



# SUSTAINABILITY REPORT 2009

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## A MESSAGE FROM AAMI'S CHIEF EXECUTIVE OFFICER

Welcome to AAMI's third annual Sustainability Report. This report focuses on the 2008/2009 financial year. All data collected for this report is within this period. AAMI reports annually on its sustainability results as part of its compliance with Promise 17 and 18 of the AAMI Customer Charter, "we will report on our performance against measures of our commitment to open and honest business practices" and "AAMI will report on its environmental initiatives annually, as it promises to reduce its carbon footprint."

As you can see, AAMI's Sustainability Report has grown. This year's report has been written using the Global Reporting Initiative framework. This framework provides a holistic view of sustainability, which is aligned to AAMI's own philosophy – that sustainability is about creating a long term insurance business which actively supports and participates in the Australian community.

At AAMI we understand the importance of sustainability within our business. AAMI is a business that believes in supporting our employees and customers and their families and for this reason we recognise that it is our responsibility to protect the environment, community and our workplace for the next generation. We believe in giving back to the community in which we operate. This report shows how at AAMI we do that, whether its by enabling employees to fundraise for local charities, or working in partnership with key community organisations, working closely with suppliers to ensure the sustainability of their own industry or providing employees a safe and supportive work environment. We report on each key stakeholder group in this report.

Additionally this year we have been spending some time, implementing various initiatives throughout the business that are designed to reduce AAMI's direct and indirect Greenhouse Gas Emissions. The good news is, as this report highlights in the Environmental section, we have achieved our aim. Our overall emissions have fallen by 2.7 per cent from our 2007/08 baseline. Our major falls were in flights taken, paper used and our fleet use.

Moving forward, AAMI has put in some ambitious targets for the next five years, in relation to the reduction of its direct and indirect Greenhouse Gases. AAMI aims to reduce its Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy) by 5 per cent year on year up to 2015. Additionally AAMI wishes to reduce its other indirect emission (Scope 3) by 40 per cent by 2015. This sustainability strategy aligns with AAMI's growth plans for the next five years. Principally AAMI wishes to double the size of the organisation organically, whilst maintaining /reducing current emission levels.

I commend this report to you. It provides a comprehensive outline of our sustainability strategy, with detailed reporting on our results to date.



**Mark Milliner**

Chief Executive Officer, Personal Insurance, Suncorp



AAMI is a leader in the highly competitive Australian market for motor, home, travel and small business insurance. AAMI is the sole underwriter of the insurance sold under the AAMI brand and manages its claims. AAMI is an Australian Financial Services Licensee and falls under Australian Federal law and ASIC<sup>1</sup> and APRA<sup>2</sup> policy/standards governing its management and prudential requirements. This includes the nomination of its responsible managers for each regulator (including its Chief Executive Officer) and meeting all competency requirements for its responsible managers and employees.

As a national insurance brand, AAMI is a direct seller, dealing directly with three million customers who hold 2.7 million policies per annum. The majority of products sold are domestic insurance products to retail customers.

Established in 1970, AAMI now employs more than 2900 employees in some 60 offices, branches and customer service centres around Australia. AAMI is a national organisation and operates in every State and Territory of Australia.

AAMI is now a wholly owned subsidiary of Suncorp Metway Ltd and its registered office is in Brisbane.

## AAMI's Purpose and Vision

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AAMI's key stakeholders are: its customers, its employees, its suppliers, its regulators, the Australian community as a whole (who gives it its licence to operate), and its shareholders, via its parent company, Suncorp Metway Ltd.

AAMI's Vision recognises its key stakeholders, "as a company people want to work for, do business with and own shares in".

From a customer's perspective, AAMI's purpose is to eliminate stress and to provide peace of mind – by providing low cost high quality insurance products and services.

AAMI's Purpose and Vision are supported by AAMI's Values, honesty and integrity, respect for the individual, value the customer, quality through continuous improvement and a sense of urgency.

AAMI uses its Vision, Purpose and Values for a framework for decision making within the organisation.

For financial details please see the Suncorp Annual Report 2008/09 at [www.suncorp.com.au](http://www.suncorp.com.au).

<sup>1</sup> Australian Securities and Investment Commission

<sup>2</sup> Australian Prudential Regulation Authority

## WHY OUR SUSTAINABILITY REPORT IS DIFFERENT THIS YEAR

This year we decided to adopt the Global Reporting Initiative Framework (<http://www.globalreporting.org>).

“The Global Reporting Initiative (GRI) is a network-based organisation that has pioneered the development of the worlds most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.

This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance.”<sup>1</sup>

### Stakeholder engagement

Part of the process to meet the GRI framework and principles is to interview relevant stakeholder groups in relation to the content of the report. As a result of these interviews, all stakeholders wanted more information in relation to AAMI employee indicators and the environment. They also wished to see more detail in relation to actual targets and plans. This report reflects that desire. Thank you to all stakeholders who participated in AAMI's research.

Stakeholder feedback reflected the changing views amongst our employees and the community as a whole. AAMI reaffirmed this, this year by research it undertook with its customers (AAMI's Green Index – please see [www.aami.com.au](http://www.aami.com.au)) and its employees (an internal survey on Sustainability conducted every two years). As global warming continues to be a growing issue amongst the Australian

community, AAMI wishes to take positive action to reduce its effect on the environment. Please see the Environment section of this report for an explanation of AAMI's emissions reduction strategy.

### GRI Reporting Level

This report has undergone a “Third Party Check” by the Australian Centre for Corporate Social Responsibility. A Third Party Check does not refer to the quality of the report, but to the extent that the GRI Guidelines have been utilised. According to the GRI: “The Application Levels are intended to demonstrate a pathway for incrementally expanding approaches to reporting using the GRI Reporting Framework. They are in no way intended as substitutes or equivalents for external assurance.”

AAMI has sought to achieve a “C” Level Report. This entails Profile Disclosures (1.1; 2.1-2.10; 3.1-3.8; 3.10-3.12; 4.1-4.4; 4.14-4.15) and reporting fully to a minimum 10 Performance Indicators, either core or additional, including at least one of each Indicator Dimension (Economic, Environmental, and Social).



<sup>1</sup> [www.globalreporting.org/AboutGRI/WhatIsGRI/](http://www.globalreporting.org/AboutGRI/WhatIsGRI/)

As a national insurance brand, AAMI is a direct seller, dealing directly with three million customers who hold 2.7 million policies per annum. The majority of products sold are domestic insurance products to retail customers.

Established in 1970, AAMI now employs more than 2900 employees in some 60 offices, branches and customer service centres around Australia. AAMI is a national organisation and operates in every State and Territory of Australia.

## Customer survey results

At AAMI, we conduct quarterly market research with our customers, by surveying those who have recently had a claim with AAMI.

One question asked is that, as an AAMI claimant, "how likely are you to recommend AAMI to a friend or family member?"

The results below are based on the proportion (%) of claimants who gave a score between 7-10 on a 0-10 rating scale.

■ TABLE 1 / CUSTOMER SATISFACTION RESULTS

	Advocacy: % 7-10 rating	
	FY 07/08	FY 08/09
Motor	82%	83%
Home	85%	83%

During 2008/09 AAMI managed 348,246 claims. As table 2 shows this is a slight decrease on the 2007/08 year.

Our advertising adheres to the standards set out by the Advertising Standards Bureau which administers Australia's national system of self-regulation in relation to both public and competitor complaints. All advertising material and direct marketing campaigns receive legal sign off to ensure they comply with relevant laws/codes.

## Commitment to resolving claims fairly

We are committed to resolving claims fairly. To assist us we have an internal Consumer Appeals Service (CAS) as well as the external Financial Ombudsman Service (FOS). If the customer (insured or third party) is not satisfied with our Ombudsman's findings they are able to appeal to FOS.

■ TABLE 2 / CLAIMS DECISIONS REVIEWED BY CAS OR FOS

	07/08	08/09	% 07/08	% 08/09
Total number of claims received	348,856	348,246		
Escalated to consumer appeals	1252	2324	0.36	0.66
Over turned in favour of customer/third party	214	334	17	14.3
Appealed to FOS	236	330	18.8	14.1
Overtured in favour of customer by FOS	61	92	26	27.9

In 2008/09 there was an increase in the number of claims escalated to CAS. Current economic conditions have resulted in a greater willingness on the part of customers to challenge decisions and for a larger number of third parties from whom recovery is sought to seek a review on the basis of financial hardship.

## Compliance and risk

■ TABLE 3 / COMPLIANCE AND RISK BREACHES

Type	Number of breaches	
	07/08	08/09
"Significant" breaches reported to ASIC *	0	1 (no fine, action taken by AAMI to remedy)
General Insurance Code of Practice	16 times, 9 customers	7 times, 4 customers
Prudential breaches - APRA	0	0
Motor Vehicle Insurance and Repair Industry Code of Conduct – disputes	0	5 referred to appeal internally, 0 externally
Fine from a regulator or government body	0	0
Issues raised via whistleblower process (internal)	1	2
Legal actions against AAMI under the Trade Practices Act	0	0
Environmental laws and regulations	0	0
Fines for breach of environmental laws	0	0
Payments to political parties		\$900.00
Discrimination incidents	0	0
Conflicts of Interest reported*	0	0

\*AAMI follows ASIC's regulatory requirements in relation to the identification and management of conflicts of interest.

AAMI's insurance documentation (Product Disclosure Statements, schedules and renewals) content is governed by various laws and codes in Australia. We are 100 per cent compliant with these requirements.

## Claims management

The 2008/09 year saw a record number of extraordinary events, from catastrophic storms in Queensland and New South Wales, to horrific bushfires in Victoria, known as Black Saturday. Many of our employees were involved with fire fighting and the emergency clean up, through their personal involvement with the Country Fire Authority and State Emergency Services. AAMI continued to pay all employees who volunteered through this time.

**BLACK SATURDAY**

Scorching temperatures and strong winds combined to devastate parts of regional Victoria, on 7 February 2009, now known as Black Saturday.

Many AAMI customers were directly affected, with 838 claims lodged. Of these, 572 were total losses (both motor and home). As AAMI's home building policy is a Complete Replacement Cover (the insured buildings are rebuilt as they were), there were no concerns of under-insurance for customers who had a home building policy.

AAMI employees were confronted by a situation never experienced before; dealing with the heartbreak and loss felt by so many people.

Claims Strategic Development Manager Rick Noto witnessed the devastation first hand while visiting Kinglake, Healesville and Whittlesea following the bushfires.

"This was by far the worst catastrophe we have had to deal with in Victoria. With most other catastrophes, homes have not been completely destroyed nor has there been any loss of life," Mr Noto said.

We provided great support for the bushfire victims, immediately establishing mobile sites in relief centres at Whittlesea, Kinglake and Healesville, allowing our customers the opportunity for face-to-face assistance and access to AAMI's counselling service.

"Seeing the looks of desperation and grief on some of the customers' faces as they told their stories was quite emotional," Mr Noto said. "Customers were so grateful that they were able to talk to us face to face and this gratitude was often displayed by a hug or a simple hand shake at the end of our conversation. It was an experience we will never forget."

AAMI management was mindful of the emotional impact the bushfires could have on employees and organised representatives from our Employee Assistance Provider (EAP) to be available for employees. Employees at the sites were also rotated every few days to ensure their health and emotional wellbeing were not at risk.

AAMI management implemented new strategies to assist customers while taking into account these factors. These strategies included settling customers' contents sum insured amounts instantly and transferring the funds directly into their bank accounts, providing mobile phones and senior managers were on hand to give cash to customers in need of immediate financial assistance.

"The strategies worked very well and allowed us to provide customers with peace of mind and ease some of their pressures," Mr Noto said.



*Top: AAMI Employees – Temporary office, Whittlesea*

*Above: David Cleaver (AAMI Assessor and CFA Volunteer) blacking out 'hot spots' in Toolangi State Forest, Victoria*

### QUEENSLAND STORMS

In November 2008, vicious storms again struck South East Queensland. Heavy rain, hail stones and strong winds caused branches and trees to fall across roadways and onto roofs of houses.

This resulted in more than 3000 home claims and 700 motor claims for AAMI.

“The storm event in mid November has effectively doubled our current claim volumes. We have completed all initial assessments, but continue to provide an assessing presence in the area for follow up assessments,” Queensland Home Claims Manager, Nathan Grayson said.

The storm saw significant damage sustained to numerous roofs, awnings, pergolas and garages as a result of tree impacts. General contents damage was also common as a result of water inundation.

AAMI employees from other states generously pitched in to help the Queensland Home Claims team.

Assessors and client managers from NSW, Victoria, SA and NT, flew in and worked long hours to deal with the claims.



*Damaged homes from the Queensland Storms, Nov 2008*

## Different languages

We provide our services in many languages. Our Consumer Appeals Brochure is available in five key languages spoken in Australia. Additionally we provide a comprehensive external interpreter service for customers/third parties whose first spoken language is not English. The most common languages are Vietnamese and Mandarin (Chinese).

AAMI is open 24 hours a day, seven days a week, via our contact centres, to lodge claims and sell insurance policies. Our website also provides 24-hour access to gain a quote, purchase an insurance policy, renew a policy, lodge a claim, and update personal details [www.aami.com.au](http://www.aami.com.au).

■ TABLE 4 / INTERPRETER SERVICE USAGE

	07/08	08/09	% increase
Number of languages	61	64	5
Number of site visits	8	0	
Number of telephone calls	5820	7136	23

## Product innovation

AAMI is acutely aware of the importance of affordability in the consumer's decision to protect their assets and their liability to others. While premium increases are in large a reflection of the Australian economy and government taxes, duties and levies, we are committed to providing customers with a number of options to help increase the affordability of its products. For example:

- Flexi – premiums – which allows the individual to increase their excess and decrease their premium (up to 50 per cent saving).
- Pay-by-the-month – allowing customers to pay for their policies monthly, which helps with household cash-flow
- On-line purchasing – various discounts available.

We also offer two types of insurance products which are designed to help those on low incomes.

**AAMI Renters Insurance** – in response to feedback from the Brotherhood of St Laurence about lack of availability of a contents policy that is suitable for someone with few assets, we developed the Renters Policy – a no frills contents policy which offers a flat cover of \$25,000.

**AAMI Third Party Property Damage Car Insurance** – AAMI Third Party Property Damage Car Insurance protects consumers against claims for damage that their car causes to another person's vehicle or property. Both of these policies have pay-by-the-month options available.

### ★ OUR GOAL FOR 2009/10

AAMI – in partnership with the Brotherhood of St Laurence ([www.bsl.org.au](http://www.bsl.org.au)) are continuing to explore options into 2010 to help make insurance accessible for all. This includes working with Centrelink to make fortnightly payments available to recipients of Centrelink benefits.

## Employees remuneration

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AAMI's employees are paid according to AAMI's Enterprise Agreement. AAMI uses three key indicators to determine an employee's pay level, performance, internal relativity and market rates. AAMI reviews salaries during September each year.

AAMI's total remuneration is made up of the following factors:

- Cash
- Superannuation (9.5%)
- Sharing in Success (an employee bonus scheme based on AAMI's performance to plan)
- Leave loading

AAMI pays above the minimum wage and reviews all salaries against changes to the minimum wage in September, in line with the Australian Fair Pay Commission requirements.

All employees are paid according to AAMI's Enterprise Agreement, other than AAMI Chief Executive Officer, who is paid by Suncorp Metway Ltd. Please see Suncorp's Annual Report at [www.suncorp.com.au](http://www.suncorp.com.au) for details of Suncorp's Executive Remuneration for 2008/2009

## Superannuation

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Our employees are paid 9.5 per cent of their salary each year into the AAMI Superannuation Fund. This is 0.5 per cent above the statutory minimum. Additionally AAMI pays for all employee's life insurance, total disability benefit and fund administration fees.

## Employee information

■ **TABLE 5 / ENGAGEMENT AND TURNOVER**

Indicators	2007/08	2008/09	Comment
Employee engagement	78		<p>AAMI conducts an employee survey every 18 months. The next survey is due in 2010.</p> <p>In 2008 77.7% of AAMI employees completed the survey and AAMI's overall engagement score was 78, in comparison to an average Australian Norm of 74.</p>
Voluntary turn over	23.49%	20.18%	Employee turnover decreased by 3.31% from 2007/08.
Employee absenteeism (unplanned)	5.27	5.42	

## Workplace Diversity

AAMI is committed to the principles of Equal Employment Opportunity in the workplace. This year AAMI recorded 0 breaches of any discrimination laws.

■ **TABLE 6 / GENDER BREAKDOWN – MALE TO FEMALE RATIOS (%)**

	2007/08		2008/9	
	Male	Female	Male	Female
Total	34.71	65.29	32.70	67.30
Organisation (Senior Executive)	47.44	52.6	87.5	12.5
Business (Executive)	59.89	40.11	41.18	58.82
Operational (Managerial)	55.89	44.11	54.14	45.86
Team (Supervisor)	39.64	60.36	30.59	69.41
Self (General employees)	32.14	67.89	40.13	59.87

■ **TABLE 7 / AGE BREAKDOWN OF AAMI EMPLOYEES 2008/09**

	<20	20-35	35-50	50+
Total	13	1654	889	376
Business (Executive)		2	13	1
Operational (Managerial)		46	74	17
Team (Supervisor)		173	92	20
Self (General employees)	13	1433	864	356

AAMI does not mandate the recording of employee's ethnic background, therefore is unable to report on employees ethnicity.



### Our commitment to flexible work practices

At AAMI we are committed to providing a flexible, family friendly workplace. Accordingly we provide for job share, flexible rostering and RDOs (rostered days off) as well providing part-time work to employees where an employee requests it and AAMI is able to accommodate the employee's request.

■ TABLE 8 / EMPLOYMENT STATUS BREAKDOWN

Employment status	2007/08	2008/09
Full-time	73.3	71.12
Part-time	19.69	21.51
Fixed term	0.19	0.21
Job share	0.35	0.27
Casual		0.32
Parental leave	3.54	3.65
Child-care leave	1.43	1.71
Career break	1.2	1.21

**Job share** – roles included Operations Managers, Administration Managers External Disputes Resolution Case Managers and branch officers.

**Childcare leave** – AAMI offers an additional 12 months child care leave for employees with children under the age of two.

**Career break** – AAMI offers a year career break to employees who have been employed by AAMI for more than three years.

All benefits offered to full-time employees are also offered to part-time employees. AAMI does not distinguish. This includes life insurance and total disability benefits offered under the AAMI Superannuation Fund.

More than 99.9 per cent of employees are covered by the AAMI Enterprise Agreement 2009 (collective bargaining). This agreement was extended in 2009 for three years. All employees had access to vote. Under AAMI's Enterprise Agreement the minimum notice period for changes to rosters is four weeks.

## Learning and development

All employees receive ongoing performance and development reviews, at least one per year. Training is job dependant. AAMI has standard training packages for each type of main role, whether it be in sales, customer relations, branch management, assessing or claims management. Employees are required to complete the training for each role prior to starting in that role. There are also compulsory management training packages for new supervisors. All new employees complete AAMI's Orientation Program. The Orientation program is compulsory for all new staff as it contains content that AAMI is legally required to provide staff, e.g. Occupational Health and Safety, General Insurance Code of Practice, Equal Opportunity policies, Privacy training, Anti discrimination and Harassment training and AAMI's Values @ Work module (Code of Conduct plus Whistleblower process). Attendance is recorded and audited on an annual basis, by the Financial Ombudsman Service to ensure 100 per cent attendance. 604 new starters (100%) attended orientation in the 2008/09 period.

## Employee's health

Occupational Health and Safety: AAMI has Occupational Health and Safety (OH&S) committees across Australia, at least one in each state. All employees are represented and there are local OH&S representatives in contact centres, service centres and operational offices. The OH&S Committee identifies safety concerns and reports those concerns to AAMI's senior management team to address.

Lost time injury frequency: during the 2008/09 reporting period, AAMI's lost time injury frequency rate was 5.7<sup>1</sup> (24 incidents). There were no fatalities at work.

Employee Assistance Program: AAMI has an Employee Assistance Program to help support employees and family members who may need counselling. This is a free service. Employees are entitled to four hours per issue. In 2008/09, 126 AAMI employees and their families accessed this service.

AAMI also provides counselling services to employees on site during periods of trauma. For example, during the Victorian Black Saturday bushfires in February 2009, AAMI provided free counselling to all employees and customers affected by the fires. This was in addition to the counselling services outlined above.

<sup>1</sup> Lost Time Injury Frequency Rate (LTIFR) -- The LTIFR is the number of occurrences of injury or disease that result in lost time, for each one million hours worked.

Our main suppliers are smash repairers, builders and tradespeople. We use Australian based, local suppliers, as AAMI operates solely in Australia. As such, all key suppliers fall under Australia's workplace and human rights laws (for example, employment laws, occupational health and safety laws, licensing laws where applicable, privacy laws etc).

When AAMI contracts with a supplier we ensure that the supplier meets all relevant laws pertaining to the supply of the good or service (for example, privacy Laws, applicable codes of practice or fair trading laws). Via our contractual relationship we monitor the performance of our suppliers on pre-agreed indicators, including quality, timeliness and cost.



### Initiatives to support AAMI's suppliers

**Research into the smash repair industry:** AAMI has long recognised that without the existence of a competitive and viable smash repair industry we would be unable to provide our customers with the level of service they deserve when making a claim. For this reason we work closely with a network of repairers nationally, surveying them on a bi-annual basis to monitor their views on the state of the industry, and their future expectations. The results of this survey are then made available to all repairers to assist them with their individual business planning.

**Smash repairer Code of Conduct:** AAMI was also one of the first insurance companies to sign up to the voluntary industry Code of Conduct which was introduced in 2006 to improve the relationship between smash repairers and the insurance industry. By setting minimum standards of fairness and transparency the Code provides increased accountability for insurance companies and gives repairers more security in their dealings with them, allowing them to more confidently plan and manage their businesses over the long term. AAMI is also one of three representatives on the Code Administration Committee and a Board Member of I-CAR Australia, the national body providing technical training for repairers and assessors on repair methods and new vehicle technology.

**Apprentice Subsidy Scheme:** Australia, like many other OECD countries, is facing a skills shortage crisis. AAMI recognised this issue early amongst one of its major supplier groups, the smash repair industry, and in 1997 decided to introduce an Apprentice Subsidy Scheme.

This scheme is designed to help maintain a pool of qualified and committed new entrants to the smash repair industry.

In 2008/09 the scheme assisted 248 apprentices in all states and territories in which AAMI operates. The subsidies are currently valued at \$12,000 each for a four-year apprenticeship, and are paid to motor body repair businesses to help fund the costs of employing and training apprentices.

In 2008/09 AAMI contributed \$744,000 to this scheme.

**AAMI/ Australian BodyShop News TAFE Grant Program:** AAMI provides further support for apprentices of automotive smash repairers and painters via its grants program for TAFE Colleges. This is held in conjunction with Australian BodyShop News magazine. Established in 2002, the program includes grants to a total of \$20,000 annually for equipment and programs of direct relevance and benefit to automotive body repair and spray-painting apprentices. Our objective is to provide TAFE Colleges with some extra funding that can be applied to upgrading equipment or to additional activities, which enrich their courses for apprentices.

AAMI's overarching philosophy in regards to its community support program is to help community organisations that are Australian, whose values align with our own. Additionally we support organisations who work within the community to help reduce motor accidents, reduce trauma caused by insured events (such as storms or car accidents) or are supported by our employees. Programs are regularly reviewed to ensure that they still fall within AAMI's criteria and support AAMI's Vision and Values.

AAMI uses the London Benchmarking Group (LBG) reporting model to calculate its contributions to the community and verify its results. The LBG model helps businesses to improve the measurement, management and reporting of their corporate community involvement programs. It moves beyond charitable donations to include the full range of contributions (in time, in-kind and in cash) made to community causes, and assesses the actual results for the community and for the business (see [www.lbg-australia.com](http://www.lbg-australia.com) for more information).

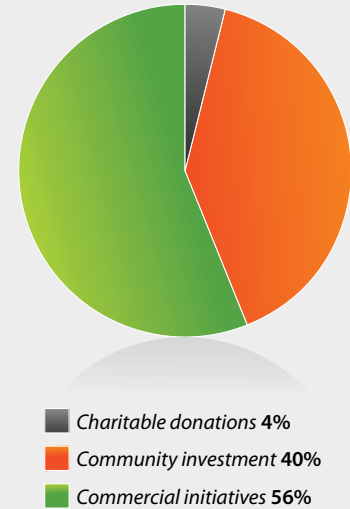


"As managers of LBG Australia/New Zealand, we have worked with AAMI to review its understanding of the LBG model and how it has applied the model to a range of community programs. Our aim has been to ensure that the valuation principles are correctly and consistently applied. Having conducted an assessment involving scrutiny of a significant sample of contributions, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data." – Rachel Simmelmann, LBG

In 2008/09 AAMI contributed \$4,402,731 to the communities in which we operate. The majority of this funding was through community partnerships, however some was provided in the form of time and services donated by AAMI and our people. Our spend was 5.6 per cent of our Insurance Trading Result (underwriting result + investment earnings).

Chart 1 shows the makeup of our donations, the first using LBG's categories.

CHART 1: AAMI CONTRIBUTION



**CHARITABLE**

**Donations – Belonging Small Grants Program**

The AAMI Belonging Small Grants program continues to support our employees, who volunteer within their local communities. Our employees and their families are able to apply for a small grant, twice a year to help provide financial support to a community organisation that they participate in. A national employee committee is responsible for the running and the administration of the program.

In 2008/09,

- AAMI provided \$60,000 to
- 54 community organisations nationally.

**Community Investment – an example – Victorian SES**



AAMI continues to be the major sponsor of Victoria State Emergency Service (SES). We started sponsorship in September 2002. Sponsorship for 2008/09 totalled \$469,960 including premium subsidies which are available to all Victorian SES Volunteers.

Victoria SES is a volunteer based emergency service servicing the State of Victoria. The SES has a wide range of roles including planning for and responding to floods, severe storms, earthquakes, road accident rescue as well as search and rescue.

The AAMI sponsorship covers a range of activities from providing funds for the production and dissemination of community safety messages to the provision of safety gear and equipment. Annual regional trips, where equipment is individually provided to each of the 149 SES Units in Victoria, is a highlight of the program.



## Commercial Initiatives – Skilled Drivers

Skilled Drivers of Australia Limited is a not-for-profit organisation established by AAMI. It runs a program that is designed to encourage safe driving behaviour among licensed drivers under 25 years of age.

The AAMI Skilled Drivers Course is a one day, young driver awareness course. The overall objective of the course is to positively influence the driving behaviour of young drivers.

The AAMI Skilled Drivers course is free for AAMI comprehensive policy holders under 25 years of age and children/grandchildren of AAMI comprehensive policy holders. Other drivers can attend for a small fee to cover costs. Additionally those who have attended receive a 10 per cent discount on their insurance premium whilst they are under 25.

In 2008/09

- 5,042 young drivers attended the AAMI Skilled Drivers Programme
- AAMI contributed \$1,227,346 towards the running costs, and
- Attendees (past and present) saved \$1,165,832 off their premiums.

We will continue to promote this program to parents, grandparents and their children.



## Community Issues

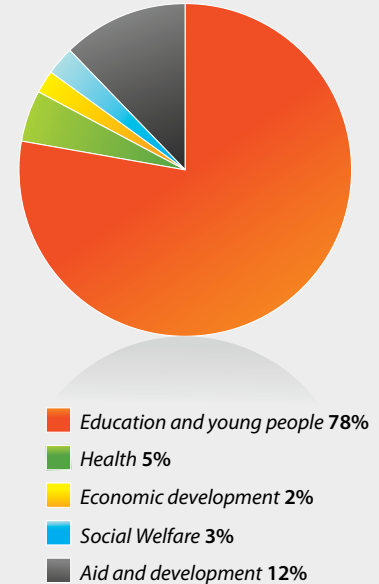
Skilled Drivers remains our biggest community program, and is categorised under the LBG model as Education and Young People. The SES is classified as Aid and Development and is AAMI's next largest community initiative.

AAMI is also a major supporter the National Trauma and Research Institute (NTRI); accounting for five per cent of our contribution towards health.

### ★ OUR GOAL FOR 2009/10

In 2009/10 we will work with the NTRI to establish a Prevent Alcohol and Risk Related Trauma in Youth (PARTY) program aiming to reduce risk-related death and disability among senior school students, by showing them the devastating impact of trauma first hand. The students will also take part in an education program designed to help them recognise potentially dangerous situations and, hopefully, make better choices and adopt behaviours that minimise unnecessary risk. Participants will then be given access to a free Skilled Drivers course, to help build on the awareness created by the PARTY program.

CHART 2: COMMUNITY ISSUES ADDRESSED BY AAMI



### Employee activities

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We support and encourage employee fundraising activities by providing support by making time and facilities available to employees.

In 2008/09 our employees raised \$141,962 for charities. Of this, AAMI gift matched \$55,000. Therefore the total amount we donated to charities was \$196,962. This remarkable result was partly due to a large fundraising effort for the Red Cross, which managed funds for those affected by Black Saturday.

It is estimated that over 80 per cent of AAMI employees participated in local fundraising activities in some way over the year.

#### ★ OUR GOAL FOR 2009/10

To partner with another organisation and set up an AAMI Volunteering Program which will help AAMI employees utilise their Volunteer Day (under AAMI's Enterprise Agreement).

### Policy positions and industry consultation

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AAMI actively participates in a public consultation processes, whether it is on a state or federal level.

In the 2008/09 period we have participated in discussions with

- The Royal Victorian Bushfires Commission,
- State governments in relation to fire services levy, tow trucks and anti-discrimination laws,
- Federal government in regards to consumer protection, flood insurance and community resilience (via the Insurance Council).
- AAMI actively engages with the Insurance Council, its industry body.

## Our strategy

**Overview:** AAMI has a long history of environmental initiatives to reduce its impact on the Australian community, via its Customer Charter (please see [www.aami.com.au](http://www.aami.com.au)). AAMI's latest promise, Promise 18 promises that "AAMI will report on its environmental initiatives annually, as it promises to reduce its carbon footprint". The following provides an overview of activities to date, a summary of AAMI's five year strategy to reduce its carbon footprint and the goals that it has put in place to meet its promise to its customers.

**Our Overall Goals – 2010 – 2015<sup>1</sup>:** In the year 2008/09 we have worked on our sustainability strategy for the next five years.

Our goal is to be:

- carbon neutral for our Scope 1, 2 emissions (via carbon reduction programs and offsetting) and
- to reduce our Scope 3 emissions by 40% by 30 June 2015.

We aspire to be the best practice exemplar for our stakeholders through our influence in our actions and practices.

**AAMI's Sustainability Vision:** AAMI's National Green Team have been responsible for developing our strategy for sustainability in line with our business purpose and vision. To that end AAMI's Sustainability Vision is:

"AAMI is committed to sustainable business practices, driving strong profitable growth whilst simultaneously reducing our impact on the environment and actively supporting the Australian community".

For AAMI, sustainability is not only about reducing our environmental impact and management of resources, but also putting back into the community more than we take out. Investing in our employees, local communities and community organisations is a key component of creating a sustainable business.

**Implementation Plan:** AAMI's Sustainability Strategy focuses on four key areas: measure, reduce, monitor & report, and offset. Measurement is already occurring; this will be extended to other Scope 3 emissions over the next 5 years.

To support this, AAMI has identified 5 Dimensions (key areas for carbon dioxide emission (CO<sub>2</sub>-e) reduction) which have then been broken down into goals, strategies, and then actions. The dimensions identified are; transport, travel and energy; waste avoidance and resource recovery; AAMI's people; AAMI's supply chain and AAMI's products and services. AAMI has developed actions plans that sit under each dimension, with the intention of reducing its CO<sub>2</sub>-e in each of these key areas.

<sup>1</sup> Scope 1, 2 and 3 emissions are defined by the National Greenhouse and Energy Reporting Act 2008

## 2008/2009 results and 2009/2010 goals

In the 2008/09 year we introduced various initiatives as part of our carbon reduction strategy.

Green Teams were re-energised across the business and now have over 50 members across the country. We increased the frequency of waste audits to bi-annual and the National Green Team introduced AAMI's first 'carbon down' program, to help employees understand how they can reduce their impact on the environment, both at home and work.

We conducted our second Green Employee Survey in June 2009 to help us understand the impact of our programs and what we can do to help employees to continue to reduce their impact on the environment. The results from this will be used to build the second AAMI employees behaviour change program.

## Emission summary 2008/09 – our performance

■ TABLE 9 / EMISSIONS BREAKDOWN

	07/08 (t - CO <sub>2</sub> -e)	08/09 (t - CO <sub>2</sub> -e)	Reduced	% of reduction	2009/2010 Goals % reduction
<b>Scope 1</b>					
Fleet	2,275	2,222	✓	2.4	10
<b>Scope 2</b>					
Electricity	8,186	8,143	✓	0.5	2
<b>Scope 3</b>					
Landfill	203	173	✓	14.8	5
Paper	111	96	✓	13.5	10
Air travel	403	245	✓	39.2	10
Total per employee	3.8	3.7	✓		
Total (tonnes CO <sub>2</sub> -e)	11,178	10,879	✓	2.7	

Total reduction = 2.7% from the 2007/2008 to the 2008/2009 financial year.

\* The factors used in this sustainability report for calculating CO<sub>2</sub> emissions are sourced from the Department of Climate Change's NGA Factors for electricity, fuel (fleet) and refrigerants, and the Greenhouse Gas Protocol's factors for flights. Paper is sourced from Australian Plantation Products and Paper Industry Council, Australian Paper Industry Statistics 2004/05.

## SCORECARD – MORE DETAIL

### Scope 1 – Fleet

■ TABLE 10 / SCOPE 1 DIRECT EMISSIONS

	2007/08	2008/09
Kilometres travelled	8,482,382	8,079,298
Emissions (Tonnes of CO <sub>2</sub> )	2,275	2,221.81
% of fuel used E10	-	9.3%
Offset	100%	100%
Net emissions	0	0

Assumption for emission calculation – 100 per cent of fuel used was unleaded petrol.

★ **OUR GOAL FOR 2009/2010**

To increase the use of E10 (Ethanol blended fuel – low emission) by 10 per cent across the business to reduce CO<sub>2</sub> emissions from our fleet by five per cent.

### Scope 2 – Electricity

■ TABLE 11 / SCOPE 2 INDIRECT EMISSIONS

	2007/08	2008/09
KWs used	7,313,427	7,212,155
Scope 2 emissions (tonnes of CO <sub>2</sub> –e)	8,186	8,143

Our carbon reduction program aimed to inform employees about how they could reduce their consumption of energy and other resources.

In 2008/09 we changed our computer screens to flat screen technology. This has helped to reduce our electricity usage.

★ **OUR GOAL FOR 2009/2010**

To reduce our electricity use by two per cent.

## Scope 3

### Paper

■ TABLE 12 / SCOPE 3 INDIRECT EMISSIONS

	2007/08	2008/09
Internal paper (reams)	32,570	28,265
GHG emission (t CO <sub>2</sub> -e / t of paper produced)	111	96
% recycled paper	50%	50%

In 2008/09 we reduced internal paper usage by 13.2 per cent.

We are now monitoring external paper (customer documentation) usage and only print on Carbon Neutral paper. We have also changed our paper supplier, so that they are Australian to help reduce the emissions from transport of the paper.

#### ★ OUR GOAL FOR 2009/10

To continue to lobby government to have changes made to the Insurance Contracts Act – to allow general insurers to use electronic communications as a method of document delivery. This has the potential to reduce paper usage substantially in future years.

### Flights

■ TABLE 13 / FLIGHT EMISSIONS

	2007/08	2008/09
Kilometres travelled	2,558,419	1,970,911
Emissions (tonnes of CO <sub>2</sub> -e)	403	245

In 2008/09 we decreased the number of kilometres travelled by flying by 23 per cent. We continue to use video and teleconferencing as the preferred method of communicating. There were no international flights.

#### ★ OUR GOAL FOR 2009/10

We are looking at ways to reduce our kilometres flown per employee member by five per cent, including the increased use of video conferencing and other technologies.

## Scope 3 continued

### Landfill (estimates)

■ TABLE 14 / LANDFILL EMISSIONS

	2007/08	2008/09
Tonnes	185	158
Emissions (tonnes of CO <sub>2</sub> -e)	203	173

Non claims waste – i.e. waste from buildings and operations.

### Waste Audit Results

AAMI has an internal KPI to only have 20 per cent of waste sent to landfill to be recyclable. AAMI audits waste sent to landfill to ascertain recyclable levels.

■ TABLE 15 / BI-ANNUAL WASTE AUDIT RESULTS

	2007/08	2008/09 Q2 %	2008/09 Q4 %
% of waste sent to landfill that was recyclable	12	15	13
Target	20%	20%	20%

AAMI has an internal KPI to only have 20 per cent of waste sent to landfill to be recyclable. AAMI audits waste sent to landfill to ascertain recyclable levels.

In 2008/09 we introduced bi-annual audits across the AAMI business, known as the “Battle of the Bins”.

#### ★ OUR GOAL FOR 2009/2010

To expand recycling practices to include “claims waste” and electronic waste (e.g. computers).

To continue to reduce recyclable waste sent to landfill – Target for 2009/10 is 10 per cent.

## World Wildlife Fund

In 2008/09, we continued to support the World Wildlife fund via Earth Hour. AAMI again provided an employee to the World Wildlife Fund for a 2.5 month secondment to help organise Earth Hour in Victoria. Once again all AAMI buildings across Australia participated in Earth Hour.

**World Environment Day** – Our employees celebrated World Environment Day by fundraising for the World Wildlife Fund across the country.



## Greenfleet

In 2008/09, we continued our partnership with Greenfleet. This included joint research into driving behaviours (AAMI's Crash Index), AAMI employees planting trees to help offset our fleets emissions, the purchasing of offsets from Greenfleet and education initiatives (e.g. joint webcasting). [www.greenfleet.com.au](http://www.greenfleet.com.au)

### ★ OUR GOAL FOR 2009/10

To expand Greenfleet's offsetting program to all AAMI employees.



If you have any comments or feedback, please do not hesitate to contact us at [green@aami.com.au](mailto:green@aami.com.au)



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