

# Better for members, better for our community.



Group Annual Report 2023–24





***RAA acknowledges the Traditional Custodians of the lands that our members and staff live on. We pay our respects to Elders past, present and emerging.***

***We are committed to contributing to reconciliation in Australia and embedding this in the culture and operations of RAA.***

Artwork by Elizabeth Close,  
Pitjantjatjara and Yankunytjatjara Artist.



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# The year in numbers

**823,000+**



members  
(↑2.2%)

**2m+ km**



travelled by  
our Patrols

**911,000+**



roadside assistance  
calls handled

**656,000+**



homes, vehicles, boats,  
caravans insured

**\$392m+**



home and motor insurance  
claims incurred

**138**



RAA Charge  
sites completed

**45,000+**



holidays  
booked

**\$20.5m**



fuel costs saved  
through RAA App

## A word from our President and Chairman, and CEO

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### **RAA bounced back strongly in financial year 2023–24, with improved financial performance and profit after two challenging years of extreme weather and record payouts to members.**

We proudly achieved all our strategic goals for the year. We exceeded our revenue goal and delivered a profit well in excess of our expectations. This resulted in a \$2.1m after tax profit, a significant improvement on the previous year. As a member-owned organisation, we re-invest any profits back into RAA to improve our services, benefits and experiences for members.

We also maintained our status as the #1 brand in SA and grew our membership base by 18,000 people, with over 823,000 South Australians now realising the benefits of being an RAA member.

We exceeded our goal of very high member satisfaction – proof that our members are at the heart of everything we do. In the current environment, this is a great outcome.

Our financial year profit result also helps us rebuild our financial base so we're ready to help our members – rain, hail or shine. That's why we're building a more resilient and diverse business, so we can return even more to members.

Our team has worked hard during the year to deliver these results and achieve so much for our members. But, like most organisations in the current environment, it hasn't come easily.

In RAA Insurance – like all other insurers – we've faced industry-wide challenges, with a number of pressures on premiums. This includes rising cost of materials and labour, the flow-on impacts of increased frequency and severity of extreme weather events, and escalating reinsurance costs around the world.

We're doing everything we can to help keep insurance affordable and, despite the challenges, we grew our policyholders and added a new more affordable entry-level insurance option.

With more than 650,000 home and motor insurance policies, we're South Australia's largest personal insurer with the most satisfied customers, as awarded by Canstar for the sixth year in a row.

In Roadside, RAA helped with more than 911,000 calls for assistance, which is just incredible. Our Patrols continue to be the heart and soul of our operations, always going above and beyond to help our members get back on the road in the quickest time of all our peer clubs in Australia.

And RAA Travel continues to have record growth, year on year, helping to send more than 45,000 people on their dream holiday this last year.

Energy is such a critical part of our lives and also one of the biggest and most costly pain points. RAA has a strategy to capitalise on the convergence of the car and home. We're excited to be taking on a bigger role in energy in SA.

With cost-of-living pressures, and the challenge to decarbonise our economy, we think RAA can play a critical role in helping South Australians access more affordable and transparent energy options.

Already we're helping members better manage their energy use and reduce their bills too – we installed more than 700 home energy systems and 251 batteries in homes, and over 13,000 solar panels on residential and commercial rooftops.

This is just the beginning – we think it's time our members got a fairer deal on electricity. We are expanding our offerings to provide a trusted, fair and transparent energy plan with greater insight and control over your energy use.



President and Chairman Kathy Gramp



CEO Nick Reade

We also opened up the state to electric vehicle drivers through South Australia's first border-to-border charging network, with all RAA Charge sites now operational and delivering over a million kilowatt hours of power this year alone.

We believe it's better to be a member, not just through our products and services, but through our commitment to return more to members and the community.

Our team is passionate about breathing life into the hospitality and tourism economy. We offer exclusive benefits and value, which helped our members save more than \$53 million in loyalty, shopping and dining discounts from a raft of local businesses and venues.

And of course, we introduced our bearded bee friend Trev, who has helped us with our new brand campaign around it's 'better to be a member' – the results so far have exceeded our expectations.

The launch of our Innovate Reconciliation Action Plan was a proud moment, showing our passion and commitment to supporting reconciliation through action and celebrating culture.

Our advocacy sets us apart. We influence decision-makers on a range of road safety, infrastructure, transport and planning matters. Our Slow Down for Yellow Too campaign is close to being legislated and will see a 25km per hour speed limit enforced when passing emergency workers – so important in keeping our Patrols and members safe.

We provided road safety education to more than 36,000 students from preschool, primary and high schools across the state. And through our partnerships, grants, events support and staff giving programs, we contributed just under half a million dollars to community groups and causes.

On behalf of your Board and the RAA team, thanks for your support this year. Representing you is an honour we don't take lightly, and we wouldn't be here without you.

We're proud of our achievements, especially the resilient, modern RAA we're building. We're so excited to keep this momentum going and deliver on our purpose to be 'better for members, and better for our community'.

### **Kathy Gramp and Nick Reade**



CEO Nick Reade and President and Chairman Kathy Gramp with RAA members at Gold 50 celebration event, Elizabeth.



**Motor**

## Keeping you on the road

**Whether you were on two or four wheels, powered by pedal, petrol or electricity – we were there for you when you needed us.**

Our Patrols covered more than two million kilometres, and we handled more than 911,000 calls to assist our members on the roadside.

We provided our members with peace of mind, insuring more than 468,000 motor vehicles. We also launched new Standard and Premium Comprehensive Car Insurance, giving you more meaningful – and affordable – choices when deciding on the right cover.

As our members continued to embrace electric vehicles, our Motoring services evolved.

We tested a mobile electric vehicle (EV) charger to help our members get home or to a charging point, should they run out of charge on the road. The mobile EV charger is now part of our everyday Road Service.

We also trialled a 100% electric Peugeot E-Partner to see how it performed as a Patrol van. Insights and experience from this trial help us plan for our Patrol fleet of the future.

Our Approved Repairer network, now spanning 400 repairers across South Australia, welcomed a new Hybrid/EV specialty category, building our capability to service electric and hybrid vehicles now and into the future.

We also joined forces with the Motor Trade Association (MTA) to hold a Future Ready Expo for SA repairers and supported their 2024 Automotive Awards and Graduation ceremony.

**354,000+**

roadside breakdowns attended

**47,700+**

assistance requests via RAA App

**73,900+**

batteries replaced

**6,800+**

vehicles inspected

**\$499,000+**

free car advice provided

**\$285m+**

motor insurance claims incurred





**Home**

## Keeping you covered at home

### At home, we had you covered for maintenance, repairs and insurance.

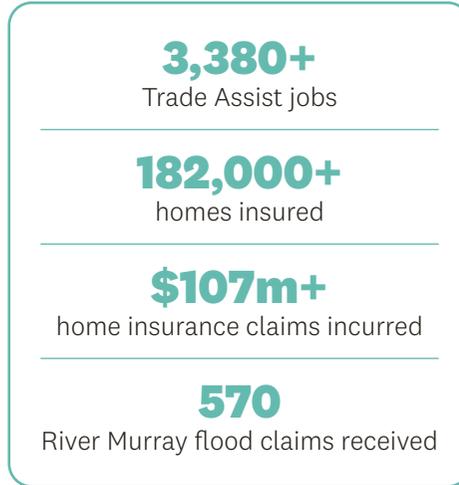
Our Trade Assist service helped our members look after their homes, providing more than \$2.7 million worth of maintenance and repairs. Our most popular services were roof repair, air conditioning servicing/repair, general maintenance, electrical and plumbing.

We also expanded Trade Assist to include hot water repairs and replacements – just another way we’re helping RAA members when they need us.

For the sixth year running, our Insurance customers were the most satisfied in South Australia. Once again, we won the Canstar award for Most Satisfied Home and Motor Insurance Customers in the state.

Roy Morgan also named us General Insurer of the Year in their annual Customer Satisfaction Awards.

We were there for our members as they recovered from the River Murray floods, with \$141 million in claims now paid out.



# Travel



## Keeping you cruising, flying and exploring

**We helped South Aussies see the world - and their own backyard - from weekend getaways to overseas adventures, and everything in between.**

We're proud to be our members' first choice for travel. We're also SA's oldest travel agency, and our growth continues to outpace industry standards.

Our members love cruising, and we helped 83% more of you set sail compared to last year. Cruising was the first travel sector to recover after COVID-19 and continues to lead the way as a popular holiday choice.

We were proud to be nominated in six categories at the National Tourism Industry Awards (NTIA), including Most Outstanding Leisure Travel Agency (Multi-location).

Our new starter training program (also recognised with a NTIA nomination) provided our Travel team with the training they needed, to help you have the best holiday possible.

**\$111m+**

travel sales ↑ 37%

**45,000+**

holidays booked

**52,000+**

holidays insured

**33**

new travel consultants

**19,000**

new members through  
Travel Pathway to Membership

**95%**

member satisfaction rate



# Energy



## Keeping you charged and connected

**The way we use energy at home and on the road is changing. RAA strives to help members effectively transition to an electrified future and ease cost-of-living pressures.**

We're making it easier to adopt new technology into our homes and cars, and we're playing a bigger role in helping South Australians access more affordable and transparent energy options.

We're set to launch RAA Energy in late 2024 - to help reduce electricity costs through a trusted energy plan including personalised insights, energy advice, free solar assessments, monthly billing and more.

In partnership with the State Government, we completed 138 Electric Vehicle (EV) charging sites for RAA Charge - SA's first border-to-border EV charging network.

Providing more than 7,000 EV drivers with more than 1,170,000kWh of electricity, RAA Charge helped tackle range anxiety and allowed EV drivers to explore more of our beautiful regions, with more than 75% of charging locations located in regional SA.

RAA Charge was a finalist for the Australian Institute of Energy (AIE)

Project of the Year Award and received a Commendation at the SA Premier's Awards for Energy and Mining.

We also helped our members stay charged at home. Our Solar and Battery team installed more than 710 home energy systems and 251 batteries, and recycled more than 38 tonnes of scrap cable, panels and wood.

We helped integrate EV charging and monitoring into our members' homes and continued to develop environmentally sustainable energy solutions for South Aussie homes and businesses, installing more than 13,000 (5.7MW) solar panels on commercial and residential rooftops.

As well as saving around 1,596 metric tonnes of carbon dioxide, these systems helped reduce energy bills for our members - a growing focus as cost-of-living pressures continue.

**RAA Charge**  
rollout complete

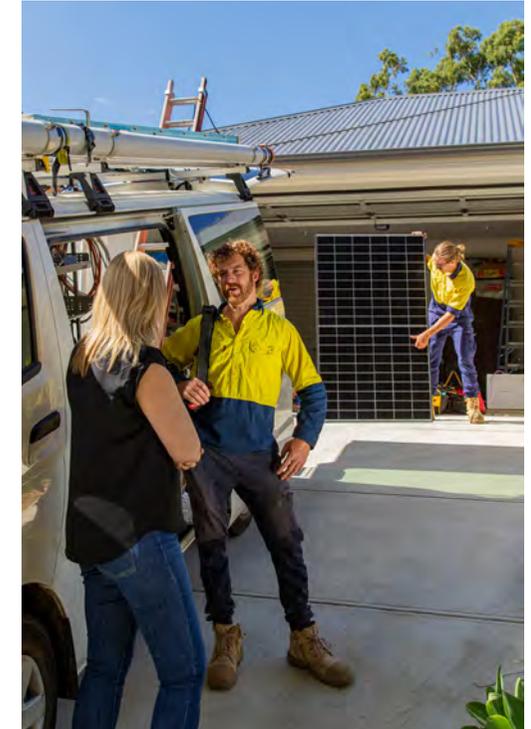
**50,000+**  
EV charge sessions

**710+**  
home energy systems installed

**250+**  
batteries (3.37MWh) installed

**\$12m+**  
solar revenue

**38+**  
tonnes scrap recycled



# Membership



Image courtesy kwpx.

## Keeping our members at the forefront

**Chances are, you've met Trev. He's small but mighty and buzzed into SA this year to a warm reception.**

Trev lives RAA's promise of making sure it's better to be a member and highlights our focus on delivering great value and great experiences to our members and the wider SA community.

Our new Dining Program saw members receive more than \$165,000 on exclusive upgrades and experiences with meals since it launched in September 2023. It's just one way we're giving back at a time when cost-of-living is front-of-mind for most South Aussies.

Showcasing more than 70 restaurants around SA, the Dining Program joined our More for Members stable of offers, with the program saving more than 296,600 members a whopping \$27.8 million all up – an average of \$89 per member!

With 18,000 new members, there are now more than 823,000 South Australians enjoying all the benefits RAA membership offers – including an overall \$53.4 million in loyalty and discount savings for the year.

It all adds up to a great experience for our members, reflected in high member satisfaction rates and our confirmation as the state's #1 brand, and a whole lot of proof that it's better to be a member.

**SA's #1**  
Brand

**18,000+**  
new members

**\$53.4m**  
in loyalty, discount savings

**\$432,000+**  
in value, money-can't-buy  
experiences through our  
sponsorships

**Member advocate**  
role introduced

**83%**  
member satisfaction rate



Kiin, one of our new Dining Program partners.



# Advocacy

## Helping our members and community

### We continued to be a voice for our members and the wider South Australian community.

Our Slow Down for Yellow Too campaign influenced the introduction of a 25km/h speed limit when passing emergency workers – a critical step in keeping our Patrols and all roadside workers safe.

We supported the Government’s new e-scooter legislation and highlighted the need for a framework to ensure their safe use in the community.

As our population grows, our public transport system needs to evolve. That’s why we advocated – through consultations, direct lobbying and the media – for extensions to passenger rail lines in the south and north of Adelaide. Our advocacy also saw the Government allocate funding to planning studies.

During National Road Safety Week, we brought industry, government and community experts together for a Road Safety Roundtable. Our goal? Finding ways to reduce lives lost on South Australian roads.

We assessed more than 3,000km of roads for our Eyre Peninsula Regional Road Assessment Report which provided key recommendations to improve the safety and effectiveness of the local road network.

We also worked with Walking SA on our Risky Walks survey, gaining vital feedback from our members and the wider community on how they use our footpaths and road infrastructure.

And in a major win, the ACCC highlighted the role of real time fuel pricing apps like RAA’s, which we make available to all South Australians. With access to transparent and up-to-date pricing, we help motorists save hundreds of dollars each year, the second biggest saving of any state in the country.



Announcement of 25km/h speed limit when passing emergency workers, including RAA Patrols.

**8,000+**

SA roads assessed

**140+**

Risky Walks nominations

**264**

Report-a-Road reports received

**3,200+**

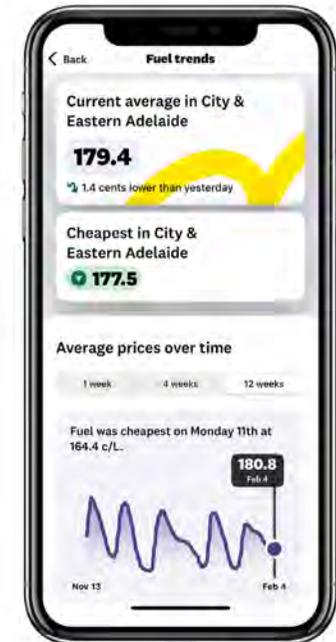
member surveys completed

**\$13m+**

earned media coverage while advocating for members

**11.2m**

social media impressions.



The RAA App’s fuel price feature helped motorists save \$20.5 million during the year.



# Social impact

Members of RAA Executive, Board and RAP Working Group celebrated the launch of our Innovate Reconciliation Action Plan.

## Helping make a difference where it matters most

### With strong support at Board and Executive level, RAA is committed to creating a sustainable, more inclusive future for all South Australians.

Using the United Nations Sustainable Development Goals (UN SDGs) to frame our activities, we strive to improve the Environmental and Social Impact of our operations and be an advocate for our members and community.

Guided by the Tjindu Foundation, we proudly launched our Innovate Reconciliation Action Plan (RAP). Led by Aboriginal and Torres Strait Islander voices, our RAP is our commitment to build strategies, programs and services to grow our knowledge and make meaningful change.

We supported reconciliation through NAIDOC and National Reconciliation Week activities, with 400 registrations for our annual member movie night and more than 50 of our staff completing History Trust Impact training and Karna language sessions.

With support from our Licence to Work program, 11 Aboriginal students got their licences, and more than 955 hours of free driving lessons were provided to learner drivers.

As a member of SA ZERO, we collaborated with key businesses and organisations to help SA's work to reach its Net Zero 2050 goal. We also lent our expertise to workshops and forums on transport decarbonisation.

Reducing waste is always a priority for us, so we engaged KESAB environmental solutions (supported by Green Industries SA funding) to help reduce waste at our Mile End site, with a focus on educating staff on waste and contamination whilst supporting the circular economy. More than 120 staff were provided with education intervention and online resources.

We are working to reduce the emissions from RAA Insurance's operations in line with the Insurance Council of Australia's net zero roadmap, and offset the emissions that we have not yet been able to reduce with three projects – Australian Indigenous Savannah Burning (NT), Native Forest Regeneration (QLD) and Winds of Change (India).

For more information on RAA's climate-related disclosures, see page 39.

**\$147,000+**

spent with First Nations businesses

**\$60,000**

donated to organisations supporting First Nations students

**4,450t**

CO2 equivalent offset

**233t**

waste diverted from landfill

**56,065**

batteries recycled

**1,476**

car seats recycled

### RAA's social impact activities are guided by seven United Nations Sustainable Development Goals





# Community

Street Smart Primary visit, Gawler East Primary School.

# Community education

## Helping everyone stay safe on the road

**From preschoolers to people at the more mature end of their driving careers, road safety is for everyone.**

Our community education team delivered our Street Smart and Years Ahead programs to preschoolers, primary and secondary – aged students, people in retirement villages and community groups around the state.

We were proud to collaborate with Makers Empire (an SA company specialising in 3D design) to pilot an innovative STEM-based Road Safety Challenge in ten schools (including five regionally). The Challenge teaches students life-long road safety lessons – safe systems, safe pedestrians, safe passengers, safe cyclists and safety on wheels.

A record more than 10,000 students attended our annual Street Smart High road safety event at the Adelaide Entertainment Centre. The two-day event, which continues to include more schools every year, taught students about road safety through deeply impactful real-life recounts of road trauma.

We also showed 216 high school students the essentials of car care,

inspected 1,792 bikes as part of the Way2Go Bike Ed program in schools and provided around 1,500 hours of child restraint advice, fittings and checks at our Child Safety Centre.

A major milestone – we celebrated the 15th birthday of our Years Ahead program, developed to help our senior drivers stay safe on the road for longer.



Tony Ey presents the Years Ahead program.

**36,280+**  
students educated by our  
Street Smart programs

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**1,800+**  
bikes checked for Way2Go Bike Ed

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**10,560+**  
teachers, students attended  
Street Smart High

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**4,400**  
child restraints checked, fitted

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**6,000+**  
driving lessons



Street Smart High 2023.

## Community – Grassroots

### Helping local communities thrive

#### Our commitment to improving the lives of our members and their communities starts at the grassroots, local level.

After the devastating River Murray floods, we helped communities rebuild, delivering \$50,000 in Grassroots Giving grants to not-for-profit and local organisations focussed on recovery, and another \$20,000 in grants to other communities around the state.

From defibrillators to safety lighting; first aid training to solar security; dragon boats to safe driving programs, our Regional Safety Grants provided \$86,000 to 20 deserving recipients.

Through our partnership with Foodbank, we collected 22,245kg of food and put equivalent to 500,898 meals on the tables of South Aussies in need. We got involved too, with our staff helping collect donations on our annual Foodbank Food Drive.

Our partnership with the Tjindu Foundation empowered more than 60 Aboriginal students in years 10, 11 and 12 to reach their full potential, combining immersive experiences in football, culture, academic and life skills. In 2023, 100% of Stage Two students completed their South Australian Certificate of Education (SACE).

Through our support of the CFS Foundation, 466 volunteers completed Road Crash Rescue training, and through our Giving Back program, our staff raised \$42,262 (including \$20,000 matched by RAA) for Cancer Council SA, Backpacks 4 SA Kids, Trees for Life and Freedom Hill Sanctuary. In total, we raised \$93,559 for these charities over the past three years.

**\$499,970 contributed to community organisations:**

**\$210,567**

Momentum (major) partnerships

**\$86,000**

Regional Safety Grants

**\$111,000+**

Grassroots Giving Grants

**\$19,908**

Community Assets

**\$30,000+**

community event sponsorship

**\$42,262**

RAA staff Giving Back Programs.



“ I’m a single mother and a full-time carer of children with a disability. I left a domestic violence (situation) three years ago. Being a sole parent and carer, unable to work and with young children to feed, Foodbank has been a lifesaver. ”

Mount Barker Food Hub Client



**People**

## Helping our people be their best

### **Our deep commitment to our people, who are at the heart of RAA, was reflected in our progress on inclusion, diversity and belonging, leadership and safety.**

Our Executive team led the way, hand-signing our Respect@Work Commitment to set the tone across the organisation.

Role modeling this commitment, our Executive and Board participated in ‘Call it Out’ training, empowering them to confront negative behaviours. They also completed a Respect@Work information session, focussed on legislative updates and building positive workplace culture.

We continued to focus on gender diversity, tangibly demonstrated with the Workplace Gender Equality Agency reporting our average total gender pay gap as 1.9% compared to the industry average of 24.9%.

Through his personal involvement with the SA Leaders for Gender Equity Committee, our Chief Executive Officer made an impact beyond RAA, helping drive change in the SA business community.

Our people actively connected and were supported through thriving, inclusive and safe internal online communities; RAAinbow Connection, Neurodiversity at RAA and Beeyond Borders.

For the first time, based on our brand research, we were SA’s #1 Employer Brand (up from #3 the year before) and continued to develop and strengthen our performance and reward frameworks, talent acquisition and recruitment practices, leadership capability and succession planning at all levels of RAA. This included developing a new Group Reward Framework which is designed to attract, motivate and retain great talent at RAA. For more details and information on our approach to remuneration, see page 32.

This year we reset our focus on safety, reinforcing our expectation for everyone – ‘work safe, home safe’. Our new early intervention program is making a difference, with almost half as many lost time injuries as last year. Alongside this we continued to strengthen our safety management system, simplifying the risk management framework and extending our assurance program.

We were also thrilled to announce plans for our two new leased sites: 150 Grenfell Street (for corporate staff as well as member-facing facilities) and 599 Port Road (technical services, dynamic workshop and immersive member experiences), following our 2026 exit from Mile End due to the River Torrens to Darlington (T2D) project.

Both new locations will provide our people with the tools, space, culture and connections they need to thrive for years to come – an exciting new chapter for RAA staff and members.

**#1**  
Employer Brand

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**Foundation member**  
of SA Government’s Multicultural  
Ambassador Program

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**1.9%**  
average gender pay gap  
(industry average 24.9%)





**RAA**

**RAA**

Motor  
Home  
Travel

RAA Shop  
Opening  
Monday  
Saturday

**Governance**

## Board of Directors

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### **Kathy Gramp**

#### **President and Chairman of the Board**

BAcc, FCA, FAICD (Life)

Kathy Gramp joined the RAA Board in 2013 and is President and Chairman of the Association and Chair of RAA Insurance Pty Ltd. Kathy's experience spans a diverse range of Australian organisations. She is Director of Codan Ltd (ASX.CDA) and Adelaide Community Hospital Alliance Incorporated.

Kathy brings skills and experience across a range of areas most notably Accounting & Finance, Executive Board & Governance, Risk Management, Mergers & Acquisitions, large scale Capital and IT projects, Insurance, Regulatory and People & Culture and is the Chair of the Group Governance & Remuneration Committee and a member of the Audit, Risk & Compliance Group Investment Committee and Appeals Committees.



### **David Osborn**

#### **Vice-President**

BBus, GAICD

David Osborn joined the RAA Board in 2020 and is Vice President, bringing skills and experience in the technology and consumer space. David has significant experience as a Managing Director and Senior International Director with Kimberly Clark Corporation, a Fortune 150 company. David is co-founder and CEO of DelTech Solutions which has supported the launch of Uber Eats into Australia and New Zealand.

David is passionate about what the RAA can deliver to members across the areas of road service, insurance and travel and the important role RAA plays in advocating for road safety, improved road infrastructure and other mobility initiatives.

David is Chair of the Group Investment Committee and a member of the Group Governance & Remuneration, Audit, Risk & Compliance and Appeals Committees.



### **Peter Siebels**

BAcc, FCA, FAICD

Peter Siebels joined the RAA Board in 2008 served as President and Chair of the Association and Chair of RAA Insurance Ltd between 2019 and 2023. Peter is a professional director and advisor. He is currently Principal of 4D Advisory Pty Ltd, Chairman of Hood Sweeney and the Electricity Industry Superannuation Scheme, a Director of RAA Insurance Ltd, GCF Investments Pty Ltd.

Peter has extensive Board & Governance experience and brings skills in Accounting & Finance, People & Culture, Insurance, Risk Management, Mobility & Transport, Government and Public Policy, Innovation and Entrepreneurship, Regulatory, and Investment Management. Peter is Chair of the Audit Committee and a member of the Risk & Compliance, Appeals and Group Investment Committees.

## Board of Directors (continued)

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### **Victoria Angove**

BCom., GAICD

Victoria Angove joined the RAA Board in 2015. Victoria has a strong sales and marketing background gained from running a large, successful, consumer-oriented business and other business experience gained in Asian, North American and European markets. She is joint Managing Director of Angove's Pty Ltd and a Director of the Australian Grape and Wine Incorporated and Independent Winemakers Group.

Victoria brings skills in the areas of Consumer, Board & Governance and Regional Issues and contributes to RAA's corporate governance practices and investment in innovation and technology as a member of the Group Governance & Remuneration Committee and Group Investment Committee.



### **Kim Cheater**

BEC, FCAANZ, FAICD

Kim Cheater joined the RAA Board in March 2023. He is currently Chair of the SA Museum and Alwyndor Aged Care and a Director of ReturnToWorkSA, RAA Insurance Ltd and Australian Unity Ltd as well as a member of the Advisory Board for Sarah Group, a Council member of Flinders University, Independent Chair of the Audit Risk & Investment Committee for Minda Inc and Chair of the Warriparinga Advisory Team.

Kim is a Fellow of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.

Kim was a partner at PwC for nearly 20 years and former Managing Partner of the Adelaide office. He led the Governance, Risk and Cyber Security business of PwC in Adelaide. He also led PwC's national Reconciliation initiative.

Kim brings strong skills and experience in the areas of Accounting & Finance, Information Technology, Digital, Cyber Security, Insurance, ESG and Risk Management. He is Chair of the Risk and Compliance Committee and a member of the Audit Committee.



### **Dr Stephen Holmes**

MBBS, FACRRM, FRCPA

Steve Holmes joined the RAA Board in 2021 and is Rural Generalist Doctor (Emergency and Obstetrics) practicing in Clare. He is a member is AMASA Road Safety Committee, State Chair of Rural Maternity Services Committee, SA State Councilor Australian College Rural Remote Medicine and Chief Obstetric Advisor SA Rural Support Service.

Steve brings skills and experience in the areas of Regional Issues and Government & Public Policy.

## Board of Directors (continued)

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### **Jacqui McGill AO**

BSc, MBA

Jacqui McGill joined the RAA board in 2020 and is a highly-accomplished Executive and Non-Executive Director across a range of sectors. She was awarded an Order of Australia for her contribution to the resources sector and gender inclusion.

Jacqui is currently a Non-Executive Director of Mineral Resources Limited, New Hope Corporation Limited, 29 Metals Limited and Gold Fields Limited, chairing various committees related to Social Investment, Environmental Policy, Community Relations, People and Governance, and Risk Management, and previously held Chief Executive-level roles with BHP.

Jacqui is a member of the Group Governance & Remuneration Committee, Audit Committee and Risk and Compliance Committee.



### **Martin Small**

BA (Hons), MA, GAICD

Martin Small joined the RAA Board in November 2019. Martin owns and runs a road safety and regulatory management consultancy operating across Australasia, Asia and Africa. He previously held a variety of senior government transport positions over a 25 year period including in his native New Zealand, and in South Australia as Director Road Safety and Registrar of Motor Vehicles. Martin is the immediate past President of the Australasian College of Road Safety and a Director of Football South Australia.

Martin contributes to the RAA Board in the areas of Risk Management, Environmental, Social & Governance (ESG), Mobility & Transport, Government & Public Policy, Energy & Infrastructure and Regulatory.



### **Sharon Starick**

BAGSc (Hons), MAICD

Sharon Starick joined the RAA Board in 2009. Sharon is a primary producer from the Murray Plains and is involved in rural and regional communities. She is Chair of Animal Health Australia and a Director of the Grains Research and Development Corporation, the Regional Investment Corporation, Murray Plains Farmers Inc and the Sedan Cambrai Football Netball Club. In the past Sharon has been Presiding Member of the SA Murray Darling Basin NRM Board and a Director of Nature Foundation.

Sharon contributes skills and experience in Board Governance, Regional Issues, Government and Public Policy, and Environmental, Social and Governance (ESG) and is a member of the Group Governance & Remuneration Committee.

## Group Executive Team

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**Nick Reade**  
Chief Executive Officer  
RAA



**Susan Crago**  
Chief Governance and  
Risk Officer



**James Galdes**  
Chief Technology Officer



**Michael Healy**  
Chief Marketing Officer



**Gina Norman**  
General Manager Travel  
and Distribution



**Dorothy Nycz**  
General Manager  
Automotive Services



**Ben Owen**  
Chief Strategy Officer  
and General Manager  
Home & Energy



**Tara Page**  
Chief Executive,  
RAA Insurance



**Emily Perry**  
General Manager  
Community and  
Corporate Affairs



**Laura Schonfeldt**  
Chief People Officer



**Bethany Denton**  
Acting Chief  
Financial Officer

Laura Schonfeldt, Chief People Officer and Susan Crago, Chief Governance and Risk Officer both appointed October 2023.

**Not pictured:** Sam Pafumi, Chief Financial Officer, resigned 10 May 2024.

## Activities of the Board

### Principal activities

The principal activity of the Royal Automobile Association of South Australia Inc ('RAA') in the course of the financial year was the provision of motoring, insurance, energy and travel products and services to members. The audited financial report of RAA for the financial year ended 30 June 2024 is available on RAA's website [raa.com.au](http://raa.com.au), or by request.

### Directors

Information on the directors of RAA during the financial year is set out on pages 27–29.

### Board committees

Each committee operates under a charter approved by the Board. The primary functions are as follows:

#### Audit Committee

Responsible for reviewing and reporting to the Board on internal and external audit performance, financial policies, statements and transactions, taxation and internal control.

#### Risk and Compliance Committee

Responsible for overseeing the coordination of RAA's risk management and assurance and compliance activities.

#### Group Investment Committee

Reviews the investments of RAA in line with the investment policy set and agreed by the Board.

#### Appeals Committee

Reviews appeals by members whose membership has been refused, suspended or cancelled.

#### Nominations Committee

Responsible for developing and assessing persons against the Director Suitability Guidelines and endorsement criteria in respect of the election or appointment of directors. The committee is comprised of the RAA President and Chairman, Company Secretary and two independent members.

#### Group Governance and Remuneration Committee

Responsible for ensuring RAA's corporate governance and remuneration framework practices and procedures are relevant and appropriate.

The committee ensures the Board and its committees operate effectively and efficiently, reviews the remuneration of non-executive directors, the Chief Executive Officer and senior executives, and oversees the administration of general meetings including Board appointments and elections.

### Directors' meetings

The table below sets out the number of directors' meetings (including meetings of committees of the Board) held during the financial year and the number of meetings attended by each director, while he/she was a director or committee member.

#### Summary of meeting attendance 2023 – 2024

Directors	Board of Directors		Group Governance & Remuneration*		Audit		Risk and Compliance		Group Investment	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Kathy Gramp	10	9	6	6	6	6	4	4	4	4
Victoria Angove	10	9	6	4					4	4
Peter Siebels	10	9	3^	3	6	6	4	4	4	4
Stephen Holmes	10	9								
Jacqui McGill AO	10	7	6	6	6	5	4	4		
David Osborn	10	9	3^	3	6	6	4	4	4	4
Martin Small	10	10								
Sharon Starick	10	9	6	5						
Kim Cheater	10	7	2**	2	6	6	4	4		

Held means the number of meetings held during the financial year.

Attended means the number of meetings attended by the director.

\*Directors who are members of this Committee do not attend any part of the meetings at which Board election matters are discussed if they are the subject of election or re-election. However, partial attendance is recorded as having attended the meeting.

^Committee membership changed mid-year. Eligible to only attend 3 meetings.

\*\*Committee membership changed in May. Eligible to only attend 2 meetings.

## Remuneration report

### RAA Group Reward Framework

In FY24, RAA Group’s Reward Framework (Framework) was developed to anchor our remuneration strategy and associated policies and practices. Our Framework is designed to attract, motivate, and retain talented people needed for our diverse workforce to deliver on the Group’s strategic objectives, and ensure financial and non-financial risks are effectively managed, achieve sustainable performance outcomes and promote the Group’s long-term soundness.

The RAA Group is committed to working with a sound risk culture where the decisions and behaviour of colleagues are aligned to the Group’s strategy which contribute to sustainable outcomes for its members. Our Framework includes processes to identify, investigate, and determine remuneration consequences, if any, for an employee where a performance and/or conduct issue is substantiated. Importantly, RAA has linked performance to reward, by ensuring that employees must achieve their performance goals and demonstrate RAA’s values as defined in the Performance for Purpose Framework to be eligible for annual incentive payments.

### Principles

The principles of our Reward Framework are that our performance, reward and governance practices:

- Support our purpose and alignment to member value
- Promote accountability and risk management
- Are simple, fair and equitable
- Are flexible and transparent
- Support attraction and retention of talent
- Reduce our financial and non-financial risk.

In applying the Framework, RAA Group balances a range of internal and external factors:

- Robust market data, independent advice
- RAA Group financial performance and stakeholder expectations
- Economic environment, market competitors and skills shortages
- Business stability, attraction, retention, turnover of required talent and business impacts
- Individual capability, performance contribution and succession.

### Governance

The RAA Group Board and RAA Insurance Board are ultimately accountable for the Reward Framework and its effective application on the recommendation of the Governance and Remuneration Committees, and where required the Risk and Audit Committees.

Board and Committee Members must exclude themselves from any decisions where they are the subject of the review, and must declare any potential conflict of interest to ensure this is appropriately managed.

The effectiveness of our Framework will be assessed as part of the annual reviews (or on a needs basis).

### Remuneration

The Group Governance and Remuneration Committee reviews the remuneration packages of all non-executive directors, the Chief Executive Officer and senior executives on an annual basis and makes recommendations to the board.

### Director remuneration at 30 June 2024

	Short-term benefits Salary/Fees	Post-employment benefits Superannuation	Total
Directors	\$	\$	\$
<b>K Gramp</b> (President)	90,334	9,937	100,271
<b>D Osborn</b> (Vice President)	71,852	7,904	79,756
<b>P Siebels</b>	73,160	8,048	81,208
<b>V Angove</b>	52,412	1,092	53,503
<b>K Cheater</b>	57,504	6,326	63,830
<b>S Holmes</b>	48,135	5,295	53,430
<b>J McGill</b>	48,135	5,295	53,430
<b>M Small</b>	48,135	5,295	53,430
<b>S Starick</b>	48,135	5,295	53,430
<b>Total RAA</b>	<b>537,804</b>	<b>54,485</b>	<b>592,289</b>

## Remuneration report (continued)

For non-executive directors, the Constitution of RAA specifies that the aggregate remuneration shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. At the date of this report, the latest determination was at the Annual General Meeting held on 18 November 2013, at which members approved an aggregate remuneration up to \$600,000 per year.

### Executive Remuneration

Our reward principles are designed to support and align with our vision, values and strategy, be appropriate to changing market conditions, and comply with all legal and regulatory requirements.

In FY24, RAA commenced the implementation of the Korn Ferry proprietary methodology, a globally recognised methodology which enables roles to be evaluated against elements that enable the relative sizing of roles. The outcomes of this job-sizing enables external benchmarking to ensure remuneration is competitive and appropriate for the role. This practice enables RAA to attract and retain key capability and reward for performance.

The table (on the right) summarises the remuneration paid to individuals in RAA Group Executive roles, including anyone in an acting capacity during the financial year, reflective of the Korn Ferry’s job sizing methodology and benchmarking outlined above.

RAA’s group executive commenced in their roles as follows:

- RAA Group Chief Executive Officer - August 2022
- Chief Executive, RAA Insurance – May 2023 (acted in role March-May 2023)
- Chief Marketing Officer, Chief Strategy Officer & General Manager Home & Energy – January 2023
- Chief Technology Officer – March 2023
- Chief People Officer, Chief Governance & Risk Officer – October 2023
- The remainder of RAA’s group executive commenced prior to the FY23 or FY24 period.

### FY24 Executive Remuneration Summary

	Consolidated 2024 \$	Consolidated 2023 \$
Short-term employee benefits	5,103,450	4,682,320
Long-term employee benefits	69,293	81,436
Post-employment benefits	311,644	299,265
<b>TOTAL</b>	<b>5,484,388</b>	<b>5,063,021</b>

<sup>1</sup> Short-term employee benefits includes salary and incentive payments and any payment made on termination of employment

<sup>2</sup> Long-term employee benefits includes long service leave accrual

<sup>3</sup> Post-employment benefits includes employer superannuation guarantee contribution



# Financial performance

## Financial performance

**A summary of the financial performance is provided below. To view the full financial reports visit [raa.com.au/about-raa/corporate-governance/annual-reports](http://raa.com.au/about-raa/corporate-governance/annual-reports)**

RAA has adopted AASB 17 Insurance Contracts, with a date of initial application of 1 July 2023. The requirements of AASB 17 have brought significant changes to the accounting and disclosures for insurance and reinsurance contracts. As a result, RAA has restated certain comparative amounts within the financial statements, including the presentation of a third statement of financial position as at 1 July 2022.

### Discussion and analysis of the statement of profit and loss

RAA made a \$2m profit after tax (2023 restated: \$52m loss) for the year ending 30 June 2024.

Total revenue was \$679m, \$100m (17.3%) higher than the prior year.

Insurance revenue increased by 20% to \$525m, driven by an increase in policy sales and average premium across portfolios. Motoring generated \$91.9m (10.1% increase on prior year) of subscription revenue in the year after member discounts. Travel continued post-COVID growth, generating \$14m

in total commission (46% increase on FY23) and Solar generated \$12m of income (17.6% increase on FY23).

Total expenses were \$698m, an increase of \$29.8m (4.5%) on prior year.

Net expense from reinsurance contracts (reinsurance premiums net of reinsurance recoveries) of \$66.4m was a \$164m increase on FY23 (\$97m net income) due to a reduction in reinsurance recoveries and increasing reinsurance premiums.

Insurance service expenses (predominantly claims expense) of \$383m was \$139.8m (26.7%) lower than FY23 due to a relatively benign weather experience and no reinsurable events.

Employee benefits totalled \$114m, an increase of \$6m (5.5%) on prior year in line with FTE and wage increases. \$23.9m (2023: \$20.5m) of project expenditure is also included in total expenses as RAA continued to progress multiple transformation and strategic projects.

The total comprehensive profit for the year, net of tax, following adjustments for the Group's defined benefit plan, was \$2m (2023: \$53.6m loss).

<b>Consolidated statement of comprehensive income for the year ended 30 June 2024</b>	<b>Consolidated 2024 \$'000</b>	<b>Consolidated 2023 \$'000 (Restated)*</b>
Revenue from contracts with customers	153,474	141,215
Insurance revenue	525,071	437,034
<b>Total Revenue</b>	<b>678,545</b>	578,249
Share of net profit of associates	152	1,951
<b>Total Income</b>	<b>678,697</b>	580,200
Net (expense) / income from reinsurance contracts	<b>(66,402)</b>	97,459
Employee benefits	<b>(114,434)</b>	(108,243)
Payments to contractors for roadside assistance	<b>(26,592)</b>	(23,574)
Cost of sales	<b>(21,305)</b>	(23,686)
Depreciation, impairment and amortisation	<b>(15,844)</b>	(9,050)
Member remediation expense	<b>(2,564)</b>	(25,556)
Insurance service expenses	<b>(383,094)</b>	(522,820)
Other expenses	<b>(68,131)</b>	(53,116)
<b>Total Expenses</b>	<b>(698,366)</b>	(668,586)
<b>Investment income and net finance result</b>	<b>23,808</b>	12,931
<b>Operating profit / (loss) before income tax</b>	<b>4,139</b>	(75,455)
Income tax (expense) / benefit	<b>(2,055)</b>	23,386
<b>Profit / (loss) after tax for the year</b>	<b>2,084</b>	(52,069)
<b>Other comprehensive income</b>		
Items not to be reclassified subsequently to profit or loss		
Actuarial loss on defined benefit plan	<b>(18)</b>	(122)
Fair value adjustments relating to land and buildings	-	(1,455)
Income tax on items of other comprehensive income	<b>5</b>	37
<b>Net other comprehensive (loss) not to be reclassified to profit or loss in subsequent periods</b>	<b>(13)</b>	(1,540)
<b>Other comprehensive loss for the year net of tax</b>	<b>(13)</b>	(1,540)
<b>Total comprehensive income / (loss) for the year net of tax</b>	<b>2,071</b>	<b>(53,609)</b>

\*The comparative period has been restated for the adoption of AASB 17.

## Financial performance (continued)

### Discussion and analysis of the statement of balance sheet

Net Assets for the year totalled \$220m, an increase of \$2m on prior year due to the current year total comprehensive income.

The decrease in total assets of \$136.9m (18.6%) is largely due to the decrease in Reinsurance Contract Assets, linked with recoveries from previous weather events. Total assets also included a \$45m receivable in FY23 relating to the sale of RAA's Mile End property.

Total liabilities decreased by \$139m (26.9%) due to the decrease in Insurance Contract Liabilities from settlement of FY23 flood event claims and a more moderate claims experience in FY24.

<b>Statement of financial position as at 30 June 2024</b>	<b>Consolidated 2024 \$'000</b>	<b>Consolidated 2023 \$'000 (30 June 2023 Restated)*</b>	<b>Consolidated 2022 \$'000 (Restated as at 1 July 2022)*</b>
<b>Current Assets</b>			
Cash and cash equivalents	52,879	47,066	24,546
Trade and other receivables	42,790	81,132	20,683
Inventories	2,023	2,237	1,851
Deposits in trust account	1,652	11,694	5,941
Current tax asset	-	10,759	7,050
Other current assets	8,377	5,121	4,453
Financial assets	325,642	272,674	289,743
Investments in associates - held for sale	5,219	-	-
Reinsurance contract assets	27,364	157,550	78,919
<b>Total Current Assets</b>	<b>465,946</b>	<b>588,233</b>	<b>433,186</b>
<b>Non-Current Assets</b>			
Pension asset	624	714	927
Financial assets	2,777	3,622	4,664
Investments in associates	651	6,219	5,802
Property, plant and equipment	24,223	22,512	55,241
Right-of-use assets	13,931	15,887	9,460
Intangible assets	19,319	21,539	22,809
Goodwill	63,243	67,651	67,651
Deferred tax	7,073	8,320	-
<b>Total Non-Current Assets</b>	<b>131,841</b>	<b>146,464</b>	<b>166,554</b>
<b>Total Assets</b>	<b>597,787</b>	<b>734,697</b>	<b>599,740</b>
<b>Current Liabilities</b>			
Trade and other payables	34,456	25,169	12,634
Unearned income	48,846	44,978	40,981
Interest bearing liabilities	18,371	33,000	1,569
Deposits in trust account	1,652	11,694	5,941
Provisions	50,749	48,209	16,932
Current tax liability	2,237	-	-
Insurance contract liabilities	207,938	329,945	234,818
<b>Total Current Liabilities</b>	<b>364,249</b>	<b>492,995</b>	<b>312,875</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	-	5,052	-
Interest bearing liabilities	10,738	15,639	9,085
Provisions	2,316	2,598	2,052
Deferred tax	-	-	3,706
<b>Total Non-Current Liabilities</b>	<b>13,054</b>	<b>23,289</b>	<b>14,843</b>
<b>Total Liabilities</b>	<b>377,303</b>	<b>516,284</b>	<b>327,718</b>
<b>Net Assets</b>	<b>220,484</b>	<b>218,413</b>	<b>272,022</b>
<b>Equity</b>			
Retained earnings	186,011	183,940	219,564
Reserves	34,473	34,473	52,458
<b>Total Equity</b>	<b>220,484</b>	<b>218,413</b>	<b>272,022</b>

\*The comparative period has been restated for the adoption of AASB 17.

## Financial performance (continued)

### Discussion and analysis of the statement of cash flow

RAA's cash position as at 30 June 2024 was \$52.9m (2023: \$47m).

FY24 saw a net cash inflow from operating activities of \$63.2m (2023: \$18.5m outflow). This year-on-year improvement was predominantly due to Insurance premium income and reinsurance recoveries exceeding reinsurance and claims paid by more than FY23, due to the improved performance of the Insurance business. A \$12m tax refund was also received in FY24 relating to the FY23 Group loss.

Net cash used in investing activities was \$35.6m (2023: \$12.1m cash from) from receipt of the proceeds from the sale of RAA's Mile End building in July 2023, and the transfer of surplus Insurance cash into the investment portfolio.

Net cash used in finance activities was \$21.8m (2023: \$28.9m cash from) due to the repayment of the \$30m Westpac loan facility reported at 30 June 2023, offset by the further \$11m drawdown in FY24.

<b>Statement of cash flows for the year ended 30 June 2024</b>	<b>Consolidated 2024 \$'000</b>	<b>Consolidated 2023 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from members and customers (inclusive of GST)	<b>792,481</b>	766,434
Payments to suppliers and employees (inclusive of GST)	<b>(741,806)</b>	(792,895)
Interest paid	<b>(1,358)</b>	(720)
Interest received	<b>1,646</b>	891
Rental income received	-	56
Income tax received	<b>12,264</b>	7,688
<b>Net cash (used in)/from operating activities</b>	<b>63,227</b>	(18,546)
<b>Cash flows from investing activities</b>		
Proceeds from the sale of fixed and intangible assets	<b>680</b>	428
Proceeds from the sale of financial assets	<b>42,761</b>	28,310
Purchase of fixed and intangible assets	<b>(6,993)</b>	(13,548)
Purchase of financial assets	<b>(75,014)</b>	(13,809)
Distributions received	<b>2,500</b>	9,202
Dividends received	<b>501</b>	1,534
<b>Net cash from/(used in) investing activities</b>	<b>(35,565)</b>	12,117
<b>Cash flows from financing activities</b>		
Repayment of loans to related parties	<b>966</b>	963
Payment of principal portion of lease liabilities	<b>(3,815)</b>	(2,014)
Proceeds from borrowings	<b>11,000</b>	30,000
Repayment of borrowings	<b>(30,000)</b>	-
<b>Net cash from/(used in) financing activities</b>	<b>(21,849)</b>	28,949
<b>Net increase in cash</b>	<b>5,813</b>	22,520
<b>Cash and cash equivalents at beginning of the year</b>	<b>47,066</b>	24,546
<b>Cash and cash equivalents at the end of the year</b>	<b>52,879</b>	47,066

## Tax transparency

**As a proudly South Australian and membership organisation, RAA is committed to corporate responsibility and transparency. We recognise our contributions to governments’ public finances is of interest to our members and the South Australian community.**

RAA contributes to our community as a major South Australian employer, investor and consumer, and subsequently pays the right amount of tax. RAA collects a significant amount of income tax on employee salaries and wages and makes payments of Fringe Benefits Tax (FBT) and Payroll Tax to the Australian Taxation Office (ATO)/ State Revenue Offices.

RAA supplies services to the community which result in the collection of Goods and Services Tax (GST) and Stamp Duty on insurance premiums which are remitted to the ATO/State Revenue Offices. RAA pays income tax at the company tax rate of 30 per cent based on accounting profit before tax, adjusted for differences between the accounting standards and the income tax legislation. RAA has an estimated tax payable for 2023–24 of \$2.2m on lodgement of the tax return.

RAA adopted the Board of Taxation’s Voluntary Transparency Code in 2016–17. In 2017–18, the RAA Board approved the RAA Tax Governance Framework.

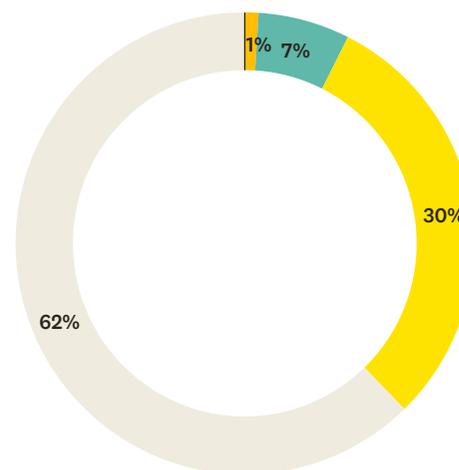
The RAA Tax Governance Framework reflects RAA’s low risk appetite and is consistent with RAA’s overall strategy, approach to risk and core values. RAA makes decisions for commercial reasons and does not enter transactions for the primary purpose of obtaining a tax benefit.

RAA takes advantage of available deductions, tax rebates, offsets and credits to achieve the best tax outcomes for the organisation. RAA continually monitors the RAA Tax Governance Framework, ensuring best practices are adopted and addressing regulatory developments.

RAA is committed to complying with all relevant tax laws, rulings and regulations and to maintaining a transparent and proactive relationship with tax authorities. RAA has controls in place to ensure it pays the right amount of tax.

### RAA’s 2024 tax contributions

	\$- million
Income tax	-
Other taxes – FBT and fuel excise	\$1.0 million
Payroll tax	\$6.7 million
PAYG withholding on salaries and wages	\$31.4 million
Stamp duty on insurance premiums	\$64.5 million
<b>Total</b>	<b>\$103.6 million</b>



- Income tax
- Other taxes – FBT and fuel excise
- Payroll tax
- PAYG withholding on salaries and wages
- Stamp duty on insurance premiums

## Climate-related disclosure

### **This climate-related disclosure addresses how RAA is acting on climate change through governance, strategy, risk management and metrics and targets.**

We are aware of the risks of climate change and have an increasing awareness of the opportunities presented by being a low-carbon business. We are continuing to evolve our approach to climate risk, strengthening our response to the threat of climate change and contributing to limiting the increase in the global average temperature to below 1.5°C above preindustrial levels.

RAA is committed to reducing the environmental impact of our operations. We will be visible in our contribution to making life better for members and our community, today and tomorrow. We are formally committed to the United Nations Global Compact and intend to implement the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. RAA currently manages climate risk against large natural perils events and is maturing its understanding of the impacts relating to climate change risk. This year, we completed our second Communication on Progress against the Ten Principles of the United Nations Global Compact.

## **Governance**

### **Board of Directors**

The Board of Directors is responsible for the oversight of RAA, including:

- Approval of the RAA Environment and Social Impact Framework and Supporting Strategies; and
- Consideration and approval of the external reporting within the Annual Report.

RAA has Board-established Committees to assist with fulfilling these responsibilities for governing climate-related issues. These include:

- Risk and Compliance Committee – overseeing the management of strategic and operational risks of RAA. Climate change is a specific risk in RAA’s Group Risk Management Framework;
- Audit Committee – overseeing the integrity of RAA’s external statutory financial reporting framework, including compliance with applicable laws, regulations and other requirements in relation to external financial reporting which incorporates climate risk-related disclosures; and

- Governance and Remuneration Committee – which approves the format and content of our annual report.

### **Chief Executive Officer, RAA and Chief Executive, RAA Insurance**

The Chief Executive Officer, RAA and Chief Executive, RAA Insurance are responsible for overall management and financial performance of RAA and RAA Insurance respectively, including:

- Developing and overseeing overall implementation of climate-related strategies; and
- Receiving and reviewing progress reports including assigning actions.

### **Management Team**

The Management Team is responsible for RAA’s climate change activities including:

- Embedding climate-related risk and opportunities into RAA’s Risk Management Framework and within underwriting decisions;
- Reviewing climate-related disclosures;
- Embedding climate strategy into RAA brand, narrative and engagement; and

- Implementation of the strategy to minimise the climate-related impact of RAA business operations.

### **Climate-related Forums**

The Environment, Social and Governance (ESG) Steering Group has oversight of the strategy and governance for climate, environment and social impact and meets twice yearly. The Committee sets the overall direction and monitors progress of RAA’s existing and future activities in the areas of Environment and Social Impact. These activities are driven by our risk management process, regulatory obligations, member, stakeholder and community expectations. This work is undertaken in line with Business Strategy and Planning routines.

A Climate Change Working Group, which meets quarterly, has been established and reports to the ESG Steering Group with responsibility for:

- Defining, approving and monitoring the Environment and Climate Change Strategy; and
- Scanning external environment and reviewing reporting.

## Climate-related disclosure (continued)

### Strategy

#### Integrating climate change into RAA's strategy

RAA's first five-year strategy, designed to achieve our new purpose, 'better for members, better for our community' introduces the United Nations Sustainability Development Goals (UN SDGs). These global goals frame, and increase, our commitment to deliver on our purpose through impactful RAA member, environmental and social activities.

Through the lens of the UN SDGs, we have integrated climate change into our strategy and committed to reducing the environmental impact of our operations, including addressing risks and embracing opportunities presented by climate change. We are focused on expanding our environmental activity to make a tangible contribution to making life better in our community. As the State's largest member organisation, key to our five-year strategy is RAA's pivotal role in helping others reduce their carbon footprint, contributing to environmental sustainability on a local, national, and global scale.

In achieving our purpose, RAA is:

- working towards a Net Zero Carbon emissions target, contributing to UN Sustainable Development Goal

13: Climate Action. With an initial focus on our own operations, we have established a baseline for our existing greenhouse gas emissions and have developed an emissions reduction plan to reduce our emissions. Approximately 85% of RAA's electricity was from renewable sources during FY24.

- developing solutions for solar and batteries, hydrogen, and electric vehicles (EVs) for members, commercial customers, and our community, helping to contribute to the decarbonisation of South Australia.
- establishing hundreds of electric vehicle charging points over 140 sites across South Australia over the next two years, with more than 75 per cent of the new charge points located in regional areas. More than 509 charging plugs have been installed across 136 charging sites.
- providing energy products, storage, and plans for solar and batteries systems and EVs.
- exploring other technology solutions to further contribute to environmental sustainability and reduce energy costs for members.
- collaborating with other organisations to accelerate the

transition to zero carbon and zero waste in South Australia through our membership with SA Zero by, hosting a workshop and public event to support the corporate community to decarbonise transport.

- Offsetting RAA Insurance's FY23 emissions, calculated at 4,454.5 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) with the following projects:
  - Savannah Fire Management – Australia: a Northern Territory-based project owned and run by First Nations people
  - Bringing Back Bush – Australia: a regeneration project in Southwest Queensland.
  - Winds of Change – India: A renewable energy project providing clean renewable energy, increasing electricity access in regional areas.
- beginning to engage with the supply chain to address scope 3 emissions through our tender process.
- working with the SA Government to help reduce the impact of natural disasters, including advocating for better land use planning, increased building standards and grant funding to support homeowners increase flood resilience in the River Murray

area, and engaging with the SA Parliament to raise the importance of disaster mitigation.

Our strategy considers a range of external factors, such as climate change and environmental expectations of our members and community, both from the opportunities that they present and the need to mitigate our own impact. A changing climate underpins our key strategic decisions.

#### Consideration of climate change in underwriting

RAA Insurance is exposed to significant natural peril risks in our Home and Motor portfolios and we currently charge premiums reflecting our assessment of each individual property's exposure to these risks. We are continually developing our understanding of climate risk using insights from specialist experts in natural perils modelling. We are also developing an understanding of portfolio segments most likely to be impacted by climate change in the medium to longer term.

We purchase reinsurance to manage our exposure to natural peril risks and provide capital protection against large natural peril events.

We also proactively monitor new housing developments to build our

## Climate-related disclosure (continued)

understanding of how climate change may impact the physical risk in these areas over time. We make decisions on whether to underwrite based on these risks and any proposed mitigation in the area.

### Consideration of climate change in investments

The RAA Board has approved a long-standing clear set of investment beliefs that govern its investment framework. As a result, all investment decisions must consider environmental, social and governance factors. This core belief has driven the following arrangements within the RAA portfolios:

- All asset managers engaged by RAA must be signatories to the UN Principles of Responsible Investing (UN PRI). Key amongst these principles is to monitor, manage and reduce the impact on the environment through transport, waste, consumption of natural resources, energy use and procurement.

Environmental challenges are obvious in heavy industry sectors such as metals and mining, machinery, and oil and gas. However, environmental concerns apply across many other sectors as changes in energy and in climate conditions may have pervasive effects. RAA does not hold direct equity positions in companies, and only has indirect

positions through investments in trusts managed by recognised fund managers. With the fund managers being signatories to the UN PRI, they have a duty to discriminate against investment in companies that fail to manage their environmental and social impacts effectively, or against those that fail to adopt robust ethical policies and governance practices. RAA does not directly invest in coal mining. However, we may indirectly have exposure to coal mining through our investments in major banks.

- All RAA asset managers are signatories to the 2021 Global Investor Statement to Governments on the Climate Crisis. This coalition comprising 732 other investors, with over US\$52 trillion in funds under management, asks that governments raise their climate ambition and implement credible policies to address the climate crisis. Greater clarity will help investors better allocate the capital needed to address climate change before it is too late. The Statement was coordinated by the Investor Agenda, a coalition of investor groups working to accelerate a net zero economy.

### Climate scenarios supporting strategy and decisions

RAA is developing a series of climate change risk scenarios, including a scenario aligned with the Paris

Agreement, to test the resilience of the business to climate risk over multiple time horizons. Led by our Insurance team, this work will contribute to management of climate risk consistent with APRA's CPG 229 Climate Change Financial Risks.

## Risk Management

### Climate change risk impacts on RAA

RAA understands physical impacts in Australia present the most material short, medium and long-term climate risks to RAA's business. As such, RAA has a mature approach to responding to extreme weather events. The impacts of climate change could, without proper mitigation activities, result in increases in the cost of natural disasters in South Australia. Where these increased costs drive up the insurance premiums, this will have a negative impact on insurance affordability in the future.

RAA's exposure to physical risk comes from insurance coverage of assets in existing high-risk hazard areas associated with bushfires, floods and storms including locations that may be impacted in the future. The extent to which RAA is exposed to key physical risks is expected to increase over time, both from a frequency and severity.

Our understanding of climate change risk is evolving as more data relating to the underlying science and events

becomes available. Climate change risk monitoring of the insurance portfolio is used by management to assist decision making around future climate-related strategies and underwriting considerations.

A transition economy will also provide both risks and opportunities for RAA and its members through bespoke products and services. For example, an increased uptake of electric and hybrid vehicles and solar and battery products provide additional social, environmental and commercial opportunities.

In addition to the physical and transition risks, RAA regularly monitors metrics relating to the external climate environment. The metrics focus on anticipated climate changes in our market, with reporting used by management to inform strategic decision making, including:

- Carbon emissions over time (global and Australian, including sources of emissions);
- Changes in the mean temperature over time (global and Australian);
- Changes in sea level over time;
- Changes in rainfall over time (southern Australia);

## Climate-related disclosure (continued)

- Southern Annular Mode, which affects winter storm and rainfall activity in southern Australia; and
- Renewable energy generation over time (global and Australian, including sources of generation).

### Managing climate risks and opportunities

Management of climate risks will continue to evolve as RAA further develops its understanding of climate change risk and its impact to the business.

Risks relating to climate are managed across the business through a combination of:

- Disruptive event management, business continuity planning, recovery and resumption plans. The RAA Risk team oversees the program, facilitate regular testing and assist in plan development.
- Peril modelling looking at the economic impacts of, and the challenges preparing for, climate change with a scope of activities that includes:
  - Assessing exposure and vulnerability to changing climate risk;

- Scenario analysis and stress testing; and
- Assisting with evaluating and designing an appropriate reinsurance program.
- Implementation of the Environment and Climate Change Strategy which includes:
  - Establishing formal metrics to monitor internal risk factors including insurance exposure;
  - Developing a Climate Action Plan;
  - External reporting and disclosure of material climate risks to the market; and
  - Collaboration to build capacity.

### Metrics and Targets

With an initial focus on our own operations, we have established a baseline for our existing operational footprint greenhouse gas emissions. RAA’s Scope 1 emissions for FY24 were estimated at 1,191 tonnes of CO<sub>2</sub>e and our Scope 2 emissions were estimated at 279 tonnes of CO<sub>2</sub>e using the market-based approach (or 817 tonnes of CO<sub>2</sub>e using location-based approach). We aim to eliminate emissions by 2050 and our Board have endorsed emissions reduction targets for each scope of emissions. Scope 3 emissions will be the

most challenging area to reduce and will require supply chain engagement.

We are also considering the greenhouse gas emissions from our investment portfolio, for example:

- The majority (approximately 90%) of RAA Group investments are held in cash and bonds with these exposures fully placed with governments and financial (mostly banking) entities.
- A minority (around 10%) of Group investments are held in Australian and Global equities via fund manager trusts. All investments of this nature meet the (1) UN PRI (Protocols for Responsible Investing) and (2) meet each manager’s climate change standards. Further, each manager employed by RAA has detailed climate change filters that discriminate against investment in any company that does not have high regard for climate change in its activities.

RAA delivered a waste education program in FY24 following receipt of a grant from Green Industries SA, including waste and recycling awareness seminars, which 130 staff attended. A waste audit was conducted before and after the delivery of training, with results demonstrating reductions in contamination across dry waste and recycling bin streams.

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