



AA

Insurance

2024

Sustainability Report

AA Insurance

1 July 2023 – 30 June 2024

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Introduction

About this report

Welcome to AA Insurance Limited’s (AA Insurance) 2024 Sustainability Report. This report covers key areas of action reflecting our ambition to create greater impact under our refreshed sustainability strategy pillars: Climate Resilience, Thriving People and Protecting New Zealand.

The information presented here covers the reporting period 1 July 2023 to 30 June 2024 (FY24). All currencies displayed in this document are in New Zealand Dollars. This report builds on our Corporate Social Responsibility (CSR) reports published in 2020 and 2022, which are available [on our website](#).

AA Insurance is a Climate Reporting Entity under the Financial Markets Conduct Act 2013 and has prepared 2024 Climate Statements in accordance with the Aotearoa New Zealand Climate Standards. They can be found [on our website](#).

Important information

This report contains forward-looking statements in relation to AA Insurance’s sustainability strategy and business operations. Forward-looking statements may be identified with words such as commit’, ‘continue’, ‘expect’, ‘may’, ‘plan’, ‘potential’, ‘target’, ‘will’ and other similar terms and phrases. AA Insurance has sought to provide accurate information in respect of the year ended 30 June 2024 as at the date of publication but would caution against reliance being placed on representations that are necessarily subject to significant risks, uncertainties or assumptions.

Any forward-looking statements should not be considered a guarantee of future outcomes but rather reflect our understanding as of the date of this report’s publication. AA Insurance expects that some forward-looking statements made in this document may be amended and updated in future documents as the quality and completeness of its data and methodologies continue to evolve and improve.

AA Insurance maintains that reliance should not be placed on any forward-looking statements. The forward-looking information and opinions in this report do not offer an invitation or solicitation or recommendation to buy financial products in relation to AA Insurance. AA Insurance gives no representation, guarantee, warranty or assurance about future business performance, or that the outcomes expressed or implied in any forward-looking statements made in this document will occur. AA Insurance does not accept any liability whatsoever for any loss arising directly or indirectly from any use of the information contained in this report.

About us

AA Insurance is a New Zealand-based joint venture between Vero Insurance New Zealand Limited ('Vero') (68% ownership) and the New Zealand Automobile Association Limited ('NZAA') (32% ownership). Vero is owned by Suncorp Group Limited, a listed Australian company. NZAA is an incorporated society that is governed by a National Council and Board.

Since 1994 we have provided home, contents and car insurance in New Zealand and in 2018 we introduced small business insurance. Our cover includes protecting customers against many of the financial impacts that natural disasters and climate-related events can have on their assets.

We underwrite our own policies and sell direct to New Zealanders. Our 1,100+ New Zealand-based employees look after around 560,000 customers with more than 1,100,000 policies.

Standard and Poor's (Australia) Pty Ltd has given us an Insurer Financial Strength Rating of AA- (Very Strong). You can read more about our financial strength on [our website](#).

We are consistently recognised in industry awards and honours. This includes being voted the Reader's Digest Most Trusted General Insurer for 14 years running, named Canstar's 2023-2024 Outstanding Value Award winner for Home and Contents insurance and ranked 6th among 50 of New Zealand's top consumer-facing corporates in the Kantar Corporate Reputation Index in 2024.



Welcome from our CEO and Board Chair

On behalf of the AA Insurance management team and Board, we're pleased to present our 2024 Sustainability Report.

In this Report we will talk to our refreshed sustainability strategy reflecting our ambition to create greater impact under three key pillars: Climate Resilience, Thriving People and Protecting New Zealand.

This year, we have also prepared our first Climate Statements in accordance with the Aotearoa New Zealand Climate Standards – [these can be viewed here](#).

As our business evolves to meet the challenges and opportunities of our changing world, ensuring our people thrive and achieve their potential is essential for our success.

In this Report, we are pleased to share some of the actions underway to strengthen our teams' wellbeing and resilience, including through investment in leadership and diversity, equity and inclusion (DEI) initiatives.

We are also excited to share some of the social impact activity underway to strengthen our support of customers and communities.

Among these is our new social impact partnership with the Student Volunteer Army – a powerful opportunity to engage locally and support communities year-round, as well as after a major event.

These are challenging times for many New Zealanders and we are determined to understand how we can continue to offer competitive products and services that our customers value and trust.

This year, we have remained focused on improving efficiency across our business by building on data, technology and automation, as well as broadening our supplier networks to process vehicle claims more efficiently.

We know that innovation is essential to building a strong and future-ready business and we have a programme underway to transform our systems and ways of working. This will help us meet our customers' changing needs over time and promote a culture of innovation, adaptability and resilience.

While helping customers get back on their feet will always be our top priority, we know we must also support New Zealand's transition to a low emission, climate resilient nation.

In this Report, we have included a progress update in our Climate Resilience section, however, specific information related to climate risks and opportunities facing our business, and the actions underway to respond to these, can be found in our 2024 Climate Statements.

We invite you to delve into the 2024 Sustainability Report, which provides a more detailed overview of our achievements, challenges and future focuses.

The Report is not just a reflection of our efforts, but a reaffirmation of our commitment to creating a sustainable future.

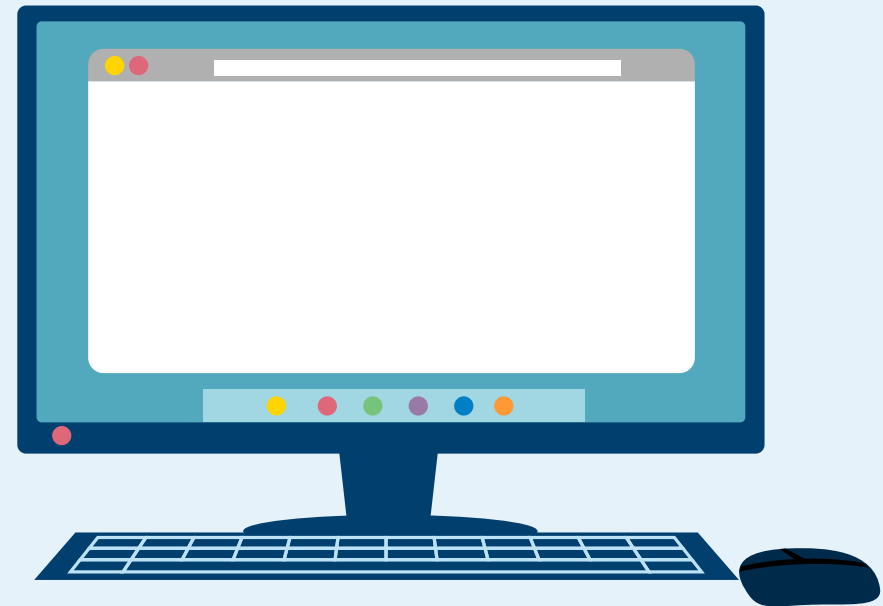
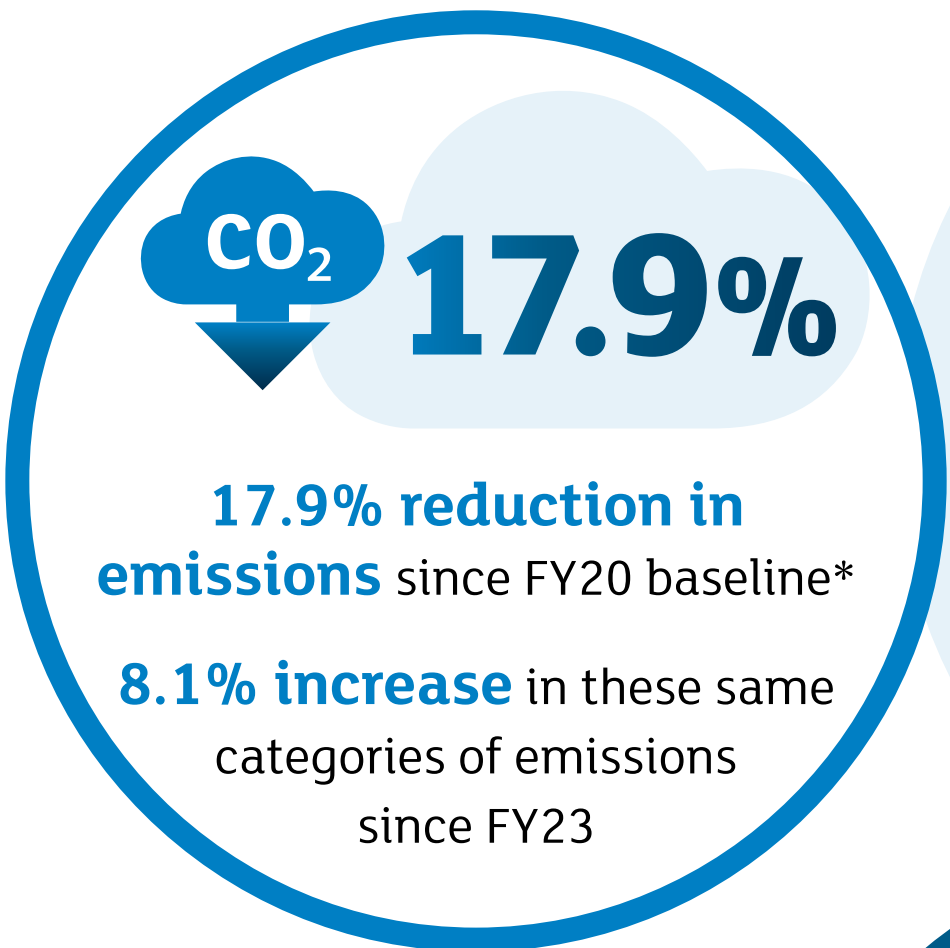


Alison Barrass and
Michelle James

Alison Barrass
Chair
2 October 2024

Michelle James
Chief Executive Officer
2 October 2024

Our year at a glance



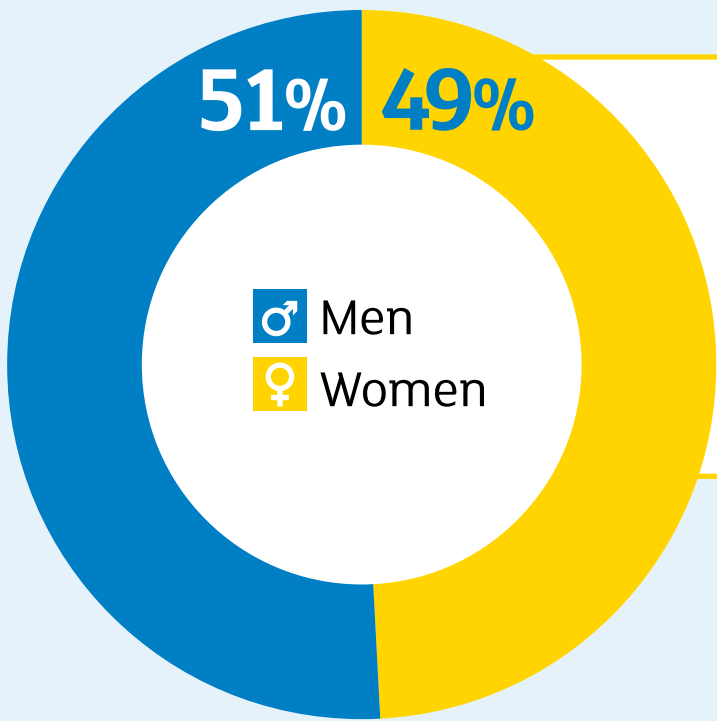
21 bots in operation saving more than **22,000 hours** of manual processing effort across the business

96% engagement survey response rate

78% employee engagement score

Community partnership established with the **Student Volunteer Army**

Supported school sports via the **Big Little Sponsorship** for the fifth year running



49% of leadership positions are held by women

Gender Pay Gap: **12.95%** (in favour of men)



Best Plain Language Document for Private Sector at the Plain Language Awards for our *Working Towards a Resolution* brochure

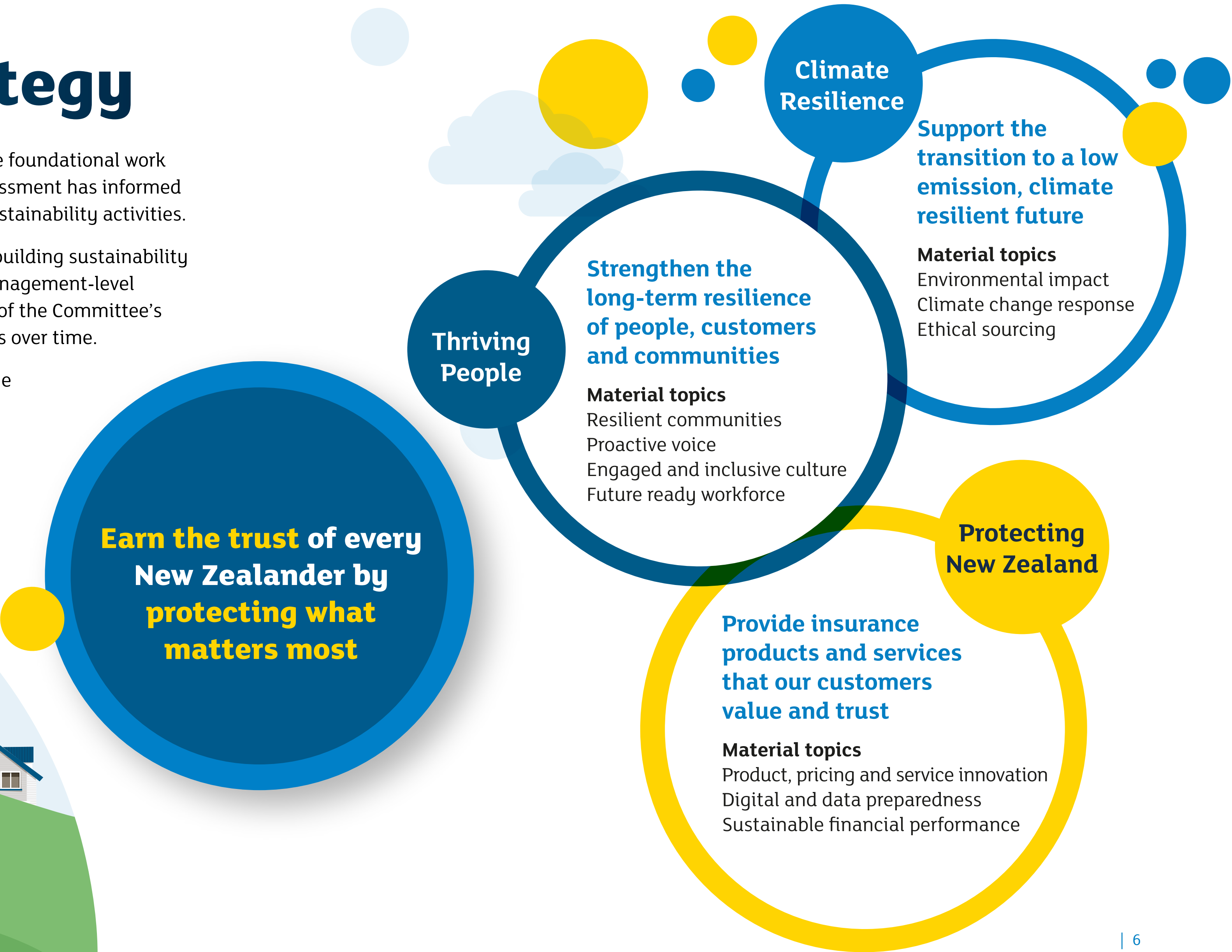
* AA Insurance has set a short-term science aligned greenhouse gas emissions reduction target. This covers scope 1, scope 2 and some scope 3 emissions categories, which we have been measuring since FY20 (as shown in our 2020 and 2022 CSR reports). Our target is to reduce these emissions by 42% between FY20 and FY30.

Sustainability strategy

This year we have refreshed our sustainability strategy, leveraging the foundational work completed under our previous CSR framework. A new materiality assessment has informed three key pillars and 10 material topics, which are now guiding our sustainability activities.

Our Board is responsible for setting our strategic direction, including building sustainability into our organisational strategy. In the past year we have set up a management-level Sustainability Committee to support our sustainability progress. One of the Committee’s objectives is to help embed sustainability into our business operations over time.

Our sustainability strategy aligns to AA Insurance’s vision – to earn the trust of every New Zealander by protecting what matters most.



Materiality assessment

We have carried out materiality assessments in FY20, FY22 and FY24. This year’s assessment involved engaging with our stakeholders to identify the ‘material topics’ that are important (material) to them and our business, shown in table 1.

At the same time as we ran our materiality assessment, we surveyed consumers to understand where New Zealanders believe general insurers should be focusing. Feedback gathered has also helped to inform our three strategic pillars.

Building sustainability into our business

A key focus in FY24 has been to develop a stronger foundation built on good governance practices. This work has resulted in sustainability considerations being added to our Product Development Framework, Responsible Investment Policy and a new Climate Governance and Reporting Framework. We have also integrated sustainability performance measurement in to our existing business performance review processes.

In FY25 our intention is to continue to put our sustainability strategy into action, while further strengthening our governance practices.



Material topics related to each of the three pillars are identified by this symbol on the following pages.

Table 1: Material topics for stakeholders and descriptions

 Protecting New Zealand	Product, pricing and service innovation	Innovative solutions to help New Zealanders reap the benefits of insurance as customer risk profiles change over time.
	Digital and data preparedness	Opportunities to integrate and innovate technologies for the benefit of our customers and employees.
	Sustainable financial performance	Ensure robust financial performance in a changing world (increasing costs, reinsurance) so we are here for customers in the long-term.
 Thriving People	Resilient communities	Engage with and empower the local communities in which we operate. Support community-led climate and disaster mitigation and adaptation activities.
	Proactive voice	Confidence to be an informed advocate for difficult topics at a national level to drive change.
	Engaged and inclusive culture	Actively build a workplace that mirrors the diverse communities we work in and for.
	Future-ready workforce	Build a workforce with the skills, knowledge, processes and resources to tackle present and future needs.
 Climate Resilience	Environmental impact	A focus to reduce our environmental impact across our value chain. This includes our carbon footprint such as transport, electricity usage, and waste, and how we can influence consumer behaviour.
	Climate change response	Understand and address the impacts of climate change on our business, customers and communities.
	Ethical sourcing	Ensure that the goods and services we purchase are made in environmentally and socially responsible ways.



Protecting New Zealand

The ‘Protecting New Zealand’ pillar of our sustainability strategy is about how we’re striving to provide insurance products and services that our customers value and trust.



Material topics:

- » Product, pricing and service innovation
- » Digital and data preparedness
- » Sustainable financial performance

Supporting customers at claims time

Our biggest opportunity to earn trust is at claims time, when we know our customers need us most.

For FY24 we received almost 200,000 claims across home, motor and contents and have paid out approximately \$548 million.

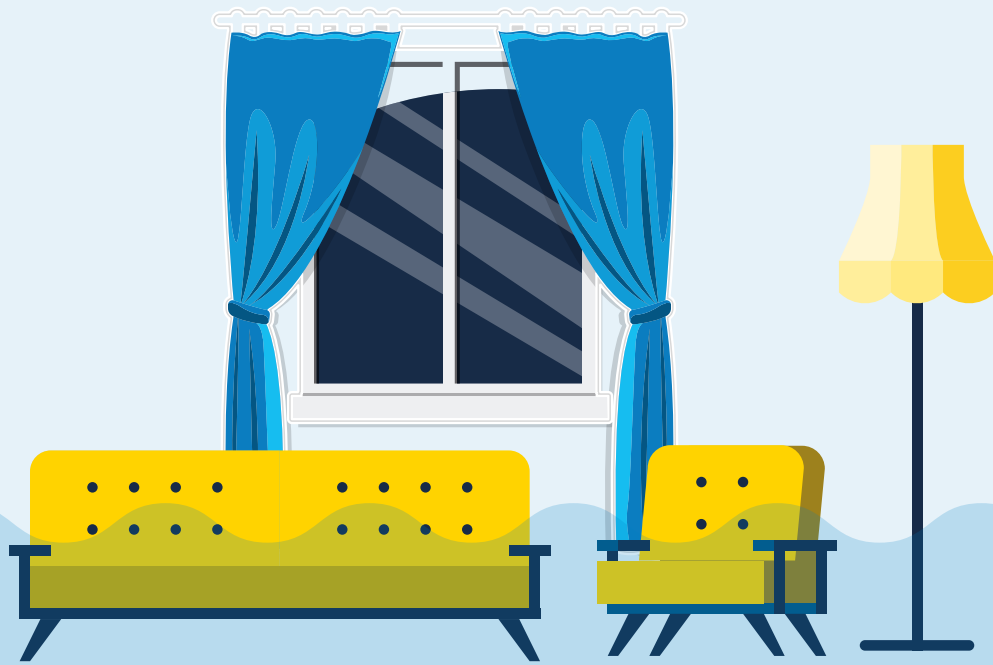
Cyclone Gabrielle and the Auckland Anniversary floods were devastating for many communities across the country. This year we have remained focused on getting the outstanding event claims sorted for our customers.

When major events of this magnitude strike, we scale our operations and respond to customers’ needs as quickly and effectively as possible and prioritise those that need immediate support.

For customers with more complex home and land claims, often the journey to settlement can take many months or more. Our partnership with the Natural Hazards Commission Toka Tū Ake (NHC, formerly the Earthquake Commission) allows us to manage Natural Hazards Cover claims (NHCover claims, formerly EQCover claims) on our customers’ behalf, giving them one point of contact and a more streamlined claims experience in what can be a very stressful time.

We train our people annually to identify and support customers experiencing vulnerability, so they all know how to play their part, and it’s kept top of mind. This involves taking the time to understand customer’s needs and taking a tailored approach when responding.

We know there is always plenty to learn and improve on after events of this magnitude. One of the ways we are doing this is by strengthening our capacity to deploy teams into communities to provide face-to-face insurance support. We are also working with our partners to understand opportunities to improve experiences and speed up the claims journey for customers with complex claims.



Percentage of **Cyclone Gabrielle** and **Auckland Anniversary flood** claims settled:

98.5%	99.9%	99.6%
home	motor	contents

94.2%
Natural Hazards Commission Toka Tū Ake

In **November 2023**, we were pleased to win the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) Claims Team of the Year, recognising our response to the major weather events of summer 2023 and our ongoing focus of delivering exceptional claims service.

Chief Operating Officer Simon Hobbs accepting ANZIIF’s 2023 Claims Team of the Year award.



Managing natural hazards

Insurance premiums industry-wide have increased significantly in the last decade. This is the result of several factors, including an increase in claims costs from natural hazards, as well as inflationary pressures in the building and motor repair sectors, higher reinsurance costs and increasing taxes and levies*.

One of the ways we are managing natural hazard risk is by reviewing the way we price for it. We have invested in data, models, people capability and partners that allow us to better understand earthquake and flood risk at the address level rather than just the postcode or suburb. In FY25 this capability will be expanded to include storm modelling.

We have begun customer communication and public education initiatives to help explain the drivers and potential impacts of improved risk modelling. At an industry level, improved modelling may help communities and governments make decisions about infrastructure investment and planning and community level resilience. Our Product and Pricing Committee governs changes to pricing and risk exposure. Its members include senior and executive leaders across our business.

To ensure we can offer protection against a range of potential catastrophic losses and to meet the Reserve Bank of New Zealand's (RBNZ) solvency standards, we must have sufficient reinsurance. We have strong, long-standing relationships with the reinsurers on our reinsurance programme and participate in the catastrophe reinsurance programme available through our majority shareholder, Vero and Suncorp Group.

* FENZ (Fire and Emergency New Zealand) and NHI (Natural Hazards Insurance) levies have increased within the past two years, whilst GST increases proportionally.

As the recent weather events have shown us, the increased risk of more severe and/or frequent weather events leads to an increase in the costs of reinsurance. We recognise that understanding and managing the risks of natural hazards well is key to sourcing affordable reinsurance and maintaining a well-functioning, sustainable insurance industry.

As an active member of the Insurance Council of New Zealand (ICNZ) we are supporting industry-wide efforts to advocate for climate resilient solutions to better protect communities from the impacts of climate change.



Supporting customers experiencing financial hardship

We recognise that many of our customers may experience financial vulnerability at some point in their lives. If customers face financial difficulty, we encourage them to contact us so we can explore ways to help keep their insurance cover in place.

We offer a range of products, excess options and customisable benefits to best suit our customers' needs. This year we have also developed a financial hardship working group to help identify new opportunities to improve how we support our customers experiencing financial vulnerability.

Innovations and systems

Strengthening our Quality Repairer Network (QRN)

In the last two years we have seen a 17% increase in vehicle repairs, with 7,000 more vehicles being sent to our repairer network. We expect this number will continue to grow. Our QRN is made up of rapid repair specialists, who focus on small to medium damage and repair shops, which focus on larger structural damage. To strengthen our QRN and help meet increased demand, this year we partnered with Drive Group to open a new motor vehicle collision repair centre in East Tāmaki (Auckland).

We remain focused on attracting new talent to the industry. In 2017 we set up our Motor Apprentice Scheme to support and train talented young automotive professionals. Since then, the Scheme has helped 14 young automotive professionals build their skills and careers though financial grants and on-the-job mentoring.

Modernising our systems

Over the past year we’ve invested to modernise our core systems. Our transformation programme is designed to enhance the customer experiences we deliver today and improve our ability to meet changing customer needs over time. Once embedded, our people will have access to modern tools and technology to simplify their work and reduce operational complexity.



Innovation:
Paintless Dent Removal (PDR)

One of the innovations we have successfully trialled and begun to scale at our Customer Service Centres is Paintless Dent Removal (PDR). PDR is a skilled process that technicians can use to remove non-structural dents, dings and other damage to a vehicle’s body. This process restores the bodywork to its original condition without the need for the paint and body fillers traditionally used. PDR shows promise in helping to reduce repair times, helping our customers get back on the road faster, as well as reducing the need to import parts from overseas.



Our transformation is led by our people. Once complete, they will have access to world class technology to help them do what they do best – caring, helping and getting things sorted for our customers.

– Jennifer Wiseman, Head of Enterprise Transformation



Investing in automation

This year automation has continued to play an important role in our business operations. For example, our ‘Homer bot’ has helped us pay invoices from claims suppliers faster and more efficiently. This has helped us progress claims faster and free up time for our people to focus on more complex tasks. Our ‘Jill bot’ has been enhanced to authorise supplier payments processed by our people, helping to save more time. We currently have 21 bots in operation. Together they saved more than 22,000 hours of manual processing effort across the business over the last year.



Thriving people

The 'Thriving people' pillar of our sustainability strategy is about how we're working to strengthen the long-term resilience of our people and communities.



Material topics:

- » Resilient communities
- » Proactive voice
- » Engaged and inclusive culture
- » Future-ready workforce

Building our workplace culture

We are focused on encouraging a thriving team environment, where everyone can bring their authentic self to work. This includes offering formal and informal flexible working arrangements. Our people leaders work directly with their employees to balance their individual needs with the needs of our business and customers. Building flexibility into our operating model promotes productivity and improved engagement among our team.

To ensure our people stay connected to each other and our business priorities while working remotely and in various locations, we've introduced new ways to promote connectivity within our flexible working model. Among these are our monthly 'All Hands' meetings where all employees are invited to attend an online showcase of key business updates and achievements.

This year, another key focus has been helping leaders enhance their skills to lead and manage through change. This includes offering specialist coaching support to senior leaders and revising the structure of our regular leadership collaboration forums to better connect leaders to key topics, strategy and performance metrics.

Our 2024 leaders conference brought together 178 leaders from across our business to connect and talk about opportunities and challenges facing our business. Continued engagement with and development of our leaders and broader team remains a key focus in FY25.



Promoting health & wellbeing

To support team members who are experiencing work and personal troubles, our AA Insurance Wellbeing Support includes a peer support network that offers personal, bespoke support in a safe and inclusive environment. The network is made up of trained employees who provide confidential support for employees in need, including those experiencing domestic violence. Team members who request help receive resources and/or referral to other support services, including our EAP provider and Shine, a family violence specialist service, amongst others.



Diversity, Equity & Inclusion (DEI)

Our goal is a workplace where every employee feels valued, respected and can thrive. In 2022, we created a Diversity, Equity & Inclusion Committee, which is responsible for looking at organisational or policy changes to help support fair and diverse outcomes for our people.

To track our performance across different groups and their experiences with us, this year we added a question around ‘belonging’ to our engagement survey. In May 2024, 82% of our people agreed that they ‘belong in our business’.

While 90% of our employees agree ‘I can be my authentic self at work’ and 89% agree that ‘People from all backgrounds have equitable opportunities to succeed at AA Insurance’, we have identified several opportunities to improve people’s experiences. These include continuing to make our Employee Action Groups (EAGs) more visible and providing leaders with more tools to enable them to develop their inclusive leadership capability.

Our 2024 engagement survey results show an ethnicity split similar to the wider New Zealand population. There are pockets of under-representation across our managerial roles and this is a consideration for FY25.

We are using engagement demographics data to review the experience of different ethnicities, build leadership skills and knowledge about inclusion and review our internal policies to ensure they support inclusion.

We are committed to reviewing our gender pay gap regularly and are taking action to reduce the gap. This will help to remove one of the barriers to women being able to participate fairly at work.



How we show up for our people

We have worked closely with Diversity Works in the last couple of years. The result is a broader approach to diversity: setting up our DEI committee and creating our EAGs. Efforts to foster a diverse, inclusive and accessible workplace will continue in FY25 and beyond. We have four of these dedicated working groups so far:



rAAInbow

Promoting visibility, inclusivity, representation and empowerment of the Rainbow community. In May 2024 we took our commitment further by signing the Pride Pledge, becoming the first general insurer to do so.



Neurodiversity

Recognising our neurological differences at AA Insurance. Certified ADHD coach Alex Campbell has worked with our Neurodiversity EAG, who have developed a library of tools and organised online company-wide lunch and learn sessions.



Arawa Hōkūle'a (Māori and Pasifika)

Driving positive change for those who identify within our Māori and Pasifika communities. Over the past year, our EAG has grown to ensure we take opportunities to celebrate and implement tikanga.



Wāhine (women)

Supporting women of all ages and walks of life in navigating the balance of career progression, home life and societal expectations. In March our Wāhine EAG marked International Women’s Day by hosting a panel discussion about AA Insurance women working in globally under-represented fields.

Supporting UFBA

Together with Turners, this year we were proud to support the United Fire Brigade Association's (UFBA) Road Crash Rescue Challenge and the essential work New Zealand's volunteer firefighters do to help communities prevent, prepare for, respond to and recover from emergencies. This included providing 24 end-of-life vehicles for UFBA's members, who are predominantly volunteer firefighters, to practice using emergency tools such as the 'jaws of life'.



Partnering with Eden Park

Since 2016 our partnership with Eden Park has supported some of New Zealanders' most popular pastimes.

With our ambassador Keven Mealamu, our Big Little Sponsorship is a key part of our partnership. Since we launched it in 2018, we have received more than 15,900 nominations and gifted \$98,000 to support grassroots sports. This year, 56% of primary schools received a nomination – a sign that our sponsorship programme is resonating with school communities.

In the past year we introduced the Give Back Shack which lets us host our community partners, employees and customers in a unique setting with a great vantage point. In FY24 19 groups enjoyed using the Give Back Shack.



Giving New Zealand's littlest athletes a chance to score big

For small-town Bay of Plenty primary school Kawerau South, winning the Big Little sports grant will go a long way to removing the barriers its 380 students face.

“We all know how important sports is for our physical hauora (wellbeing). But it's more than that – it's an opportunity for our kids to be kids and allows our tamariki to have fun, laugh and most importantly to practise whanaungatanga.”

– Tumuaiki (Principal) Raylene Gage-Te Hau



Community partnerships



Variety – the Children’s Charity

We have partnered with Variety – the Children’s Charity since 2021 to help more children and young people enjoy a happy, healthy childhood. Every day, one in five young New Zealanders goes without the basics. This can have a profound effect on their health, education and self-esteem.

As the Lead Partner of the Variety Beds for Kids Programme, we help raise awareness of ‘bed poverty’ in New Zealand through joint advertising, marketing and publicity initiatives and support Variety’s fundraising to provide more warm, comfy beds and bedding for our country’s tamariki. In FY24 we provided Variety with funding for 100 beds to help keep Kiwi kids out of hospital from preventable illnesses.

“We need to do everything we can to help the children in our poorest communities have a good night’s sleep in a healthy environment. Variety is delighted to have AA Insurance on board as the lead partner of our Beds for Kids programme.”

– Susan Glasgow, Variety Chief Executive



Student Volunteer Army (SVA)

Established in 2010, SVA has mobilised tens of thousands of student volunteers in local communities. It has given them skills to respond in a crisis and empowered individuals to build stronger communities through volunteering for future generations. Since the inception of the SVA Service Award in 2019, SVA students have logged more than 1.9 million volunteering hours, with around 35,000 active students in 2024.

This year we launched a new social impact partnership with SVA, creating a powerful opportunity to engage locally and support communities year-round, not just after a major event.

One of the ways we are supporting this partnership is through skills-based volunteering. We give all our team members a volunteering day, which they can use to volunteer with a community group or charity. Promoting skills-based volunteering through partners like SVA allows our team to give back in a way that is meaningful to them.

Across AA Insurance, our team completed 649 volunteering hours in local communities across New Zealand.

“Our team used our volunteer day to help SVA develop training materials that covered responding to major events, supporting customers experiencing vulnerability, handling crisis and general customer interactions. Our team deals with different customer scenarios every day, so we could use our lived experiences to create resources for SVA students to use when they are supporting communities.”

– Dipika Warekar, Claims Assist Team Leader





Climate resilience

The 'Climate resilience' pillar of our sustainability strategy is about how we're working to support the transition to a low emission, climate resilient future.



Material topics:

- » Environmental impact
- » Climate change response
- » Ethical sourcing

Managing our emissions

We rely on natural resources to operate, including fuel and energy to run our vehicles and power our workplaces. Businesses up and down our value chain use natural resources like these too.

We have partnered with Generate Zero, a platform to help measure and manage our emissions footprint. We are on track to meet our target of a 42% reduction of certain emissions categories by FY30 (against a FY20 baseline). This is despite a year-on-year increase in these emissions from FY23, which is predominantly due to increases in air travel and fuel use.

In 2019 we switched a large portion of our vehicle fleet to hybrids, which has helped to reduce the fuel we use since FY20. However, with fuel emissions increasing when compared to FY23, we know we have more work to do. We have now installed telemetry devices in all our vehicles to help us understand driving patterns and make better decisions around the future of our fleet. For example, telemetry data may help identify opportunities to transition some vehicles from hybrids to electric vehicles (EVs), which may help to reduce fuel emissions.

FY24 was the first full year of using Ecotricity to power our workplaces. Ecotricity is New Zealand's first and only Toitū climate-positive certified electricity retailer, which only purchases electricity from wind, hydro and solar. Ecotricity can't guarantee that customers only receive the renewable energy it purchases (because all electricity is supplied through the National Grid). However, it measures how much energy its

customers are using and how much it needs to purchase from renewable sources on an annualised basis, so the net effect is that purchases by Ecotricity's customers are equivalent to Ecotricity's purchased renewable electricity. Ecotricity's reporting tools are helping us to review and optimise the electricity we use. With this data in hand, we have adapted our office set-up outside non-operational hours to make best use of power after hours and during weekends.

Our Auckland office is a rated 5 Star Green Star Office Design, by the New Zealand Green Building Council.

We are working towards being able to measure all our material scope 3 emissions – emissions beyond our operational control – by next year. These include supply chain emissions and emissions associated with the assets we underwrite.

We also understand that our environmental impact goes beyond contributing to climate change through emissions. We have started exploring other types of environmental impacts such as nature and biodiversity. While this work is still in the early stages, we have started understanding what this means for our business.



To read more about our emissions, please see the Metrics and Targets section of our 2024 Climate Statements.

Reusing and recycling

Our operations produce waste, which can negatively impact the environment. We use signage to encourage waste segregation and reduction at our offices and Customer Service Centres and have resources in place for our teams to use. Our Workplace Technology team have joined forces with Ecotech to dispose and recycle IT Equipment that would normally go to landfill.

Our investment strategy

We work with Nikko Asset Management as our Fund Manager under an Investment Management Agreement to ensure that the returns on our investment portfolio are stable long term. When selecting a Fund Manager, we review their ESG policies and factor these in to our evaluation. The assessment of ESG risk factors at the individual security level is the responsibility of the Fund Manager, [read more here about Nikko's approach](#).

Internally, we review our investments portfolio annually for exposure to transition risks as part of the Climate Change Scenario Analysis (CCSA) process. These factors help us to ensure we have shared governance practices with Nikko for managing our investments.



Read about our response to climate change in the Strategy section of our 2024 Climate Statements.

Ethical sourcing

Our network of partners, repairers and suppliers is an extension of our business. Our in-house team of Supplier Performance Managers work with suppliers to check that they are meeting our standards and expectations. AA Insurance has aligned to [Suncorp's Supplier Code of Practice](#), which outlines what we expect of our suppliers. They need to be ethical, fair and engage in responsible and sustainable business practices to comply with the Code.

We know that the impacts of climate change and environmental damage can have a negative impact on our suppliers, so we aim to be supportive and pragmatic when managing the transition toward more sustainable practices.

Proud member of the



We continue to be a member of the Sustainable Business Council (SBC).



The circular economy of cars – reducing waste, reusing resources

Every year we process thousands of motor vehicle claims. Inevitably, some of the vehicles involved are total losses or what we call 'write-offs' (the costs of repairing them outweighs their value). That's a lot of car parts and materials. Enter the circular economy, with its opportunities to reuse parts and materials and reduce waste to landfill.

Understanding the life stages of our cars is important. Once a vehicle is a total loss or written off, we send it to what we call an 'end-of-life' vehicle car yard, where the cars are auctioned off. Some of these cars go to dismantlers where qualified teams process the vehicles and dismantle their parts.

Where we can, we work with partners who reduce their impact on the environment. They include Auckland-based Affordable Parts World.

Some of the things which we recycle include the fluids, the refrigerant, batteries, a lot of the mechanical equipment as well as reusing car doors, mirrors and plastic bumpers. Dismantling cars is such a good way of recycling and re-using what we have already produced in the world.

– Peter Butler, Affordable Parts World (business partner)



AA Insurance

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