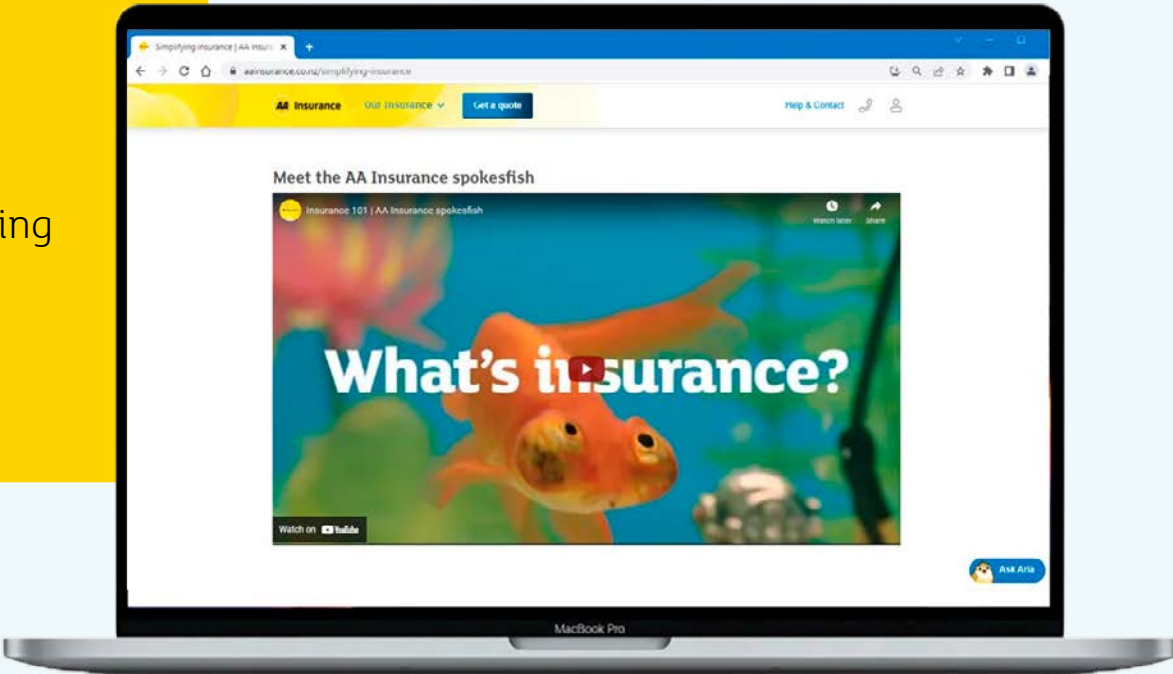
**Spokesfish highlights for the first five months include:**

- 3.5 million content views across all digital platforms
- 1.47 million video views across seven topics (Insurance 101, Agreed Value, Excess, Gradual Damage, New for Old, Proof of Ownership, Total Loss)
- 11,700 clicks to visit the simplifying insurance page on the AA Insurance website
- 48% of people watched Youtube videos through to the end, exceeding the industry benchmark of 38%

**What’s next?**

Insurance can be complex for our people to understand too, so this activity will extend into our training and induction programmes.

We will expand the “simplifying insurance” content to cover more complex topics which will be used by our people in customer-facing interactions. We are committed to ensuring our people have the training, support, and tools they need to confidently support customers to make the right decisions and build trust in our brand.





# Caring for our people

Looking after, supporting and protecting people  
is in our DNA, and this starts with our people.



Our people have always and will always be what makes us successful.

People

When misfortune hits, our people are empowered to respond with care and empathy so we can quickly get things sorted for our customers. Our people have always and will always be what makes us successful.

People work for AA Insurance because of our reputation as a purpose-led organisation with a strong social conscience. As an employer, we demonstrate leadership in our commitment to sustainability, wellbeing, career progression and doing the right thing for our people and customers which is reflected in our consistently best practice employee engagement score of 83%, an improvement of 2% on last year's result.



Flexible working

The pandemic has proven that employees value the flexibility of remote working and being empowered to manage their own hours.

After a four-month lockdown in Auckland in 2021, some people returned to the office in January 2022 but many continued to work from home. AA Insurance has since introduced a hybrid working policy, where we take care to strike the right balance between welcoming our people back into the office and giving them flexibility to work the way that best suits their role and their personal circumstances.

Maintaining our culture as we adapt to more flexible ways of working is a priority. We're introducing more virtual engagement opportunities and digital tools which encourage online collaboration including the new social channel "AAI Buzz" which facilitates virtual water-cooler conversations and informal catch ups.

Objectives

Grow and embed practices that promote a diverse and inclusive workplace and are reflective of our communities.

Provide employees with access to opportunities to support their personal resilience and build their capability for the future.



Talent attraction and retention and employee experience:







“Working from home full-time gives me the freedom to do things with my kids, and enjoy them in the morning before sending them off to school”

Eloise, Customer Service Representative - work from home, Palmerston North

### Recruiting for flexibility and cultural fit

We are developing a future workforce strategy that will meet the needs of our changing business and support the capability development we need.

To attract and retain talented individuals, we are embracing alternative work schedules and arrangements, and routinely welcome new starters remotely. We recognise the commitments individuals have outside of work, and the benefit flexible working may bring for some. This is particularly important for attracting and retaining parents and caregivers.

Our Palmerston North operation is an entirely work-from-home model. AA Insurance has taken on around 20 people in the city, but does not have an office there. Team members meet regularly with their three team leaders in a local café and are able to meet their commitments both inside and outside of work.

A number of our people are moving to regions where homes are more affordable. We don't want to lose them, so the business is investing in skills, learning and leaders to make hybrid, or entirely “work from home” options as seamless and inclusive as possible.

In the Auckland region AA Insurance recruits people in communities including Mangawhai or Snells Beach who might come into our office one day a week or fortnight.

The secret to our success is starting with people who are the right fit and nurturing them. We can build technical aptitude with training programmes and on-the-job experience, so our focus is squarely about getting the right people on board who are aligned with our values.

We are focused on developing our people and giving them opportunities to grow their career with us. We encourage our people to shadow areas of the business to see if that's an area where they want to take their career, and, if so, they work with their leaders to develop skills to prepare themselves for career change. Over the past year, we had 230 internal movements (promotions and secondments for existing employees) and 329 external hires into the business.



### Elevating leadership

In 2022, we introduced Elevate, a leadership training programme that will build consistent leadership capability across AA Insurance. All permanent employees are enrolled in one of three Elevate Leadership pathways: Lead Self, Lead Others or Lead Business.

Participants are supported with 360-degree feedback reviews and management diagnostics designed by organisational psychologists, as well as eLearning modules. The Leadership pathways are available for all 1,000-plus AA Insurance people, and within the first half of the calendar year 238 employees had taken part in one of the three pathways, attending at least one facilitated session.



“I loved the first session and the social environment. It was great connecting with colleagues I hadn’t seen in a while and I’m looking forward to having this dedicated time to focus on leadership.”

Catherine, Customer Service Manager



### Prioritising our people’s wellbeing

During the past 18 months we observed a rise in mental health issues among our people. We wanted to prioritise their mental wellbeing, so they were in a good place to support each other, their families, and our customers.

We ran a series of wellbeing workshops, including sessions on resilience facilitated by Nigel Latta, and a series of ‘Enable Me’ webinars focussing on financial literacy and wellbeing.

We encourage our people to reach out to our support network volunteers (made up of employees from across the business to provide guidance and support for those who are going through a challenging time). We encourage them to consult the Te Whare Tapa Whā framework (the four cornerstones of Māori health: spiritual, physical, mental and emotional, and family and social) to see how they can nurture their own wellbeing walls and to utilise our employee assistance programme – Raise – for free, confidential counselling sessions.





Diversity and inclusion

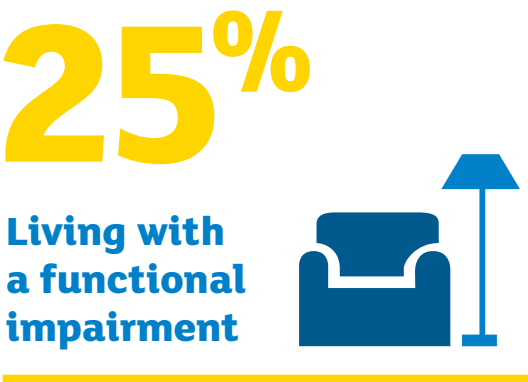
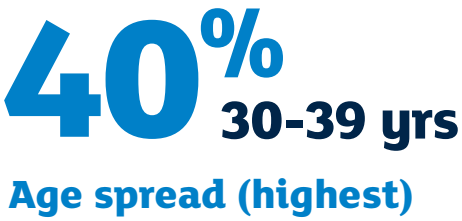
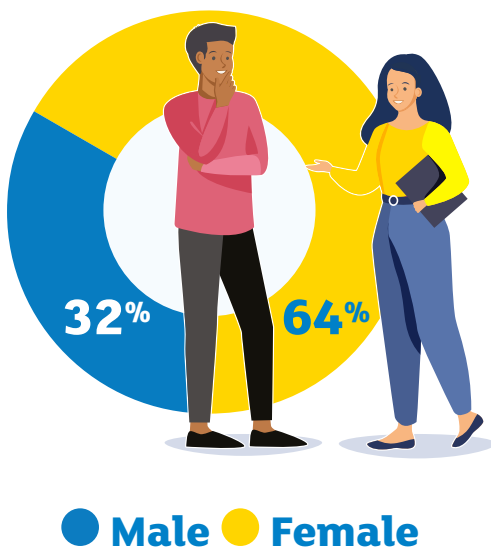
We are committed to creating a workplace for our people that is welcoming, inclusive and as diverse as our communities.

The bi-annual Diversity and Inclusion survey invites our people to participate openly and honestly, providing us with the demographic data and insights to help shape and prioritise future activity.

60% of our people took part in the 2022 survey and their responses evidence the progress we're making to create a workplace where our people feel safe, supported and included.

Compared with the last survey (2020) an increase was seen across the three key factors which have been identified as having the greatest impact on inclusion: being heard; feeling included and supported by flexible working.

Future areas of focus will include greater celebration and acknowledgement of our various cultures, and supporting the 25% of the workforce with impairments, alongside other cultural and social inclusion initiatives.





# Caring for our communities

We play an active role in the community by supporting charities and causes that are meaningful and important to our people, customers, and New Zealand.

Our Big Little Sponsorship 2021  
North Island winner, Oromahoe School



Objective

Refine the organisation’s community approach to enable our people, customers and the business to establish a meaningful connection.



AA Insurance, proud partner of Eden Park

Communities

AA Insurance connects with our communities via a wide range of activities through volunteering and partnering with organisations that are making a positive difference in the community.

When we support groups with funding, we engage our people and customers in the charitable giving process, to understand which issues matter the most to them.

Helping young Kiwis thrive with Variety

AA Insurance partners with Variety New Zealand, “the Children’s Charity”. We established this partnership in November 2021 to help Variety make a positive difference to the lives of hundreds of young people in New Zealand who routinely go without the basics. AA Insurance’s partnership with Variety will see us working together to achieve their mission of helping every Kiwi kid to have a happy, healthy childhood.







Case study

### Big Little Sponsorship goes large

Since AA Insurance introduced its “Big Little Sponsorship” for schools in 2018, we’ve received almost 6,000 nominations and provided \$46,000 worth of grants to support grass-roots school sports activities.

2021 was our biggest year yet and we received more than 3,000 school nominations from across Aotearoa, including nominations outside of Auckland for the first time.

With the support of our partners, Eden Park and campaign ambassador, Keven Mealamu, our judges selected six winners in total including a grand prize, second and third place winners from the North Island and South Island.

Oromahoe School in Northland was our North Island winning school and Bromley School in Christchurch was our South Island winner, both receiving a \$10,000 sports grant. Thanks to our friends at Eden Park, we gave one teacher from each of the grand prize-winning schools the ultimate Eden Park experience. This included travel to Auckland where teachers spent a night at Eden Park in the Staydium glamping tents, dinner at a local Auckland restaurant and a VIP stadium tour.

“It’s touching to hear of the positive and meaningful community difference we have made, and particularly for such deserving schools and young New Zealanders.”

AA Insurance employee

### Christmas donations

Charities and community organisations chosen by AA Insurance people were gifted a total of \$70,000 in pre-Christmas donations in 2021. These donations were made to Mental Health Foundation, St John NZ, Women’s Refuge (Auckland and Waikato), Auckland City Mission and the People’s Project in Hamilton. AA Insurance is pleased to be able to help charities who do so much for people in our communities, particularly as 2021 was a tough year for all community organisations with lockdowns significantly impacting the ability to fundraise.

### Disaster response for Tonga

In January 2022 a large tsunami caused by a volcanic eruption devastated Tonga. Initial reports of damage were catastrophic and communications with Tonga were disrupted. As it became clear what support was required on the ground, fundraising campaigns were set up by several aid-relief organisations. AA Insurance hosted a gold coin appeal for our people and matched every dollar raised, with the team opting to support the New Zealand Red Cross with our fundraising activities which raised \$5,000.



Case study

Building a website to support a Movement of Hope

HopeWalk is a Movement of Hope for those who have been affected by suicide. The movement is community-led and 100% volunteer driven. The founders Joseph and Lydia Fa’afiu established HopeWalk to connect those who have or are experiencing grief caused by losing someone to suicide.

For our volunteer day in 2021, the Digital team decided to do something a bit different and use our technical skills to help HopeWalk by building them a website... in just one day! While there were other options for which charity we would support, HopeWalk was a very clear winner. Joseph and Lydia are also passionate about breaking the stigma, shame, and silence around suicide.



“You may not be able to change the world, but for someone you can change their world”.

HopeWalk founder, Joseph Fa’afiu

After an inspiring team meeting with Joseph, we began to plan how we could build the website. When we started planning in August 2021, it was going to be a design and “devthon” day in the our offices, however the lockdown put those plans on hold. At the beginning of 2022 we decided that we wanted to make it happen despite still working from home, so we took the mission virtual!

As with any project, we had some unexpected challenges throughout the day but thanks to some wonderful teamwork, clear communication, and a shared purpose and passion for supporting HopeWalk, we delivered on our goal of building a website which would be easy to update and maintain.

While our team donated skills and expertise, the domain name and website platform subscription came with a fee. AA Insurance pitched in to support HopeWalk by funding the domain for the next 10 years and paying the platform subscription.



It was no easy feat to build a website remotely in just one day. I’m extremely proud of how the team came together and delivered... the reward is knowing that we have played a part in supporting the community, current and future

**Kato’one Kaho**  
Digital Experience Manager





## Board of Directors

The AA Insurance Board comprises six directors, evenly appointed by our two shareholders, Suncorp Group and NZAA.



**Dr. Doug McTaggart,**  
Chairman



**Nadine Tereora,**  
CEO NZ Automobile Association



**Jimmy Higgins,**  
CEO Suncorp New Zealand



**Mark Winger,**  
non-executive Director



**Andrew MacFarlane,**  
CFO Suncorp New Zealand



**Greg Shepherd,**  
non-executive Director

## Executive Team



**Simon Hobbs,**  
Acting Chief Executive



**Chris Curtin,\***  
Chief Executive



**Justine Burn,**  
GM Technology & Digital



**Martin Chisholm,**  
GM Finance



**Mark Daniels,**  
GM Transformation  
Programme



**Aaron Dickinson,**  
GM Strategy & Analytics



**Nikki Howell,**  
GM People & Capability



**Richard Park,**  
GM Marketing,  
Portfolio & Pricing



**Helen McNeill,**  
Chief Risk Officer, Suncorp NZ

\* Retiring December 2022



## GRI content index

AA Insurance has reported the information cited in this GRI content index for the period 1 January 2021 to 30 June 2022 with reference to the GRI Standards.

GRI Standard Disclosure	Disclosure		Description and/or Page Number
Organisational profile	2-1	Name of the organisation	AA Insurance Limited
	2-6-a	Operations	Provider of car, home and contents, small business, classic vehicle, motorhome, motorcycle, caravan and trailer insurance policies
	2-1-c	Head office	46 Sale St, Auckland, New Zealand
	2-1-c	Location	New Zealand
	2-1-b	Legal type of entity	Joint venture limited liability company
	2-1-d	Markets served	New Zealand
	2-1-d	Scale of the organisation	National
	2-7-a	Workforce	1015 permanent employees
Strategy	2-22-a	Managing Director statement	Page 4
Ethics and integrity	2-22-a	Values, principles, standards	As above
Governance	2-9-a	Governance	Page 30
Stakeholder engagement	2-29-a	Stakeholders	Materiality, Page 8
	2-29-a	Key topics raised through stakeholder engagement	Materiality Matrix, Page 8
Reporting practice	2-1-d	Entities included	AA Insurance Limited
	2-2	Basis of report content	Materiality, Page 7
	3-1-a	List of material topics	Materiality, Page 7
	2-3-a	Report period	1 January 2021 to 30 June 2022
	2-3-b	Report date	October 2022
	2-3-a	Reporting cycle	Annual
		Contact information	Directory
		GRI context index	This page
Material topics	Related indicators		
Changes	3-2-b	Movement in topics since last report	Page 8
Environmental	305-1	Greenhouse gases (GHG) emissions, Scope 1	Page 15
	305-2	GHG Scope 2	As above
	305-3	GHG Scope 3	As above
	306-2	Total waste production and recycling	Page 16
Social	405-1	Diversity of governance bodies and employees	Page 25
	401-1	Annual staff turnover	17.85%
	413-1	Operations with local community engagement, impact assessments and development programmes	Page 27
	417-2	Incidents of non-compliance concerning product and service information and labelling	Page 20
Materiality	3-1, 3-2	Explanation of material topics	Page 8

This information contained in this report has been prepared by AA Insurance Limited using all reasonable care to ensure its accuracy as at the time of publication.