



# ***Corporate Social Responsibility Report 2020***





***“We have worked hard over the years to do the right thing, focusing on our customers and our people as priorities. As a result, we have been consistently recognised as one of the top five most-trusted businesses in New Zealand. Not only does that rating recognise our efforts, but it also cements our reputation with our customers as an organisation that is ethical and trustworthy.”***

Chris Curtin

AA Insurance, Chief Executive



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## About this report

Our business is built on the premise of 'doing the right thing'. Establishing a formal Corporate Social Responsibility (CSR) framework in 2019 created the opportunity for AA Insurance to be more transparent about its business – and we knew that initiating a formal CSR reporting process was the right thing to do.

This report communicates AA Insurance's CSR focus and progress on a range of environmental and social topics that impact our business and our customers. We have followed the general principles of sustainability reporting.

We welcome your feedback on our first Corporate Social Responsibility Report. Please send your comments to [aailcsr@aainsurance.co.nz](mailto:aailcsr@aainsurance.co.nz)

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## 01

**Chief Executive's  
introduction**

**AA Insurance is an organisation that is all about doing the right thing by our people, our customers and the communities we live in. Our deeply engrained purpose and our genuine values guide us to make the right decisions for our customers time and time again.**

If you asked any of our 800 people what our purpose was, they could tell you. Not because it's short and written on the office walls but because they understand it, they believe in it and it is woven into the fabric of this organisation. Let me give you an example.

In October 2019, we were sitting in our Auckland office in Sale Street watching, horrified, as smoke poured from the roof of the SkyCity International Convention Centre just a few hundred metres away.

Our people knew there would be a lot of vehicles parked in that building and realised most were owned by SkyCity employees who were unable to rescue their cars.

Typically, an insurance company would wait until cars could be accessed and assessed individually before processing the claim.

We took a different view. We knew that the volume of water poured onto the fire meant those cars would be underwater and would be written off. Our people made the call very quickly to settle our customers' claims sight unseen and to waive the excess, as eventually someone would be liable for the fire. Our team really thought about the impact of this event and how we could help our customers.

Those cars sat there for 105 days. But our customers had their claims processed and paid well before then. They did not come to me for approval – I heard about it later. That is empowerment in action.

**Corporate responsibility is entrenched**

Our fundamental purpose of 'We care, we help, and we get things sorted' drives our business, underpins our trusted reputation and is the foundation of our success.

Our sustainability and corporate responsibility strategy is anchored in that purpose. This is about us being part of society, part of the New Zealand community and doing the right thing for our customers.

This, our first, Corporate Social Responsibility Report flows from that thinking. Given our size, visibility and influence, demonstrating good corporate and social citizenship is more important now than it has ever been. So, while we are not required to, we have chosen to report on our sustainability performance.

I have spent many of my 25 years with AA Insurance learning about the drivers of organisational performance. Along the way, I have become interested in the importance of having a business purpose and the importance of getting the right people involved.

When we started AA Insurance, it was essentially a 'green field' start-up. We thought about what sort of business we wanted to be, what our purpose would be, what we wanted to be known for and what type of people we needed to reach that goal. From the start, we decided we would have a different response to typical problems and opportunities in the insurance sector. We constantly challenge ourselves to think differently.

### Earning trust

We have worked hard over the years to do the right thing, focusing on our customers and our people as priorities. As a result, we have been consistently recognised as one of the top five most-trusted businesses in New Zealand. Not only does that rating recognise our efforts, but it also cements our reputation with our customers as an organisation that is ethical and trustworthy.

While we worked hard for this reputation, we know we need to go further. We operate a highly visible brand with hundreds of thousands of customers. Our daily actions throughout our business reflect on our brand and reputation.

***These days, New Zealand consumers expect organisations they interact with to be trustworthy.***

They also expect them to give back to society.

Having a strong corporate and social conscience is a critical driver of our culture and is simply what our own people expect of an organisation they want to work for.

This is why we have developed a formal Corporate Social Responsibility (CSR) framework. We have always strived to do the right thing for our customers and employees. Our intention with this was to formalise our approach and embed it throughout the business.

Our CSR framework encompasses four key principles: doing the right thing; getting things sorted for our customers; helping the environment; and caring for our people and communities.

### We call it Manaakitia

At AA Insurance, we have always believed in simplicity and approachability. In formalising our CSR approach, we also recognised it needed a name that everyone could relate to. So, we asked our people for suggestions – and then asked everyone to vote for their favourite.

The overwhelming winner was Manaakitia, which translates to 'we look after, care for, show respect and kindness'.

That last word, kindness, leads me to my final point: 2020 was a difficult year for many of our people and our customers. We had flooding, droughts, extreme hail, wildfires and, of course, COVID-19.

Through all of this, we always tried to do our best for our customers and for our employees. Working from home became the new normal. We recognised, however, that for some of our people, working from home while being responsible for children or elderly parents was, at times, difficult. So, we accommodated that and our teams pulled together and supported each other. This was wonderful, but no real surprise given the quality of people we have recruited over the years.

For our customers, we realised early on that COVID-19 would be unusual, that the lockdown would impact people's lives. There were fewer cars on the road and fewer people making vehicle claims. There was overwhelming support to do the right thing. Not wanting to take advantage of the situation at the expense of our customers, we decided to give a rebate on motor insurance premiums; it equated to over \$19 million but it was an easy decision because it was the right thing to do.

Our employee engagement score is consistently high and every time there has been a major disaster, it has increased, which reflects the team attitude, the culture and engagement with our core purpose.

I strongly believe there is a significant correlation between engagement, growth and returns. If you focus on purpose and engagement, and get those things right, you will get the best outcomes for what matters most – people. For us, it's our people, customers and shareholders. It takes time and effort to get it right but once you do, the rewards are worth it – a team of people who love what they do and believe in it.



**Chris Curtin**  
Chief Executive  
AA Insurance





## 02

## Business snapshot



**Looking after  
New Zealanders  
since 1994**

**83%**

**10-year** average  
employee engagement  
score of **83%**



Joint venture between  
New Zealand Automobile  
Association (NZAA) and  
Vero Ltd, AA Insurance is  
independently operated



Protecting what  
matters most to over  
**440,000**  
New Zealanders

**800**

**Over 800**  
permanent employees



Direct relationship with  
customers via our contact  
centre or digital channels



**62% female  
and 38% male**  
gender split



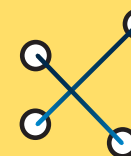
**26-year-old  
partnership**  
with NZAA



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



Insurance offered through all  
**37 NZAA branches**  
nationwide



**Four motor  
Customer Service  
Centres** – North/South/  
West Auckland and Hamilton



Partnering with a network of  
**150 quality  
repairers**  
from Kaitia to Bluff



Looking after over **900,000**  
car, home and contents, small business,  
classic vehicle, motorhome, motorcycle,  
caravan and trailer insurance policies



# 03

## Our Corporate Social Responsibility approach

Corporate Social Responsibility (CSR) is one of the key strategic focus areas for AA Insurance.

Our CSR framework guides our efforts in

- Getting things sorted for our customers;
- Helping the environment; and
- Caring for our people and our communities.

At the heart of these three areas is our foundational approach of doing the right thing.



### We get things sorted for our customers

We put our customers at the heart of everything we do. We listen to them, take time to understand their unique situation and help them so they can make informed decisions, based on their needs.

#### To do this we will:

- Understand the needs and challenges of our customers and provide appropriate and personalised product and service offerings.
- Develop organisational awareness relating to customer vulnerabilities and obligations of the insurance industry.
- Develop a deep understanding of what social, environmental and economic issues matter most to New Zealanders to support solutions for all customers.



### We help the environment

We are committed to understanding and managing our environmental impact. We work with our people, our customers, and our suppliers to proactively respond to our changing landscape and to collectively create an enduring today for tomorrow.

#### To do this we will:

- Minimise AA Insurance's environmental footprint.
- 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.



### We care for our people and communities

We provide our people with a safe and supportive environment where everyone's voice matters and all opportunities are equal. We grow, nurture and promote a diverse and inclusive workforce and bring the best out of our people. Our people are passionate, bring meaning to their role and are inspired by the difference they can make to the lives of New Zealanders. We contribute to our communities by giving back.

#### To do this we will:

- Grow and embed practices that promote a diverse and inclusive workplace and are reflective of our communities.
- Provide our employees with access to opportunities to support their personal resilience and build their capability for the future.
- Refine our community approach to enable our people and business to establish a meaningful connection.



### We do the right thing

We are committed to building trust and doing the right thing. We are open and transparent in our dealings with our stakeholders.

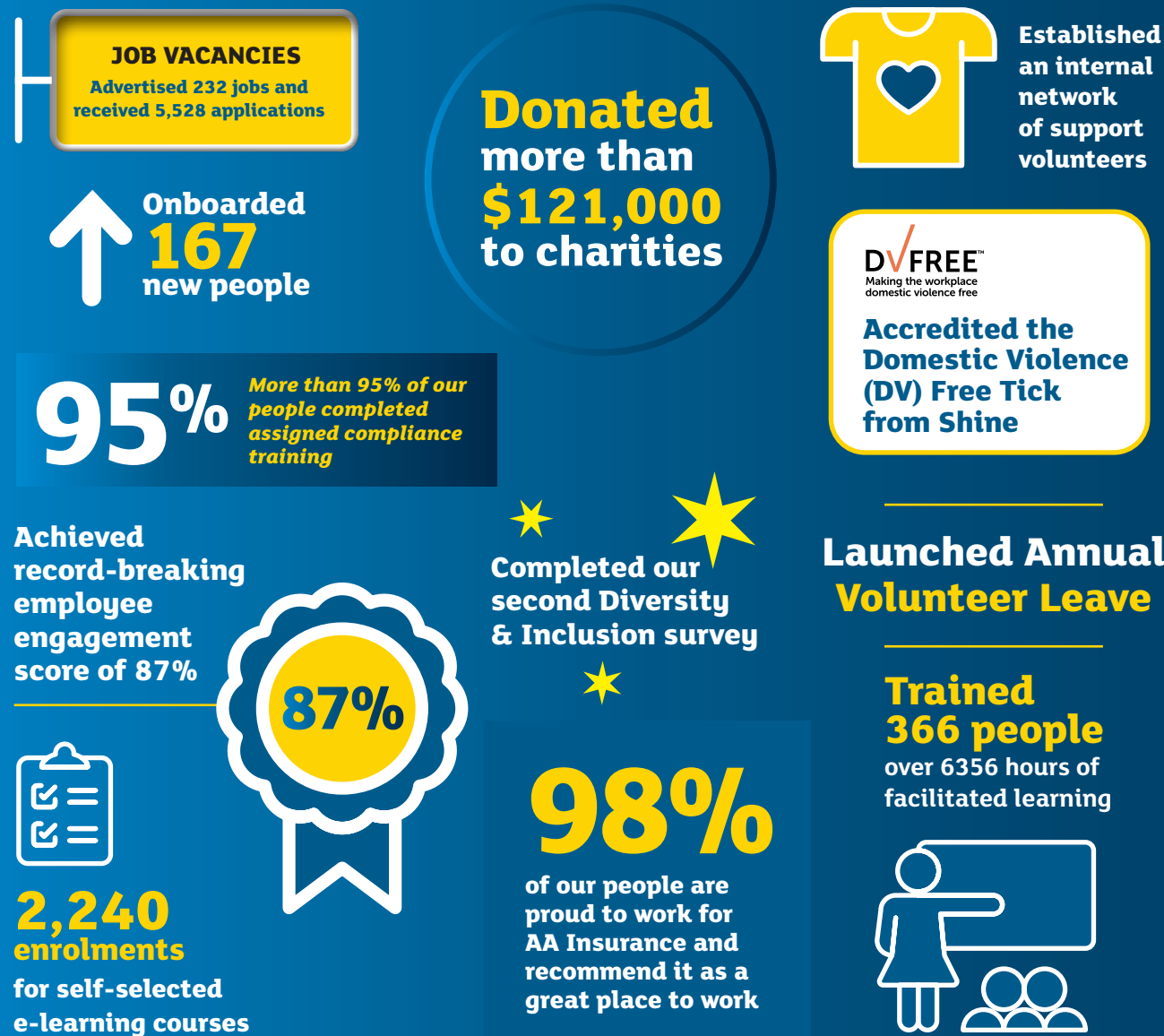
#### To do this we will:

- Create everyday purpose where all our people are united behind the greater good of doing the right thing.
- Develop and embed CSR risk management (environmental, social and governance) activity and focuses to our core business practices and processes.

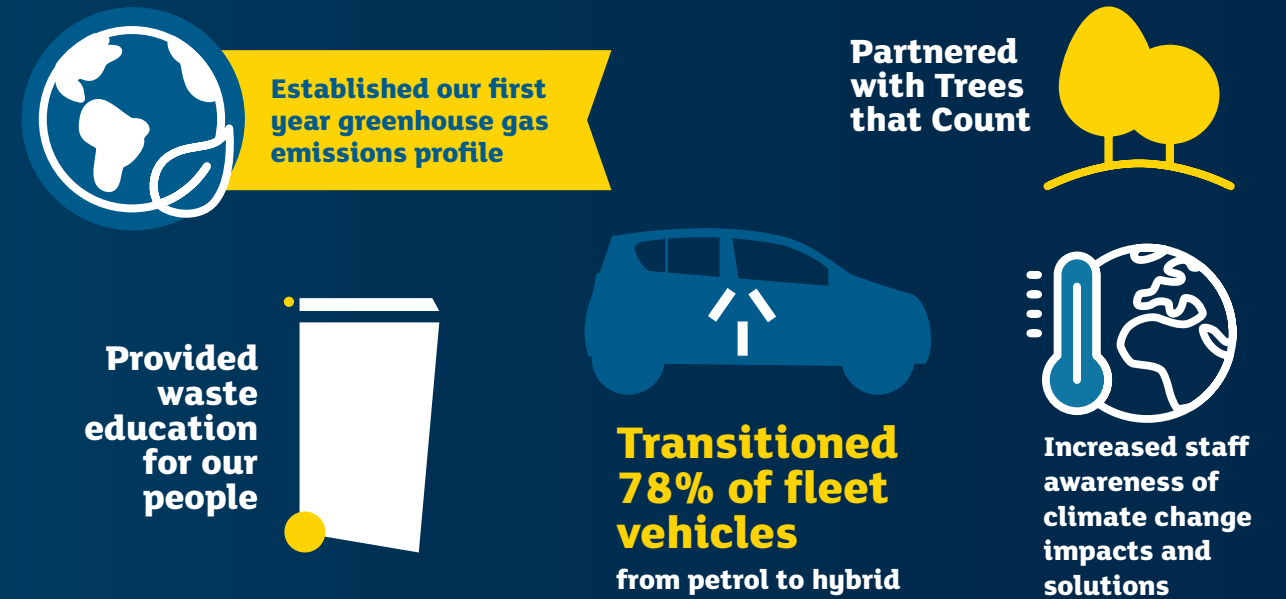
# 04

## Highlights of the year

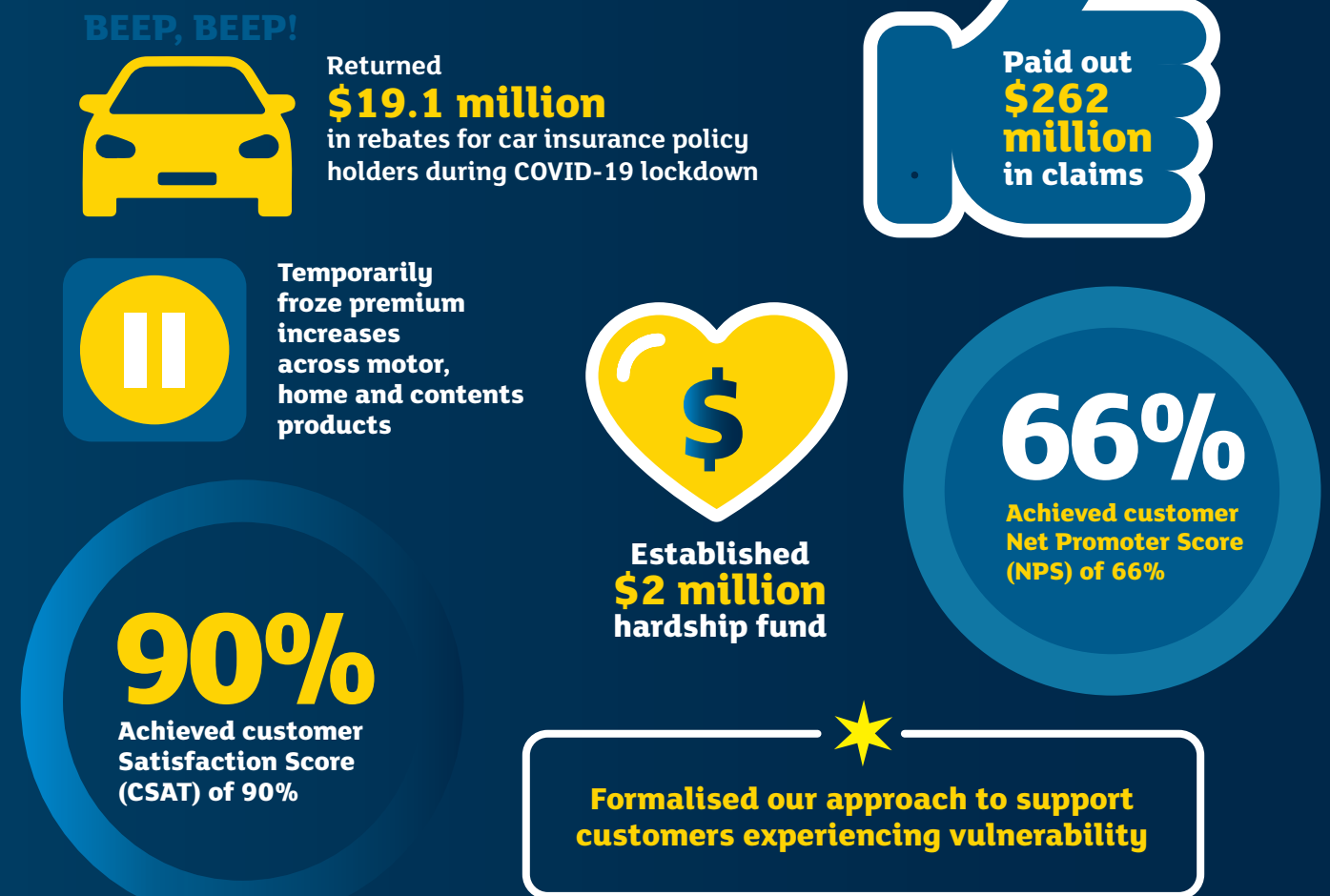
### People & communities



### Environment



### Customers





# Independent validation



Recognised in the top five for the sixth consecutive year for the Colmar Brunton Corporate Reputation Survey (Rep Z)



Acknowledged as Reader's Digest Most Trusted Brand – General Insurance (Home, Contents, Car) for the last 10 years



Acknowledged with Reader's Digest Quality Service Award for Car Insurance for the seventh year running



Acknowledged with Reader's Digest Quality Service Award for Home & Contents Insurance – silver for 2020, 2019 and 2017 (gold in 2018, 2016 and 2015)



Awarded Consumer NZ's 2019 and 2020 People's Choice for Car, Home and Contents



Won New Zealand Insurance Industry Awards (ANZIIF) Direct General Insurance Company of the Year for the sixth time (out of eight possible years)



Received New Zealand Insurance Industry Awards (ANZIIF) Innovation of the Year for AA Home Response

**KANTAR**

Recognised as New Zealand's top brand for customer experience in the 2020 annual Kantar Customer Leadership Index



Won two awards (gold and bronze) at the global Brandon Hall Group Excellence Awards for our approach to learning development



Highly Commended in the Emerging Diversity & Inclusion Programme category of the 2020 Diversity Awards





# 05

## Responding to what's important



To improve as an organisation, we need to identify, understand and closely manage our performance on the topics that are most important to us and our stakeholders.

A materiality assessment defines the environmental, social and governance (ESG) topics that matter most to the business and our stakeholders.

By carrying out a materiality assessment, we can identify the most relevant risks and opportunities, understand trends on the horizon, and prioritise our resources for long-term sustainability.

In 2020 we performed a three-step materiality process. First, we developed a long list of material topics and stress tested those against external reports, such as the World Economic Forum Global Risks, and industry peers. These topics were then reviewed internally by our Executive Management Team.

We then interviewed and surveyed a group of customers representing a spread of insurance policies, age groups, gender and locations. We also interviewed industry partners, suppliers, community and sponsorship partners and public relations consultants.

Finally, we identified a large group of internal stakeholders based on their engagement, subject area expertise, experience or interest in the materiality topics. We used a mix of online surveys and workshops to assess and rate the impact of AA Insurance on the material topics gathered.

For the most part, internal and external stakeholder ratings were reasonably aligned – eight of the top 10 rated topics were consistent between both stakeholder groups, albeit slightly different ratings. This is a really positive sign that our business is in tune with our external stakeholders.

### The top five 'highly material' topics for AA Insurance are:

#### 1. Credibility and trust

Ensuring the reputation of the organisation by demonstrating and maintaining credibility with customers and earning their trust, being authentic and genuine.

#### 2. Fair treatment of claims

Having transparent processes to address claims and ensure fairness and value for all customers.

#### 3. Customer experience

Providing a positive customer experience and customer-centric product design, including areas such as complaints handling.

#### 4. Emergency response and post-disaster relief

How AA Insurance responds to national emergencies or natural disasters, how it supports its customers and communities to prepare for, cope with and recover from these events.

#### 5. Employee health and wellbeing

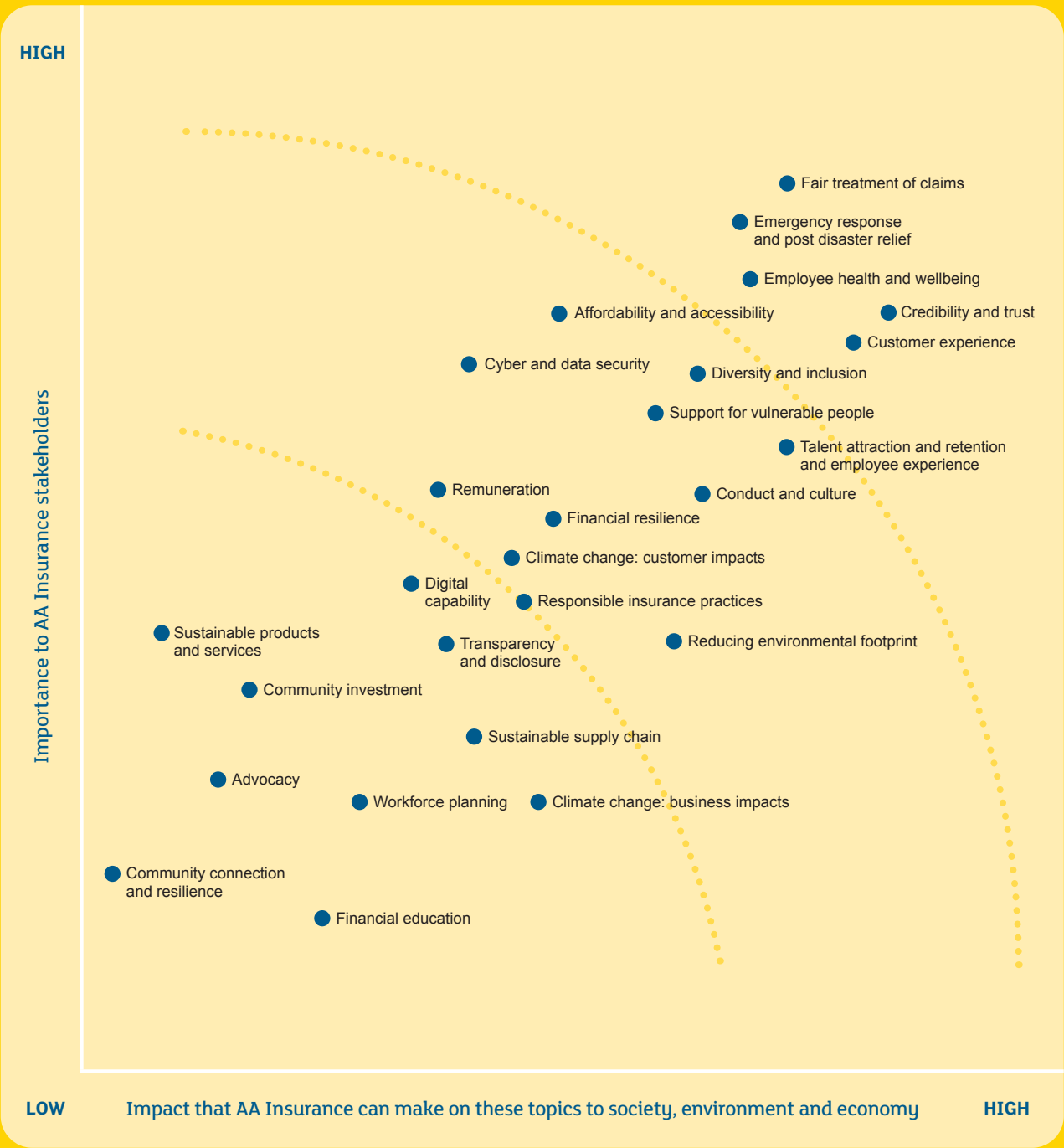
How AA Insurance protects and maximises the health, wellbeing (both physical and mental) of its employees.



# AA Insurance 2020 Materiality Assessment

Focusing on the highly material topics is critical to our long-term success and it is the right thing to do. We are committed to taking into account the views and perspectives of our stakeholders and will regularly complete materiality assessments to help us make informed and balanced decisions.

The topics with the highest priority for stakeholders and the biggest estimated impact on our business or on society appear in the matrix below. All topics shown in the top-right corner of the chart are considered material and high priority.





## 06

*We do the right thing***Our approach to customers**

AA Insurance's purpose, **'we care, we help, and we get things sorted'**, and our values-led culture drive our people to deliver great customer experiences every day. AA Insurance stands behind core values known as 'genuine – having the courage to do the right thing.' We put our customers at the heart of everything we do. We listen to them, take time to understand their unique situation and help them so they can make informed decisions, based on their needs.

We are committed to getting things sorted for our customers and do not take lightly their trust in us to protect what matters most.

We recognise that sometimes our customers may be experiencing vulnerability due to a range of personal or environmental factors, and those customers may not always express outright that vulnerability to us. We actively listen and seek further information when appropriate.

Our people are trained and empowered to identify vulnerable factors and to support those customers, considering out-of-the box solutions as appropriate.

**Conduct and Culture Review**

Since the Australian Royal Commission and reviews by New Zealand regulators – the Financial Markets Authority (FMA) and Reserve Bank of New Zealand (RBNZ) – conduct and culture has become an issue at the forefront of people's minds.

In response to the FMA and RBNZ request to general insurers, AA Insurance completed a gap analysis against the Australian Royal Commission report, the FMA's Life Insurer Culture and Conduct report, the FMA's Good Conduct Guide and our products to identify and mitigate potential risks to customers and meet regulator expectations.

Overall, AA Insurance demonstrated a clear commitment to its customers, confirming that they receive 'good outcomes' and are central to AA Insurance's strategic decision-making process. The review has highlighted opportunities to further strengthen how we meet or exceed customers' expectations and mitigate potential risks to customers.

**Our approach to complaints**

We have a commitment to a high standard of service and excellent customer satisfaction; our business and reputation depend on this.

When we receive a customer complaint, we follow our Complaints Management Framework which is aligned to our business strategy, values, operating model, regulatory obligations, industry codes and best practice standards.

In accordance with the Fair Insurance Code, effective 1 April 2020, we define a complaint as verbal or written advice that a customer is dissatisfied with a product, service or the complaints handling process itself, and expects something to be done about it.

Our people are all trained to treat complaints with care, importance and urgency. We view complaints as an opportunity to put something right and try to identify the root cause and trends, so the same issues don't happen again. Most complaints are resolved at the first point of contact. If not, we have a formal escalation process and a Customer Resolution Service in place.

***“Insurance is not a favourite topic therefore customers want communication and contact to be quick and efficient. Everyone wants to feel that they have been heard when they have a complaint even if they are not happy with the answer.”***

AA Insurance customer

**Relevant material issues**

- Credibility and trust
- Conduct and culture
- Financial resilience
- Responsible insurance practices
- Remuneration
- Transparency and disclosure
- Sustainable supply chain
- Advocacy



### We invest our funds responsibly

In 2019, we introduced a Responsible Investment Policy in line with our majority shareholder.

The policy incorporates environmental, social and governance (ESG) considerations into the selection and evaluation of investment risks and opportunities. The policy outlines criteria for investments, our approach to impact investing and the governance of proxy voting activity.

Under the Responsible Investment Policy, we do not invest in tobacco or weapons, and exclude investments in companies with identified human rights abuses in their operations or supply chains.

### Keeping our customers' data and our systems safe

Over the past year, cyber-attacks on New Zealand businesses and organisations have increased. This increase coincides with more businesses allowing staff to work from home, accessing corporate networks remotely.

Attackers gain access to business networks via a range of exploits, they can then extract sensitive data, sell it on the dark web or encrypt files and hold their victims to ransom.

Like any other responsible organisation, AA Insurance uses cyber security techniques to protect our computers and our customers' data from unauthorised access or attacks that aim to exploit or hinder our business. This includes the implementation of security management policies and frameworks, regular internal audits, staff compliance, (for example training and incident reporting) and external parties meeting the minimum security standards.

We also have a governance structure that oversees our policies, technology and cyber activity. At the heart of this structure is our ICT and Data Security Forum, which meets monthly to review ongoing activities, cyber issues and our cyber security systems.

### Our memberships

Collaboration is key to a sustainable future. We connect with various organisations, groups and industry bodies to leverage thought-leadership, and establish relationships.

#### Diversity Works

AA Insurance joined Diversity Works at the end of 2018. Diversity Works is the national body providing trusted advice to workplaces across all diversity dimensions. Our membership shows AA Insurance's commitment to diversity and inclusion, and our commitment to providing our people with a safe and supportive environment where everyone's voice matters, and opportunities are equal for all.

#### Trees That Count

We are dedicated to looking after the things that matter most to our customers, our people and wider community in New Zealand. That means we're taking responsibility for the part we play in society and, as part of our commitment to a sustainable future, have proudly partnered with Trees That Count. In the past year, we have supported two planting groups – the Sustainable Paremoremo Group and Greening Taupō – and provided them with 812 native trees. Native trees and shrubs have a powerful role to play in the fight against climate change and those 812 trees will help remove around 185 tonnes of carbon from the atmosphere.

#### Sustainable Business Council

Through our relationship with Suncorp New Zealand, we have become members of the Sustainable Business Council (SBC). The Sustainable Business Council catalyses the New Zealand business community to have a leading role in creating a sustainable future for business, society and the environment.

Since joining we have attended numerous conferences; workshops; contributed to the SBC newsletter (Pānui) and as well as participating in webinars our Chief Executive was invited as a guest speaker to share AA Insurance's approach to reputation building and how we measure it.

Our Corporate Social Responsibility (CSR) Manager graduated from the 2019 Sustainable Leadership Programme and our CSR Specialist is a graduate of the 2020 virtual/online cohort. The Programme is held by SBC in conjunction with Catapult.

The new skills and thinking obtained through our SBC membership assists us to navigate complex environmental and social issues, like climate change, and connect with other organisations which have sustainability at their core.







# 07

## *We help the environment*

**Relevant material issues**

- Reducing environmental footprint
- Climate change: customer impacts
- Climate change: business impacts
- Sustainable products and services

**We help the environment**

AA Insurance began tracking its environmental footprint in July 2019 using the control approach in accordance with the Greenhouse Gas Protocol Corporate Accounting Standard. Measuring our environmental footprint has enabled us to understand our impact and identify where we can make a difference.

We recognise that our first year of measurement (1 Jul 2019 – 30 Jun 2020) may not reflect our ‘typical’ environmental impact. Due to COVID-19, we saw significantly reduced business travel and a huge increase in work from home occurring between April – June 2020 during the lockdown period. That is why we will complete another full year of measuring our environmental footprint to provide a more representative base year for setting our emissions targets and programme of action.

We are already taking steps to achieve emissions reductions, such as occupying a 5 Green Star-rated building, purchasing sustainable office products, introducing hybrid vehicles into our fleet, and encouraging our people to make a positive impact on the environment at work and at home.

As an office-based company, greenhouse gas (GHG) emissions from AA Insurance operations are mainly created by our fleet vehicles and electricity usage, which account for around 70 per cent of emissions. Air travel is another source, while paper use and waste are also minor contributors to our GHG emissions.

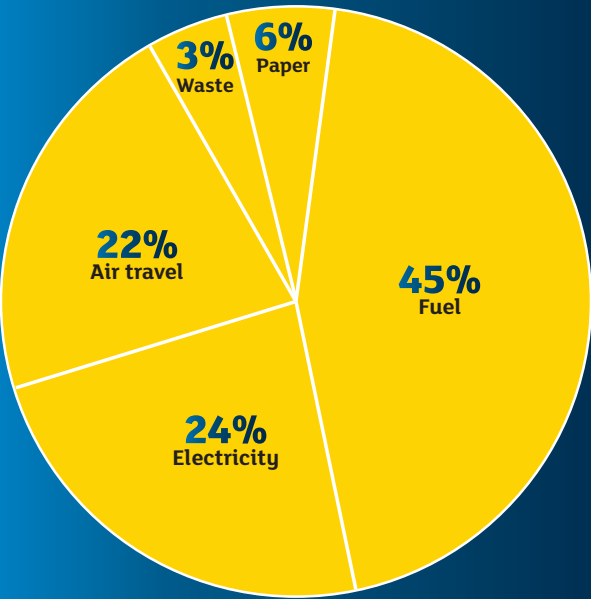
Looking beyond our own environmental footprint, we recognise that it’s not just our operations that will help New Zealand’s transition to a low-carbon future. We are committed to understanding the risk that climate change presents to our investments, customers and supply chain.

Along with implementing a Responsible Investment Policy, we have developed a Supplier Code of Practice alongside Suncorp New Zealand, addressing environmental, social and governance risk considerations.

**Greenhouse Gas Emissions:  
July 2019 – June 2020**

**Carbon (CO<sub>2</sub>) Emissions**

First year July 2019 – June 2020  
% by category



**GHG emissions – Scope 1-3:  
July 2019 – June 2020**

Scope 1 – Direct emissions (CO <sub>2</sub> e)	129 tonnes
Scope 2 – Purchased electricity (CO <sub>2</sub> e)	69 tonnes
Scope 3 – Indirect emissions (CO <sub>2</sub> e)	90 tonnes
<b>Total greenhouse gas emissions (CO<sub>2</sub> e)</b>	<b>288 tonnes</b>



## Initiatives to reduce our carbon footprint

### Transitioning our fleet

Hybrid vehicles can make a significant difference to carbon emissions from transport fuel. Self-generating hybrids capture energy from regenerative braking systems and store it as electricity in a battery to power an electric motor, which supplements the petrol engine.

By the end of 2020, AA Insurance will have transitioned 78 per cent of its vehicle fleet to hybrids, reducing emissions by about 40 per cent compared with the equivalent petrol-fuelled cars they are replacing.

### Reducing our waste

When we moved into our new Auckland head office in 2018, we took the opportunity to improve our environmental footprint. Our people were keen to get involved, so we included them in the process, held focus groups and listened to what was important to them.

One finding was that using eco-friendly cleaning products was important to them, so we looked at alternatives and are now using eco-friendly cleaning products as are our cleaning companies.

We provided Keep Cups to all staff to reduce the use of disposable cups and introduced mixed recycling and organic food waste bins alongside smaller landfill bins, as well as paper and cardboard collections.

During 2020's 'plastic-free July', we invited our rubbish removal service to run an interactive session for staff on the waste stream and how to dispose of waste responsibly.

We also installed more signage in our offices on what can (and cannot) be recycled or composted.

Upon collection, our rubbish is weighed. This gives us insight into what kind of waste and how much we produce month-on-month and forms part of our reporting on carbon emissions.

### Diverting and repurposing our office equipment

We work with charities to repurpose our old furniture and equipment. During the 2018 head office move, we repurposed our old furniture, equipment and e-waste all around New Zealand, diverting 100 per cent from landfill. We continue to take this approach wherever possible.

### Green buildings

AA Insurance's Auckland office is a 5 Green Star-rated building and includes energy-efficient lighting, appliances, water heating, and air heating and cooling systems. All insulation and interior materials are eco-labelled as sustainably sourced, with the latter having low VOC (volatile organic compound) ratings. During the construction phase, 95 per cent of all construction waste was recycled.

More than 100 AA Insurance staff are looking forward to moving into a new office development in the centre of Hamilton in 2021. We will join another financial company as inaugural tenants in the first of five new buildings that will make up the Union Square business hub. Tenants will have access to a purpose-built wellness centre and end-of-trip facilities such as cycle parking and showers.

These selling points combined with the building materials, chosen to reflect the Waikato region and selected to meet Green Building principles, were influencing factors in signing the new lease.

### Offsetting the carbon cost of meetings

It is important to us to get together as a company from time to time. In September 2019, more than 750 staff attended our annual Town Hall meeting. Recognising the travel and logistics involved for our people across New Zealand to attend the Auckland event, we measured the associated carbon cost. We incurred a 'cost' of 2,540kg of CO<sub>2</sub> equivalent emissions.

To offset the emissions created from the event, the Executive Management Team of AA Insurance donned their gumboots and went tree planting in a boggy section of Harania Reserve in Favona, Auckland.

The team spent a morning planting rushes and trees in a wetlands area of the reserve, which was more than enough to offset the carbon emissions from the event.

### Our exposure to climate change risk

During the year, our Chief Financial Officer (CFO) attended a unique event for New Zealand business CFOs, a climate risk and value creation workshop run in partnership between the Sustainable Business Council and a professional services firm. The CFOs explored how they could take the lead in managing climate risk and create value by embedding sustainability into an organisation's strategies, systems and processes.

During 2020, many of our Northland and South Island customers have had to deal with extreme weather events such as flooding and hailstorms. Our people moved quickly to provide advice and support for our customers, and to process claims from these events.

With more flooding and other extreme weather events likely in the future, resulting from climate change, insurers and reinsurers are moving quickly to understand

the impact of these events on their businesses. For an insurance company, this has an impact on both our reinsurance cost and the allowance we need to make for natural hazards, both of which influence insurance premiums.

Investing in sustainability is not only a force for good but also makes good business sense in the long-term, especially as more people are making purchasing choices based on how a company is aligned with their own sustainability values.

### Working with our suppliers

Our customers trust us to do the right thing, and this extends to the partners and suppliers we choose to work with. As part of our commitment to Corporate Social Responsibility, we have developed a Supplier Code of Practice.

The code outlines the expectations we have of partners and suppliers to ensure they are sustainable, responsible, fair and ethical in their business practices. As well as the standards we expect, the code also covers their supply chain when providing goods and services on our behalf.

We began implementation of the code with a test-and-learn trial in 2019 and, following a review, we plan a broader roll-out to all AA Insurance suppliers.



**78%**  
of vehicle fleet  
transitioned  
over to hybrids.

***"Climate change and the impact on New Zealand and the insurance industry is with us now and it's real. We need to have a louder voice in this area."***

AA Insurance team member



# 08

## We get things sorted for our customers

### Relevant material issues

- Fair treatment of claims
- Customer experience
- Affordability and accessibility
- Support for vulnerable people
- Cyber and data security
- Digital capability
- Financial education

### At AA Insurance, we truly put our customers first.

To us, there is a big difference between just doing a job and really caring for people. Our people are empowered to do the right thing and come to work to genuinely make a difference for our customers.

For many years, our purpose and genuine values have guided our customer approach with the customer at the forefront of decisions we make.

We take the time to understand our customer's existing situation and ensure cover is right for their needs, recognising that these change over time. A customer making a claim with us is the 'moment of truth' – where we can demonstrate the value of the products we sell and the genuine care we have when our customer needs us the most.

### Trust is our word

In our view, an AA Insurance policy is not just a business contract but represents a significant commitment of trust. While the wording of the policy conveys our minimum legal responsibility, we aim to provide more than a service that just meets our legal obligations.

We endeavour to help our customers back to the same position they were in prior to an event happening. We consider a customer's loyalty and tenure with us. We learn from our experiences and feedback to consistently improve our products and service.

<b>Total customers</b>	<b>440,000</b>
<b>Total policies</b>	<b>900,000</b>
<b>Customer satisfaction (CSAT)</b> (Overall, how satisfied were you with your recent experience with AA Insurance?)	<b>90%</b>
<b>Net promoter score (NPS)</b> (How likely would you recommend AA Insurance to family, friends or colleagues?)	<b>66%</b>

NB: NPS and CSAT scores reported above represent the total score across AA Insurance's sales, service, claims and digital channels for FY20.

### Trust in action

#### Looking after customers during COVID-19

Fewer cars on the road meant the reduced likelihood of motor insurance claims during the COVID-19 lockdown period in April and May 2020. It didn't seem appropriate for AA Insurance to benefit from the situation, so we made the decision to support our customers and refund a portion of their car insurance premiums paid during Alert Levels 3 and 4.

It became clear as early as April that many of our customers were affected by the economic impacts of COVID-19 including reduced or no income, job losses and the uncertain future of businesses.

We decided on three initiatives that could assist with financial hardship:

#### Create a \$2 million hardship fund;

#### Temporarily freeze premium increases across motor, home and contents policies; and

#### Give a premium rebate to all motor insurance customers.

There was unanimous support across AA Insurance – from the Board to team members – because it was the right and fair thing to do.

The hardship fund was established to provide financial assistance to customers so they could retain their insurance cover during and following the COVID-19 Level 4 restrictions. The \$2 million fund formalised what AA Insurance was doing already to support customers experiencing financial hardship.

Over 400,000 customers received rebates – a dedicated team was set-up to manage these transactions, which equated to over \$19 million



# Case studies

# 1

## Trail of hail destruction in South Canterbury

Hail stones the size of golf balls hit Timaru around lunchtime on Wednesday 20 November 2019. The hail damaged roofs, smashed windows, and dented hundreds of vehicles. Although late spring, the town was blanketed with thick, white hail in minutes, leading to the largest motor claims event in our history.

With no shortage of volunteers to head to Timaru, AA Insurance moved into action quickly and within a week we had a team of assessors and claims managers on the ground supporting our customers when they needed us most.

Such was the scale of the event it took three weeks, working long hours, staying in motels and hastily hired camper vans, to get the job done. Cars had panel damage, broken windows, and dented wing mirrors. Some were repaired and others were so badly damaged they had to be written off.



# 2

## Getting claims sorted quickly for flooded cars

The October 2019 Sky City Convention Centre fire had a major impact on Auckland, forcing many workers to leave the central business district and work from home because of the pall of smoke over the city.

Staff watched the fire break out on the roof, just a few hundred metres away from AA Insurance House, and knew that many vehicles parked in the basement of the building would be water or fire damaged. Thirty of those vehicles were insured with AA Insurance.

In normal situations, we would wait to inspect vehicles first, then decide what could be salvaged and settle with the customer.

In this case, we knew many of the car owners would rely on their vehicles to get to work and would be unlikely to have available funds to buy a replacement. A week after the fire, we started to agree settlements with our customers and paid out lump sums, ensuring our customers could replace their cars, quickly and without unnecessary delay.

It took almost four months for the 180 flooded cars to be released from the building after the fire, but our thirty customers were already back on the road well before then.



## Winning awards reaffirms our business model

While we don't shape our business to win awards, it is satisfying to be recognised for the work we do to help our customers and for the trusted reputation that we have built up over the years.

### Trusted by New Zealanders

We are particularly proud to be voted by New Zealanders as Reader's Digest Most Trusted General Insurance Brand for 10 consecutive years. In the annual survey, more than 1,600 New Zealanders selected and rated their three most trusted brands in each of 69 categories of products and services. The honour speaks volumes about our people and the contribution they have made and continue to make to earn the trust of our customers.

Another highly credible measure of our trust with our customers is Consumer NZ's annual insurance provider customer satisfaction survey. In the 2019 survey, AA Insurance was named the People's Choice award winner for car, home and contents insurance.

According to the Consumer NZ survey, 73 per cent of AA Insurance customers were very satisfied with us for car insurance, compared to the industry average of 65 per cent, and 65 per cent were very satisfied with their house insurance (55 per cent industry average) and 68 per cent with their contents insurance (58 per cent industry average).

The People's Choice Award is based on a survey sent to more than 5,000 Consumer members and supporters.



### Recognised by the industry

Outstanding service, doing the right thing by our customers and meeting their changing needs led to AA Insurance winning the Direct General Insurance Company of the Year, and Innovation of the Year at the 2019 New Zealand Insurance Industry Awards.

The Direct General Insurance Company of the Year Award recognises general insurance companies that demonstrate strong financial performance as well as outstanding customer service.

The Innovation of the Year Award was achieved for AA Home Response, a joint service with the NZAA that was launched in 2018 to meet customer needs for tradespeople.

### A trusted and reputable company

In May 2020, AA Insurance was ranked as one of the top five most reputable companies in New Zealand for the sixth year in a row.

The Colmar Brunton Corporate Reputation Index examines 50 well-known brands and calculates overall reputation using four measures:

- Trust;
- Leadership;
- Fairness; and
- Responsibility.

This independent validation says a lot about our reputation, which is based on the collective efforts of our 800+ people who proudly look after our customers every day.

Trust remains the most important driver of reputation for New Zealanders and is the cornerstone of AA Insurance's reputation.

The trust our customers have given us to protect what matters most to them is not taken lightly; we will continue to earn the trust of New Zealanders by doing the right thing.



# 09

## We care for our people and communities

### Relevant material issues

- Emergency response and post disaster relief
- Employee health and wellbeing
- Diversity and inclusion
- Talent retention and employee experience
- Workforce planning
- Community investment
- Community connection and resilience

### Our people

AA Insurance has a deeply embedded values-based culture and a strong sense of purpose.

Getting the right people on board, who align with our values, through our robust recruitment process is key. We then train them and give them the tools and resources to do their jobs.

At AA Insurance, our people are passionate and highly engaged. They are genuinely driven by our purpose and values and are committed to delivering a unique customer experience which demonstrates their care for our customers. We know that when our staff are most engaged, the customer experience is superior. Because of this, we focus on doing the right thing for our people.

### We are genuine

*genuine* is the way we act; it drives the way we do things. *genuine* is about having the courage to do the right thing. *genuine* inspires and nurtures our values, embedding our culture with honesty, integrity and faith.

### Celebrating genuine

Throughout the year, people can nominate colleagues who demonstrate our *genuine* values. We celebrate *genuine* every day, showcasing those that have been nominated on our intranet.

The *genuine* Hero Awards is our largest annual company event. Without management involvement, it is our people who select their peers to be our heroes. Award categories are based on each of our seven values and the Ultimate Hero is someone who embodies all seven *genuine* values.

### Enthusiasm, connection and engagement

Employee engagement represents the levels of enthusiasm and connection staff have with their employer. It's a measure of how motivated people are to put in extra effort for their organisation, and a sign of how committed they are to stay there.

Over time, as AA Insurance has developed and cemented our values and culture, the engagement of our people has increased. We measure this regularly through an independent annual staff survey in May and a 'pulse-check' survey in November. In the last decade, our engagement score has been 80 per cent or greater, with our highest score of 87 per cent in the 2020 survey. Unsurprisingly, our people feel more engaged when the company pulls together and responds well to a crisis such as the Christchurch earthquakes or COVID-19.



### Growing our own talent

We have a focus on growing our own talent – where our people can move between different roles and often different departments. We have people moving from the contact centre service roles into specialist roles and secondments across areas like marketing and communications, pricing and finance. We proactively rotate people into different roles for their development, to keep them challenged and refreshed, and to build capability across the business. Our staff retention is the highest in our history and in the 2020 annual staff engagement survey, 98 per cent of our people agreed they would recommend AA Insurance as a great place to work.

### Continuous learning

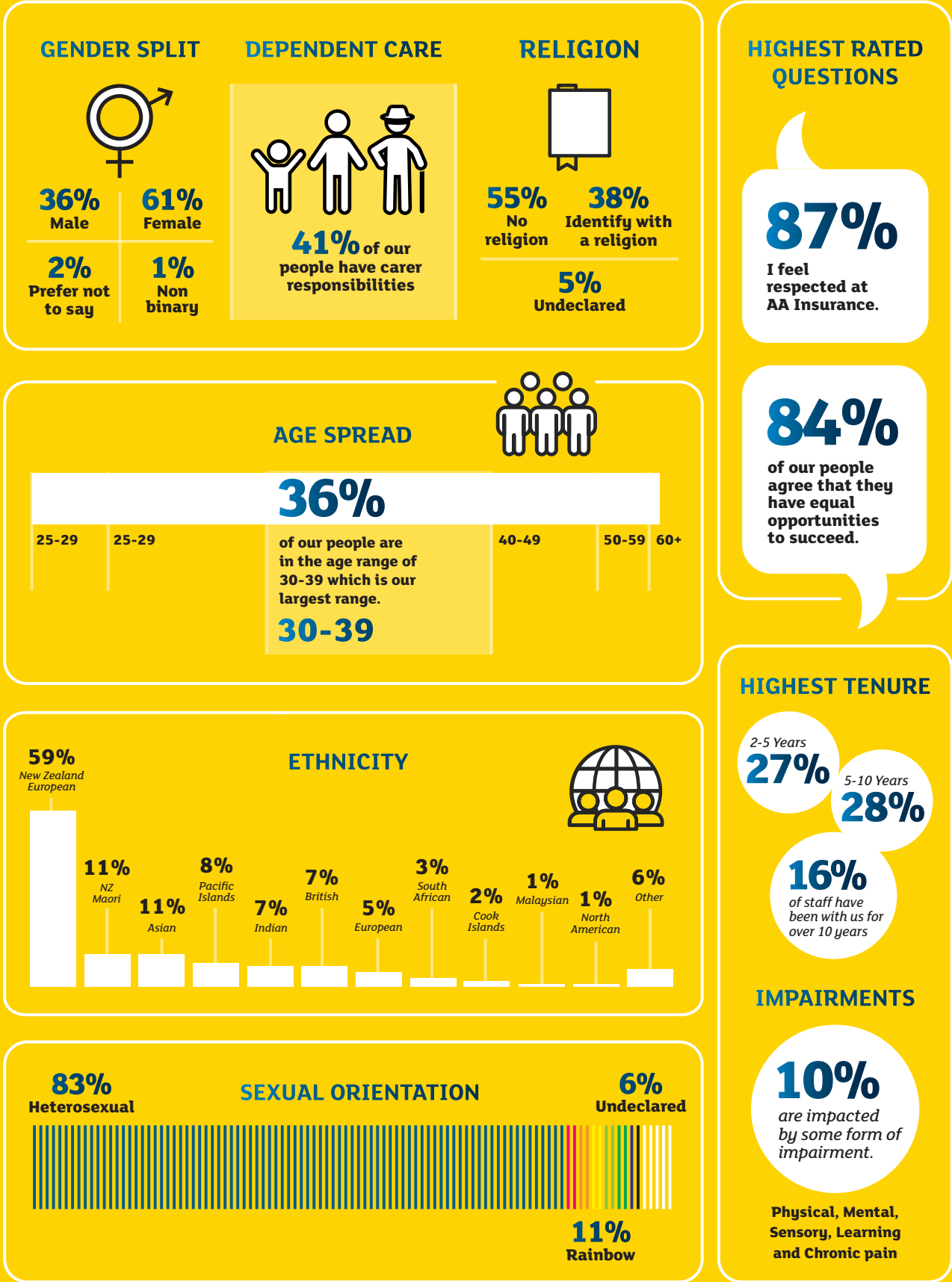
We invest in learning and development through a learning platform that holds more than 2,500 courses for users. We also support further studies where relevant to the role, have leadership programmes developed specifically for our future leaders and managers, training courses that develop both soft and technical skills, and a learning library with a variety of books available for loan, ranging from personal development to leadership and coaching.

### Women in management

If we recruit to our values, move people around and get our leadership training right, we achieve gender diversity naturally. We have found we don't need to set targets or objectives to ensure there is a good balance of gender in management roles. 60 per cent of managers and team leaders are female, and 30 per cent of our Executive Management Team are female.



## Diversity & inclusion survey – a snapshot of results







Apprenticeships

We rely on our suppliers to help look after our customers, particularly for car repairs. Given the shortage of skilled repairers and apprentices, the long-term sustainability of the motor repair industry is a critical issue.

To help improve the situation, we introduced an automotive repair apprenticeship scheme in 2017 to incentivise young people into the trade. The scheme has been very successful, with one apprenticeship successfully completed, six current apprentices, and we are looking to take on more.

Winger Suzuki and Automotive Colours have provided material support for the apprentices training to be collision repair and automotive refinishing technicians.

As well as receiving MITO course fee support, the apprentices are paired with an AA Insurance mentor who can assist with course and trade requirements. The mentors are former automotive tradespeople themselves from our Supplier Performance Management team, and have great insights and wisdom to help the apprentices achieve their goals.

Our mentors meet regularly with their apprentices and discuss their progress of both practical and online MITO modules, providing moral support and sharing their abundance of life and industry skills.

Our communities

Volunteering in our communities

Community spirit and willingness to lend a hand is an integral part of our culture and our corporate social responsibility. AA Insurance employees have a long history of rolling up their sleeves to support local communities, primarily through our Make a Difference (MAD) programme.

Understanding that it can be challenging to find the time outside of work hours to pursue volunteering, AA Insurance wanted to formally encourage and enable our people to pursue their community interests so initiated a paid annual volunteer day for all staff.

Making a Difference

The MAD (Make a Difference) committee was first formed in 2005 to coordinate and promote initiatives to support charities and communities.

Originally started by passionate people in our contact centre, MAD was relaunched in 2015 with a renewed focus and representation from across the business. More recently, the activity was reviewed to align with our corporate social responsibility focus areas.

The MAD committee coordinates activity and events for our people to involve themselves in without impacting too much on individual work demands. For example, we have regularly supported Ronald McDonald House and Blue Light, and alongside cultural celebrations and recognition, the committee coordinates activity to support causes like Pink Ribbon, Daffodil Day, Movember and more.

Giving a helping hand

To support our staff who volunteer in community organisations, we formed the Helping Hand Fund in 2010. Each year, budget is set aside for our people to apply for funding to help a cause they are involved in or to match dollar-for-dollar fundraising efforts.

Applications are received during the year and are reviewed and approved by the MAD committee. Typically, amounts are paid out for school trips, arts, conservation and community health initiatives.

Giving back to our communities

In 2019, as the festive season approached, AA Insurance donated to charities aligned with its CSR themes: The Mental Health Foundation, Women’s Refuge and Trees That Count.



This year, AA Insurance wanted to support organisations experiencing additional pressure on their services because of the impact of COVID-19. We made donations to KidsCan, Auckland City Mission, The People’s Project and Age Concern New Zealand to help those in need.

AA Insurance has also partnered with nationwide youth charity Blue Light for the past 10 years.

Blue Light is a community-based policing initiative that aims to reduce youth offending and foster good relationships between young people, their parents, the police and community. Blue Light has helped more than 200,000 young people and strives to make our young people stronger and our communities safer by running programmes that expose them to different, healthy experiences.

For the last two years, AA Insurance has used its partnership with Eden Park as a way to help deserving Auckland schools. The ‘Big Little Sponsorship’ enabled Papakura Normal School and Manurewa West Primary School to each receive \$10,000 of sports equipment and help from Eden Park to improve their school sports fields.

We are pleased to be able to make a difference in this way and support the wider communities in which we operate.

Shimmying to show our commitment

AA Insurance was the first New Zealand insurer, and largest organisation in the country, to take part in the 2020 International Shimmy Mob, which aims to create awareness of the need to end domestic violence and support victims of abuse. Almost 70 staff (including the Executive Team) and family members demonstrated their passion for this cause and spent the four weeks leading up to the official date (10 May) participating in virtual dance lessons with a professional belly dancer.



Supporting the Women’s Refuge in the past and acknowledging media coverage of spiking domestic violence cases during New Zealand’s lockdown, AA Insurance donated \$30,000 to the Auckland, North Shore and Waikato Refuges following the international event.



# Case study

## Manaakitia focuses on providing a sanctuary away from home

According to Women's Refuge, police investigate one domestic violence incident every four minutes – yet only 24 per cent of incidents are reported.

The numbers suggest that within our diverse workforce of over 800, some of our people could, and have been, impacted by domestic violence.

The impacts of domestic violence can affect both the individual's personal and professional life. We wanted to ensure the workplace could be a sanctuary away from abuse through the environment we created; one that is non-judgemental, where our people felt safe to speak up and receive the support and help they deserve.

In April 2018, AA Insurance created a Domestic Violence Free Policy, implemented one year prior to it becoming a legislative requirement of New Zealand employers.

Formalising our commitment to our people, in 2019 we worked towards achieving the Domestic Violence Free (DVFREE) Tick, receiving the accreditation from Shine, a national domestic abuse charity. The DVFREE Tick recognises organisations serious about helping others and taking a stance against domestic violence.

As part of the accreditation process, over 90 per cent of our leaders were trained to support staff experiencing domestic violence or abuse. Recognising some people may feel uncomfortable approaching their leader and uncertain of the impact it may have on their role or future opportunities, we wanted to do more to ensure they had the support they needed.

It is well documented that when employees feel a sense of inclusion and belonging, they feel valued and therefore able to contribute their best by bringing their authentic self to work. In our internal 2020 Diversity and Inclusion survey, an encouraging 76 per cent of participants agreed they can be their authentic self at work.

Launched in November 2019, the Support Network provides confidential support to individuals, providing a shoulder to lean on in challenging times, assisting with workplace adjustments and/or directing them to professional help. It is intended that this initiative further fosters a workplace where all staff feel safe, supported and included, leading to a happier, engaged and productive workforce.

**Since it went live, the Support Network has already helped 5 per cent of our people including times of stress during Christmas and the COVID-19 lockdown.**



Furthermore, of the 17 categories in the 2020 staff engagement survey, wellbeing had the highest overall favourable score of 96 per cent, helping AA Insurance achieve its highest ever staff engagement score (87 per cent). Resounding support for the company's focus on wellbeing was evident and is anecdotally attributed to the Support Network initiative, which dominated AA Insurance's wellbeing activity for 2019-20. In upholding our commitment to confidentiality, we are unable to attribute a decrease in absenteeism directly to the initiative however, there has been a notable reduction in absenteeism reported since November 2019.



# 76%

*of our people feel they can be their authentic self at work.*



# AA Insurance CSR Report 2020

## – GRI Content Index

This Corporate Social Responsibility Report has been guided by the principles of the Global Reporting Initiative (GRI). Where possible or appropriate to a non-financial performance report, we have followed GRI standard disclosures, which are set out below.

GRI Standard Disclosure	Disclosure		Description and/or Page Number
Organisational profile	102-1	Name of the organisation	AA Insurance Limited
	102-2	Operations	Provider of car, home and contents, small business, classic vehicle, motorhome, motorcycle, caravan and trailer insurance policies
	102-3	Head office	46 Sale St, Auckland, New Zealand
	102-4	Location	New Zealand
	102-5	Legal type of entity	Joint venture limited liability company
	102-6	Markets served	New Zealand
	102-7	Scale of the organisation	National
	102-8	Workforce	804 permanent employees (as at 30 November 2020)
	102-13	Memberships	Page 24
Strategy	102-14	Chief Executive statement	Page 6
Ethics and integrity	102-16	Values, principles, standards	As above
Stakeholder engagement	102-40	Stakeholders	Materiality / Page 18
	102-44	Key topics raised through stakeholder engagement	Materiality Matrix / Page 19
Reporting practice	102-45	Entities included	AA Insurance Limited
	102-46	Basis of report content	Page 3
	102-47	List of material topics	Materiality / Page 18
	102-50	Report period	2019/2020
	102-51	Report date	November 2020
	102-52	Reporting cycle	Annual
	102-53	Contact information	Inside back cover
	102-55	GRI context index	Page 41
<b>Material topics</b>	<b>Related indicators</b>		
Environmental	305-1	Greenhouse gases (GHG) emissions Scope 1	Page 26
	305-2	GHG Scope 2	As above
	305-3	GHG Scope 3	As above
	306-2	Total waste production and recycling	As above
Social	405-1	Diversity of governance bodies and employees	People / Page 34
	401-1	Annual staff turnover	8.7%
	403-9	Annual lost time injury rate	Page 35
	413-1	Operations with local community engagement, impact assessments and development programmes	Volunteering / MAD / Page 37
	417-2	Incidents of non-compliance concerning product and service information and labelling	Page 22
<b>Management approach</b>	103-1	Explanation of material topics	Page 18

Any queries or feedback on this report, contact us at [aailcsr@aainsurance.co.nz](mailto:aailcsr@aainsurance.co.nz)



