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**Insurance . Healthcare**

# AAR 2014 Sustainability Report

Communication of Progress



Following is **AAR**'s 6th annual COP – sustainability report for the year 2014. The report covers **AAR**'s social, environmental and economic report from 1st January 2014 to 31st December 2014.

The report has information which generally addresses **AAR**'s East African operations.

**AAR**'s Corporate Social Responsibilities policies and procedures are adhered to, to the best of its ability, throughout the company and are constantly being upgraded and improved.

Information in this report has been gathered using code of ethics measurements formula. Monetary figures are in KES, Kenyan Shillings, unless otherwise stated.



# AAR Group Chairman's Statement of Commitment

## 2014 UN Global Compact



**Dr Frank Njenga**  
AAR Group Chairman

2014 **AAR** celebrated its 30th Anniversary.

For six consecutive previous years **AAR** has demonstrated unwavering support for the United Nations Global Compact, which it joined in 2008, and wherever possible, it has aligned the company's business practices to support UNGC's Ten Principles. The UNGC calls companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of **human rights, labour, environment and anti-corruption**, and to take actions in support of the UN goals, including the Millennium Development Goals.

**AAR** Group continues to run its companies, **AAR Insurance** and **AAR Healthcare**, keeping in mind proper stewardship of aligning the companies' missions and values and working with the goal of facilitating accessible insurance packages enhancing a better peace of mind. High quality health services are provided through **AAR Healthcare** which constantly works to improving the health, and therefore the education and economic well-being of citizens in the countries where **AAR** has a presence.

The two Strategic Business Units (SBUs) comprise of **AAR Insurance** and **AAR Healthcare** have been wholly set up in 2014, each with its own vision, mission and core values. Across these SBU's, **AAR** invests in many solutions and aspects of health, with a growing concentration on preventive health care.

**AAR** continues to strongly believe that healthier populations become better educated and more fruitful economically, and thus its work undertakes the betterment of health across the large and diverse landscape of modern-day Kenya, Tanzania, Uganda, Rwanda, Burundi and Zambia aiming at the rest of sub-Saharan Africa.



Throughout 2014 **AAR Healthcare** has set up new health centres in the region, and it continues to strategise increasing this number considerably in the coming years. These centres continue facing many challenges, ranging from attracting, training, and retaining qualified staff to educating

local populations in preventive health measures, often including sanitation, hygiene, and access to safe water.

**AAR** community education initiatives, working hand in hand with its trust, address these challenges, as **AAR** does additional work to address the consequences of global climate change. In fact, the separate companies commitment to addressing the negative impact of climate change in the East African region has led to strengthening **AAR Insurance** and **AAR Healthcare** commitment to support the AAR Beckmann Trust's community initiatives as they wish to be part of the solution for a better future in the countries where **AAR** has a presence.

Albeit conducting business in the East African region continues to be challenging, **AAR** remains committed to maintaining its leading position as a provider of the best health care solutions as well as insurance services to its members and other service users.

**AAR** continues to be proud of its strong brand, which respects its core values, and ensure that its commitment to social responsibility is demonstrated across **AAR** - from the various boardrooms to the front line.

All **AAR** staff and sales representatives sign an annual Code of Conduct oath, which will further be strengthened in 2015 and in return, receive training that incorporates, embraces, and helps implement the goals set forth in the UN Global Compact, the national Visions and the Millennium Development Goals. In this way, **AAR** endeavours to deserve the trust of the public where it does business as it strives to advance the health and well-being of the public in general.



**Dr Frank Njenga**

Chairman

**AAR Group**

Nairobi 2nd June 2015



# AAR Corporate Social Responsibility Statement

**“to achieve commercial success in ways that honour ethical values, compliance with legal requirements and respect for people, communities and the natural environment”**

## **Elements of CSR in AAR**

Corporate Social Responsibility in **AAR** is making a difference while making a profit.

CSR in **AAR** aim is to make business profitability a better indicator of social welfare by ensuring that the self-interested actions of business guided by the profit motive contribute to the prosperity of the business and also further the common good.

CSR in **AAR** involves managing and balancing stakeholder relationships and interests so as to add the following values to produce a positive sustainable impact for the business and society:

- Governance – economical
- Workplace welfare: inclusive of labour practices and human rights
- Responsible market place practices
- Social: community engagement together with environmental stewardship



# AAR Codes for Business

The **Codes for Business** integrate into **AAR** separate business units' Missions, Visions as well as Core Values which form the invisible glue that binds **AAR**.

The Codes, the mission the vision and values all evolve as part of **AAR's** culture and therefore clearly support UNGC's codes and principles.

## **AAR Insurance** – *You are in Control*

**Mission:** We deliver value by empowering people to take control of the things that matter most

**Vision:** To be the insurance partner that protects Africa's future

**Values:** Empowerment, flexibility, efficiency, ethics and legacy



**Mr. Geoffrey Nzau** is the Group Chief Executive Officer of **AAR Insurance Holdings**. Mr. Nzau is charged with overall leadership of the AAR Insurance Holdings Limited which has operations in Kenya, Uganda, Tanzania and Zambia .

Mr. Nzau comes in with vast experience gained mainly from the very mature SA Insurance market, as well as the financial and Actuarial industry. He attained a first class BSc in Actuarial Science and has worked in several international companies as an actuary. In 1992 he qualified as a Fellow of Institute of Actuaries (FIA) making him the first East African to qualify as an actuary. He is also a fellow of the Actuarial Society of South Africa (FASSA), and a member of Actuarial Society of Kenya.



## AAR Healthcare – *As human as you*

**Mission:** To provide healthcare solutions that make a difference to life

**Vision:** To be the provider of choice for quality healthcare solutions in Africa

**Values:** Nurturing, excellence, ethics, integrity and legacy

**Mark Achola** is Managing Director of **AAR Health Care Holdings Limited**. He was formerly the General Manager (GM) of **AAR Health Services Uganda Ltd**. He is an experienced business leader with the cultivated and proven ability to build effective, driven and successful teams as well as establish profitable cross industry business partnerships.



Mark's impressive path to Senior Management at the region's leading health care service provider, which this year celebrates 30 years in East Africa, can be traced back over 15 years. During this time Mark has built transformational teams, conceptualised and implemented successful strategies and yielded impressive unrealised revenues and profits.

A member of the Institute of Sales & Marketing Management UK, and a Board Member of the AIESEC Daystar University Board of Advisors, Mark is a focussed, experienced and innovative manager with admirable sales, customer service and business administration expertise.



# AAR Code of Ethics for Business

**AAR**, as a signatory of the Code of Ethics for Business in Kenya, concurs to the ethics, which are inspired by the UN Global Compact Initiative; hence commitments have been drawn in line with the ten principles on Human Rights, Labour Rights, Environment and Anti-corruption. **AAR** signed the Code of Ethics for Business in Kenya in March 2012.

## **Components of the Code of Ethics in Business in Kenya being introduced to other East African countries through UNGC initiatives**

- The commitments are based on respect, responsibility, compliance and corruption prevention with respect to each stakeholder. These commitments will serve to guide how businesses will interact with these stakeholders and hence companies are expected to design policies and actions that will make the Code a living document
- Commitments shall be renewed annually. Companies that adopt the Code shall be expected to report on this commitment on a yearly basis, a copy of which shall be availed to the Global Compact Network Secretariat at the Kenya Association of Manufacturers. The reports shall be availed publicly
- The Code shall apply to private businesses and is intended to complement, not replace, company codes
- Adoption of the Code will be on voluntary basis and adherence will not only require companies to visibly promote responsible business but also making public this commitment by way of annual reports, stating on the website and participating in relevant seminars
- Violation of the Code shall lead to measures being taken against the transgressing company by organized business (established business membership organizations). There are steps laid out for handling non-adherence and it shall involve discussion with the transgressing company, releasing of public statement expressing moral disapproval of the transgression and public exclusion of the company from the Code until the transgression has been corrected





As leaders, both **AAR Healthcare** and **AAR Insurance** set the ethical tone in their spheres of influence.

**AAR Healthcare** and **AAR Insurance** demonstrate **AAR Group**'s ethical commitment by creating policies and structures to implement the values and obligations of this Code in the organisation, and by reporting annually on the Group's adherence to this Code.

By having adopted the Code of Ethics in 2012, **AAR Group** opted for a proactive means of handling responsible behaviour through self-regulation. This creates a thriving operating environment, devoid of too much regulation from government. **AAR Healthcare** and **AAR Insurance** endeavour to introduce the principles of the code in all the countries where they have a business presence.

### **Governance**

The various **AAR** boards comply to rules governing boards' procedures. They make sure that the board members take responsibility for the companies they oversee and that shareholders see increasing value, while taking into account the interest of staff and customers. The **AAR Group** board aims to ensure that shareholders are fully informed of all price sensitive information. It communicates with its shareholders through an Annual General Meeting, a published Annual Report and shareholder announcements.

The process of upgrading the IT system continued to be implemented all over the region. This provides for an environment which is conducive to transparency and open communication, accountability and legal compliance. In spite of being challenged by continued corruption in the whole region as well as shortages of technical as well as high calibre employees in various sectors of the business 2014 showed a steady profit in a challenging business sector.

### **Background**

From a simple rescue and emergency operation started in 1984 in Nairobi, Kenya by Bengt Beckmann, the **AAR Group** has grown in 2014 to a KES 9 billion business with a presence in Kenya, Uganda, Tanzania and Zambia. As its membership increased, the requirements of its clients expanded. With time, the evacuation service became only one of the many services offered to members and was no longer the core business of the Group.



Over the years the Group has seen expansion in the nature of its business, geographical presence as well as overall restructuring of its operations. In 1994 AAR entered the Uganda market, operating as a Health Management Organization (“HMO”). In 1998, the Group expanded operations into the Tanzania market. In 2007, **AAR Insurance Tanzania Ltd** started operations and was the first licensed insurance operation of the Group specializing in medical insurance business. In October 2012 the Kenyan Group obtained its insurance license through **AAR Insurance Kenya Ltd**, a fully-fledged insurance company. The group has recently expanded its operations to Zambia through its insurance arm.

Effective 1 January 2011, the Group underwent a restructuring with the objective of achieving an optimal structure. The restructuring saw the Group split into two distinct and legally independent units; **AAR Healthcare** and **AAR Insurance**. The insurance operations in Kenya and Tanzania are licensed to write all general insurance business even though they have specialized in medical insurance. Uganda as a part of the East African Community is closely looking at the same trend.

The health care **AAR** business has shifted from offering only primary healthcare to secondary healthcare by investing in hospitals and deepening the service offering at the existing health centres. There are a total of 39 clinics in East Africa, including 4 factory operated ones in Tanzania. The AAR Beckmann Trust, the arm of the Group that is charged with all matters of CSR is domiciled in the partly in **AAR Healthcare** SBU and partly directly under **AAR Group**.

Much of the Group’s service delivery is dependent on its Information Technology (IT) infrastructure. In a bid to improve operational efficiency and effectiveness, the **AAR Group** invests in technology in order to better serve its clients especially in the remote areas.



# AAR Business Trends - 2007 to 2017



**AAR Group** revenues have grown consistently by a YoY average of 18%. The Group hopes to continue its upward trend of profitability. This is despite the global economic melt-down of 2007-2008 that devastated many a business. The years 2007-2010 losses represent heavy restructuring and business realignment within the Group, which saw one-time costs incurred. In 2011 the Group stabilized and began its upward profitability trend, which has been sustained into 2014.

2015-2017 strategy is an aggressive one both in revenues and profitability, enabled by the business partnerships explained in the following paragraph. This brings on board several hundred million Kenyan shillings.

## **Partnerships**

The Group sought various partnerships in a bid to effectively compete in the health and insurance business arena. In 2004, **AAR** partnered with Project Ventures International (PVI) who came into the Group with a robust IT system that enhanced client management at the health care and insurance operations. In 2010/2011, Investment Fund for Health in Africa (IFHA) took a majority stake in **AAR Group** and helped raise capital that went into capitalizing the insurance business as well as expand the clinical network, deepening both these sectors' service offering. Some of the funds have been used to acquire a majority stake in a hospital in



Uganda, Kampala Hospital.

To further strengthen its operations and stamp its authority in the market, **AAR Group**, through its health care SBU has recently attracted investment by Swedfund and IFC, both of whom have taken a 20% stake apiece in the AAR Health Care business.

### **On-going developments**

**AAR**'s health care business has sought to expand its scope of services both vertically and horizontally: vertically through expansion into hospital operations and horizontally through expansion in the number of health centres it operates across East Africa and beyond. In 2013, **AAR Health Care Holdings** took up a majority stake in Kampala Hospital Ltd. Renovations to expand it to a 100 bed capacity facility are on-going. Discussions to acquire a stake in a major hospital in Dar-es-salaam are almost complete while a Greenfield hospital investment in Kenya has been identified and is under Board's consideration. Through IFHA, debt financing from FMO of KES 4b is being sought to finance this aggressive expansion plan.

In **AAR**'s insurance domain, a strategic decision was taken to expand the range of insurance products that **AAR Insurance** provides but concentrating in areas where it has a competitive advantage - insurance of the person. This was informed by the need to provide a bigger share of insurance needs of **AAR**'s customers and also cushion the business with a slightly diversified portfolio of insurance risks. The Board acknowledged that the more prudent route to grow this expertise was to seek a strategic partner in the insurance business. To achieve its goal, after discussions with several interested parties, **AAR Insurance Holdings** has partnered with Zanele Investments Holdings and Medscheme, who have taken a 12.29% stake in **AAR Insurance**, effective May 1, 2014. This brings on board additional business with a potential turnover of KES 580m.

### **Conclusion**

**AAR Group**'s value has made good strides and can only grow exponentially given the above partnerships. The Board continues to explore further partnerships in the insurance SBU and the future possibility of a listing on the stock market.





# AAR Labour and Human Rights Compliance

## Policy and Practices

**AAR Healthcare** and **AAR Insurance** human resources policies and procedures are compliant to all labour laws.

Every independent **AAR** subsidiary has HR managers who ensure that the HR day to day practices are tandem with the company's HR policies and procedures and upholds human rights in all its dealings. Human rights include its components of women empowerment rights and \*children rights.

## Systems

**AAR** creates an inclusive workplace which is rewarding to every member of its staff and sales representative by encouraging personal development, fostering staff equal opportunity as well as making sure the staff's wellbeing is guaranteed by enhancing better health and safety measures. Information is shared thorough company intranet, website, and monthly staff meetings to ensure transparency and arrest any malpractice that may threaten best human rights practices.

**AAR** HR policy manual, which covers the company's code of conduct is posted on the intranet and therefore accessible to all staff. The code of conduct establishes a common understanding of the standards of behaviour expected of all **AAR** staff members and sales people in the performance of their duties. **AAR** employees are expected to comply with the company code along with all other **AAR** policies and procedures.

To assure continuity at the point of employment and on annual basis **AAR** staff and sales representatives sign conflict of interest and business code of ethics forms. The code requires all employees and sales representatives act with honesty, integrity and in compliance with the law while performing their duties to the best of their ability. They are then accountable for their performance and work collaboratively with their colleagues.

**AAR** employees are given equal opportunities for career development through robust recruitment, performance management and training plans.



### Activities

In 2014 HR managers conducted HR contact meetings in the various branches where **AAR** operates. The aim of these meetings was to have one on one conversation with staff in order to collect views in regard to their wellbeing and also clarify policy issues.

In 2014 **AAR** celebrated 30 years of existence and good business. Driven by marketing and HR offices, staff held parties in the various subsidiaries which boosted motivation and enhanced a spirit of togetherness.

The head of two separate **AAR** subsidiary companies initiated a forum where **AAR** senior managers met and discussed general staff welfare issues with an aim of ensuring that staff issues were being addressed in accordance to company values enhancing better work output.

### Impact

Helped by its well synchronised IT system, its good work relationship between all stakeholders as well as upholding human rights practices, adhering to all laws of the countries where it does business, **AAR** has seen a leap in a more motivated work force. **AAR** works closely with the different Ministries of Labour in the countries where it has a presence, as well as working with authorities under which the different subsidiaries fall, keeping to the diverse rules and regulations.



## Policy and Practices

**AAR** ensured that all staff sign standard operating procedures compliance and code of ethics forms.

The HR staff manual clearly stipulates procedures to follow in whistle blowing, dealing with gifts and other ethics related practices. Compliance is not optional and management ensure adherence to these policies.

The internal audit departments assess and provide the boards of directors the compliance status.

As per the laws of lands where **AAR** has a presence, it is committed to report any corruption practice that may occur within its environment whether it concerns staff or non staff.

## Systems

CCTV camera exists within most premises where **AAR** operates. CCTV cameras continue to be installed throughout the region in 2015.

**AAR** books are audited as per the laws of the lands where **AAR** has a presence. Managers give periodic reports to head of the subsidiary companies in regards to the activities of their business units.

## Activities

In order to ensure transparency in 2014 **AAR** launched two separate websites each for the Separate Business Units.

Being responsive to constantly changing needs of its customers **AAR** management intensified the company's advertising activities in 2014, on radio on TV as well as in newspapers including setting up digital platforms which in itself opened forums for public scrutiny and feedback.

## Impact

All the different activities and new initiatives have further strengthened **AAR** as a transparent professional organization with corruption free working culture. Company's internal as well as external customer focus has also been strengthened. .

# AAR Shareholders and AAR Investors

## Respect

**AAR** respects its shareholders and other potential investors for financing the organisation, thus creating employment in the countries where **AAR** does business

## Investment

2014 saw further investment by IFHA enabling to strengthen the strategy of setting up two separate **AAR** companies, **AAR Healthcare** and **AAR Insurance Kenya**. The investment has allowed for a healthy return on investment in 2014 as well as seeing the establishment of several new health centres. (See: Governance here above.)

## Compliance

**AAR** complies with principles of good governance that inspire investor confidence

## Board of Directors

Through its various SBUs' Board of Directors, **AAR** promotes a culture of awareness and sensitivity at all levels to potential conflicts of interest responsible for maintaining and preserving a balance between innovation and transparency

## Corruption Prevention

**AAR** avoids corrupt practices that can harm the good reputation of its shareholders and other investors

## Action

### Fully fledged Internal Audit

The setting up of a fully fledged and autonomous internal audit function in 2012 is a significant step in anti-corruption fight in **AAR**. The internal audit department answers directly to the Board Audit Committee

### Scope of the Internal Audit

The scope of work of the Internal Audit activity is to determine whether the organisation's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure risks are appropriately identified and managed, among others issues. The existence of corruption, including extortion and bribery increase the cost of doing business and



diminishes proper governance of an institution. **AAR** has a strict code of conduct that guides behaviour when its officers interact with its suppliers, customers, general public and intercompany **AAR** business

### **Measurement**

**AAR** has a third party auditor, Deloitte & Touche to do the statutory audit. Quality Assurance Manager and Officer Staff members, established in 2013, monitor standard operation procedures, statutory requirement compliance, look into accreditation in various relevant areas such as structural, technical, environmental, disposal as well as staff safety. They make sure there is uniformity of service throughout the company

## Users of **AAR** Services

### **Respect**

**AAR** respects its customers and clients, does not mislead or exploit them, and values their feedback

### **AAR Mission statements**

**AAR Insurance** Delivers value by empowering people to take control of things that matter most

**AAR Healthcare** Mission is to provide healthcare solutions that make a difference to people's lives

### **Responsibility**

#### **Services offered in **AAR****

Responsible conduct of business as stated in company's CSR policy and other company policies which are available for perusal by all employees on company intranet.

There is a 24 hour **AAR** health centre opened as well as a 24 emergency call centre. Service information is available on the company web.

### **Compliance**

#### **AAR Vision statements and Values**

**AAR Insurance** - You are in Control

Vision Statement To be the insurance partner that protects Africa's future.

Values Empowerment, flexibility, efficiency, ethics and legacy



**AAR Healthcare** - As human as you are

Vision Statement      To provide healthcare solutions that make a difference to life

Values                      Nurturing, excellence, ethics, integrity and legacy

### **Corruption Prevention**

#### **Code of Conduct**

**AAR** has a strict code of conduct which guides behaviour as its officers, staff and sales representatives interact with suppliers, customers and the general public. All employees annually sign a Code of Conduct policy statement

#### **Responsibility**

**AAR** communicates truthfully on its products and services and takes responsibility for the safety of its customers and quality of its services

#### **Compliance**

**AAR** complies with consumer protection laws, refrains from anti-corruption practices, and ensures that its services meet health and safety standards

### **Corruption Prevention**

**AAR** embraces corruption-free practices to ensure that users can trust its services

#### **Measure**

Surveys are conducted throughout the year to measure customer satisfaction



# AAR Suppliers, Contractors, Medical Agents and Agents

## **Respect**

**AAR** interaction with its business partners is based on mutual respect and therefore it engages in win-win relationships

## **Responsibility & Compliance**

**AAR** encourages its business partners to share its commitment to responsible business ethics. **AAR** complies with all contractual and legal obligations agreed with its business partners, and it pays them on time. Contracts are signed with its suppliers and medical business partners. Separate contracts are signed depending on department's needs.

## **Corruption Prevention**

**AAR** does not give or receive bribes and avoids corrupt practices that can harm its business partner relationships.

Business partners and third party service providers are encouraged to adhere to **AAR** ethics. With the setting up of quality assurance managers and officers there will be a greater overview of adherence.

## **Awareness**

The existence of corruption, including extortion and bribery increases the cost of doing business and diminishes proper governance of an institution.

## **Measure**

A pre-qualification due diligence of suppliers during the 1st and 2nd quarters of 2014 was conducted. Some of the requirements were; signing an agreement; tax compliance; legal recognition as a business; employee work ethics & compliance with labour laws.

**AAR Insurance** communicates a compliance and legal communication requirement from all its partners.



## Growth in **AAR Healthcare**

2014 saw four new **AAR** health centres open in the East Africa region: one in Kenya, two in Tanzania and one in Entebbe, Uganda. This is in line with **AAR Healthcare** strategy to reach as deeply as possible into the East African region with affordable high quality health care products. This growth happened at the same time as **AAR** was recognized by consumer organizations in Uganda as one of the most valued brands in Uganda.

**AAR Healthcare** has embedded the ethos of social responsibility to its core. As expressed in the company's CSR policy statement 'to achieve commercial success in ways that honour ethical values, compliance with legal requirements and respect for people, communities and the natural environment', **AAR** believes in sustainable business practices to achieve long-term prosperity and business success.

In a bid to further institutionalise its commitment to socially responsible business practices, **AAR Healthcare** established the office of Chief Medical Officer in October 2014.

The main objective for establishing this position was to support and regionally co-ordinate the roll-out of clinical strategies which are socially responsible, customer (patient) centric, profitable and environmentally sustainable.

Into 2015 **AAR Healthcare** will continue to re-organise its clinical activities into 6 major distinctive objectives in clinical governance and leadership, human resources, for health, infrastructure, logistics, strategic information and of course in how clinical services are being provided.

Further in 2015, **AAR Healthcare** anticipates to update its quality indicators to include the monitoring of its clinics' environmental impact on a monthly basis.

Therefore in summary the company's quality framework will include specific measures for patient service, personnel empowerment, profits and impacts of its business on the environment. The environmental quality indicators will be aligned to comply with global safety standards for environmental safety of clinical organisations. All this is in line with the company's strategies.





Throughout 2014 and into 2015 **AAR Healthcare** staff members have been motivated by being encouraged to take part in the Trees for Health (see: below Environment) initiatives. Throughout 2014 EVP (employee volunteer programmes) involvement in the various Trees for Health school projects have grown. One of the most impressive outcomes of these participations by staff members is the spontaneous adoption of schools in disadvantaged areas by **AAR Healthcare** staff. This adoption is mostly the consequence of “water cooler discussions” and results in spontaneous funds collected to support specific programmes, consisting of delivery of the most basic medical interventions in pre-chosen schools. This complements one of the major Trees for Health objectives: support both planting of trees and health interventions in school and the outcome is healthier children who grow up to become healthier adults.

2014 has seen **AAR** as a company invests in sustainable business practices to achieve long-term prosperity. It is committed to embedding a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business. **AAR** attempts to undertake all project and office activities in an environmentally responsible manner, and to recognize, manage and diminish any risks that may impact negatively on the environment.



# AAR State & Government

## Respect

**AAR** respects the elected governments, the rule of law, and all organs of the state in countries where it conducts business

## Compliance

**AAR** adheres to laws of the countries where it does business. Its policies and practices are all in compliance where necessary

## Responsibility

**AAR** is a responsible and law-abiding corporate citizen who co-operates fully with governments to promote good governance in countries where it conducts business. AAR is member of various government bodies

## Measurement

**AAR** has a 3rd party auditor, Deloitte & Touche, assuring compliance to laws and regulations and advises on tax matter and compliance. **AAR** has Internal Audits which directly report to their respective Board Audit Committees

## Corruption Prevention

**AAR** does not bribe public officials or engage in corrupt practices, it reports corruption. To stamp out corruption, AAR collaborates with governments where it conducts business

## Compliance

### Internal Audit

The internal audit departments carry out scheduled audits based on the annual plans and budgets. The audit plan is a product of a risk base process that identifies key areas that pose the greatest risk to **AAR** business. **AAR** is keenly aware that corruption, especially involving bribery and extortion, compromises the entire internal control system. Effective implementation of internal audit processes has assisted **AAR** in creating a company culture that is focused on incorporating sustainable practices into everyday business decisions in this sector of its activities in line with its CSR policy statement: 'to achieve commercial success in ways that honour ethical values, compliance with legal requirements and respect for people, communities and the natural environment'



## Future

AAR's internal audit departments will continue providing systematic and methodical approach to renewing, planning, and implementing new practical approaches to the company's internal audit procedures, as well as reviewing AAR's areas of risk. It will also ensure that risk is managed in an appropriate manner across the Company's operations

# AAR Community Social Investment and Respect of the Environment

**AAR** respects the people and social and cultural norms of the communities in which it operates. **AAR** continues its company cultures of minimizing environmental impact, while contributing lasting environmental benefits to local communities in which **AAR** operates.

The company wants to see that its business activities as well as social actions contribute positively on the business's outcomes. The company CSR policy statement clearly has a communities and environmental component: to achieve commercial success in ways that honour ethical values, compliance with legal requirements and respect for people, communities and the natural environment.

In order to achieve long term prosperity **AAR** invests in sustainable business practices. It is committed to embedding a culture of sustainability and environmental awareness to its staff. **AAR** makes every effort to undertake all project and office activities in an environmentally responsible manner. In order to help the company achieve long-term prosperity and have a happier staff the company continues to invest into more functional offices in 2015 which will also improve the energy efficiency of its offices and eventually create a better environmental awareness in its work force. Enhancing the beneficial environmental effects of any activities in and outside the office is to improve the quality of the environment for current and future generations and is in line with the company's strategy. Achievements against set objectives and targets will be closer monitored and documented.



## Responsibility

As its main business lies in the health sector **AAR** takes its social responsibility earnestly and is involved in many social projects and programmes most of which involve the well being of children and women.

In 2013 **AAR** signed The Children's Rights and Business Principles, and in 2014 the company signed The Women's Empowerment Principles.

'Children's Rights and Business Principles were developed in consultation with business experts, child right experts, civil society, governments and children. Save the Children, UNICEF and the United Nations Global Compact hope they will serve as an inspiration and guidepost for all businesses, everywhere, in their interactions with children.

Children's rights are an essential investment in our sustainable future. Human rights apply to all children. Safeguarding these rights helps build the strong, well-educated communities that are vital to creating a stable, inclusive and productive business environment.'

Pertinent information from 'Women at Risk' as represented through the UN International Research and Training Institute for the Advancement of Women:

'Every minute somewhere in the world a woman dies due to complications during pregnancy and childbirth.'

**AAR** supports the MDGs and its actions have enhanced action to improve the lives of women and children, especially the ones living in unprivileged conditions

### **Millennium Development Goals**

1. Eradicate extreme poverty and hunger
  2. Achieve universal primary education
  3. Promote a gender equality and empower women
  4. Reduce child mortality
  5. Improve maternal health
  6. Combat HIV/AIDS, malaria and other diseases
  7. Ensure environmental sustainability
  8. Develop a global partnership for development – good governance
- = CSR





## Measures

These measures contributing to healthier nations where AAR has a presence

- a. Deworming programmes** - investing into human capital
- b. Planting of trees in schools** - unhealthy environment impacts on human health
- c. Recycling programmes** - reduce, reuse, & recycle  
- be an active player
- d. Making the difference** - AARBT sitting on various hospital boards, schools & community centre committees

## De-worming is an efficient investment in human capital

Worm infestation is one of the major neglected diseases which hamper the ability of communities to pull themselves out of poverty. (WHO, UNICEF, World Bank...). According to the **AAR** research medical team one of the main demographic NCD (non-communicable diseases) drag causes for poor school performance are intestinal worm infestation. WHO, UNICEF as well as the Kenya Ministry of Education, and Kenya Ministry of Health have clearly indicated that worm infestation is one of the major neglected diseases which hamper the ability of communities to pull themselves out of poverty.

Regular deworming contributes to good health and nutrition for school-age children, which in turn leads to increased enrolment and attendance, reduced class repetition, and increased educational attainment. The most disadvantaged children often suffer the most from poor health and malnutrition, and stand the most to gain from deworming. Girls are the biggest beneficiaries.

The overwhelming effects of school-based deworming are a crucial step towards achieving universal global education.

## Why de-worm?

### Evidence that school de-worming is beneficial and cost-effective

Extracts from Web: Partnership for Child development support by WHO, Child to Child, UN Children's Fund, UN Educational, World Bank, PCD, US Aid, Pan American Health Organization, WFP, Save the Children and further endorsed by EA Network of HIV/AIDS & Education EA as well as Kenya Ministry of Education

### **De-worming contributes to Education for All**

Studies in low-income countries of Africa, South America and Asia confirm that children with intense worm infections perform poorly in learning ability tests, cognitive function and educational achievement. De-worming can benefit children's learning and substantially increase primary school attendance and significantly increase a child's ability to learn in school.

Differences in test performance equivalent to a six-month delay in development has been noted.

### **De-worming is an exceptionally low cost intervention**

Operational research in Ghana, Tanzania, Kenya, Far East has demonstrated that for the first five years of intervention, the average yearly cost of delivered treatment is very inexpensive. Children aged 5 – 15 years make up the group with the highest infection rate and highest worm burden, which contributes greatly to the contamination of the environment and poor sanitation and hygiene. It is estimated that about 400 million school-age children are infected with roundworm, whipworm and hookworm worldwide (Chan et al. 1994). (T.V. Luong Imperial College UK)

### **De-worming gives a high return to education and labor income**

A randomized evaluation of school-based mass de-worming for schistosomiasis and intestinal worms in Kenya reduced absenteeism by one-quarter.

De-worming was the most cost-effective method of improving school participation among a series of educational interventions which clearly indicates that de-worming is an efficient investment in human capital

### **De-worming adolescent girls and women of child-bearing age**

Studies clearly show that the contribution of hookworm infection to anaemia is such that all women of child-bearing age could benefit from periodic treatment in areas where these worms are endemic.

There are three critical periods to consider for the intervention to improve or restore iron status in women.

The first is around puberty, in preparation for the years of reproduction and greatest economic activity. Deworming during the pubertal growth spurts, yield a height benefit that a girl would carry with her throughout

her life, thus reducing her risk of complications during childbirth, and increasing her physical capacity for work. The child she will bear has an enormous chance of being healthy.

### **De-worming has major externalities for untreated children & whole community**

By reducing the transmission of infection in the community as a whole, de-worming substantially improves health and school participation for both treated and untreated children, in treatment schools and in neighboring schools. As a result, treating only school age children can reduce the total burden of disease due to intestinal worm infections by 70% in the community as a whole.

They also explain why de-worming is beneficial even without improvements in sanitation.

### **De-worming targets one of the most common, long-term infections of children in low-income countries**

For girls and boys aged 5 to 14 years in low-income countries, intestinal worms account for an estimated 11 and 12 percent, respectively, of the total disease burden, and represent the single largest contributor to the disease burden of this group.

An estimated 20 percent of disability adjusted life years lost because of communicable disease among school children is a direct result of intestinal worms.



T4H presentation  
during induction  
training, October  
2014



AAR celebrated its 30th  
Anniversary in 2014

# AAR Natural Environment

## – Environmental Stewardship

### **Respect**

**AAR** treats natural environment and biodiversity with respect

### **AAR's Environment Policy Statement**

To practice and take business decisions which do not impact negatively on the environment

**AAR** does this through

- drawing awareness of staff to the equitable use of resources without degrading the environment or risking health and safety
- encouraging the conservation and enhancement of natural as well as man-made heritage, including biological diversity and unique ecosystems
- encouraging the improvement of conditions and productivity of degraded areas
- drawing awareness and understanding of the link between environment and development
- promoting individual and community participation in the company in making a positive impact on the environment around themselves

### **Responsibility**

**AAR** takes responsibility for its impact on the natural environment, supports green business practices, and takes remedial actions to ensure the sustainability of natural resources

**AAR** acknowledges the fundamental right to environmental protection so that we humans have the right to live in a healthy environment

### **Compliance**

**AAR** complies with environmental laws and regulations and implements environmentally sustainable practices wherever possible.

### **Internal**

Offices, agencies, **AAR Insurance** offices and **AAR Healthcare** centres make an effort to implement environmentally sustainable practices: water and electricity conservation; laboratory and other medical waste, recycling of paper







Photo: Wolfgang von Richthofen Abedare National Park, Kenya

### External

Being in the health sector, **AAR** has concentrated on how the environment impacts on human health, especially that of children, the **Trees for Health** project was born in 2009 (aarbeckmanntrust@aar.co.ke) because **AAR** took a strategic decision to set up AAR Beckmann Trust in 2007. One of the trust's goals is to improve human, especially children's health conditions through better and healthier environment and sanitation. In the 1990s **AAR** recognised schools as being a major user of firewood and it began to encourage them to plant their own energy. In 2009 the AAR Beckmann Trust decided to further intervene by introducing the **Trees for Health** project into **AAR**'s EVP, community engagement programmes. Trees for Health project aims to both educate and directly enroll schools in the art and benefits of tree planting and how this can impact on human and environmental health.



### Corruption Prevention

**AAR** avoids corrupt practices that can degrade our natural heritage &

complies through its policies

### **Trees for Health - School Tree Planting programme**

AAR Beckmann Trust works with schools in low income populations to educate students and teachers on the need for environmental conservation and the benefits that a healthy eco-system provides.

The programme directly contributes to the Kenya 2030 Vision to see a 10% tree cover from about 1.7% cover in 2004 and showing a growth of up to 7% at the end of 2013 (See: Kenya National Forest February 2014).

School children take direct responsibility for preparing holes for seedling planting, then planting the seedlings and caring for them until these mature.

This is achieved through practical lessons in tree planting and caring provided to schools. Parents are encouraged to participate which gives a greater exposure to local and often marginalized communities.



Schools are a large user of firewood; as they grow their own source of energy they free up resources which can now be spent on life saving health initiatives such as de-worming, improvement of sanitary conditions and encourage accessibility of water at toilets.

### **Project impacts**

The **Trees for Health** project addresses basic health issues: tens of thousands of children have been dewormed as well as facilitating thousands of trees being planted on school grounds and better sanitation conditions introduced. **AAR** Staff members have been motivated through



the EVP programmes which take part in the **Trees for Health** project.

### **Re-forestation**

Kenya Vision 2030 aims at 10% forest cover by 2030 – tens of thousands of trees have been planted in many schools– by end 2013 the 1.57% tree cover in 2000 has risen to 4% (Source - Kenya Forest Service) and to rise to nearly 7% by end of 2014 – no definite and accurate statistics available as yet. Growing trees on school grounds increases the tree cover as well as enhances better understanding the positive aspects of tree growth and what this means. This is done through training and exposure at the schools.

### **Encouraging self sustainability - impact**

Schools growing their own firewood on school grounds not only increases national tree cover, but grows a better environmentally informed generation.

Communities near the schools which are exposed to tree planting and deworming programmes have been exposed to environmentally friendly projects.

### **Generated/saved funds used for basic preventive health needs**

- De-worming of school children (addressing MDGs) – 10,000 children dewormed less than expected because of school teacher strikes affecting working
- Encouraging & improving better sanitary conditions - dirty toilets are a source of re-infection – (addressing MDGs)
- Introduction of cleaner and more efficient cook stoves – multiplier effect into community
- Introduction of safe drinking water and
- Water accessibility for hand washing at the toilets

### **Environmentally conscious generation**

Directly involving schools, communities, teachers and children, in the tree planting process from hole preparation to care and management of planted trees encourages an environmental conscious generation to develop.

### **Enhancing self-sustainability**

In line with the CEO Water Mandate – Caring for the Climate - signed in 2013, **AAR** recognised that Climate Change is an issue requiring urgent and extensive action by everybody if the risk of serious damage to global prosperity, sustainable development and security is to be avoided.

**AAR** through its trust will continue to work collaboratively with other

enterprises both nationally and sectorally to set standards and take joint initiatives aiming at reducing climate risks, assisting with adaptation to climate change enhancing climate-related opportunities such as taking part in re-forestation which it is already doing through its Trees for Health project. **AAR** will continue to enhance working with its employees, customers, investors and the broader public in the efficiency of energy usage and to reduce the carbon footprint of its services and processes. It will also encourage its subsidiaries to set voluntary targets for minimising this risks and identifying opportunities how to achieve this.

The Health Thematic Group, where the AAR Beckmann Trust representative sits, is the technical arm of \*KCCWG on matters concerning Climate Change and Health. AAR Beckmann Trust joined the KCCWG in 2013. By being a member of the KCCWG Health Thematic Group, **AAR** through its trust is actively participating on national level in assisting society to adapt to those climatic changes.

*\*The Kenya Climate Change Working Group, KCCWG is a forum that brings together Civil Society Organizations, donor partners, government departments and agencies working in climate change and for climate justice; for the purpose of creating synergies, harmonizing and strengthening the efforts in the design and implementation of activities that address Climate Change, as well as advocating for favorable national policies in the promotion of climate justice for all, especially the most vulnerable.*

AAR is happy to report the following:

2014 saw **THE CLIMATE CHANGE BILL 2014 SUCCESS STORY:**

Climate Change is a development issue that goes beyond environmental concerns. The need for proper legislation on Climate Change in Kenya was identified as one of the immediate actions necessary in order to reduce the vulnerability of Kenya's population to Climate Change impacts. KCCWG thus embarked on efforts with the support of various development partners including ACT! Trocaire, CAFOD, Ministry of Environment, Water and Natural Resources (MEW&NR) and other line ministries, Kenya Association of Manufacturers (KAM) and other stakeholders in the development of a legislation that would provide the legal and institutional framework for ensuring mitigation and adaption to the effects of climate change in Kenya while similarly providing guidance and measures to achieve low carbon climate resilient development.

Due to the climate change bill 2012 not being accented to in power by the former president citing lack of public participation, KCCWG embarked on the process again but this time round involving more stakeholders. A multi stakeholders meeting held in February 2013 after the refusal of assent to the Bill proposed a tripartite stakeholders committee with representation from Government line Ministries, Civil Society and Private Sector that would determine a way forward on the Bill process. This was then constituted into a steering committee and later gazetted by the cabinet secretary Ministry of Environment, water and natural resources to look at the roadmap and timely delivery of the climate change bill and policy that would help Kenya in the coordination and implementation of climate change resilient and low carbon development pathway. KCCWG was represented by two (2) of its members in this committee.

The enhanced collaboration between CSOs, government ministries and the private sector has been a milestone towards realizing comprehensive climate change legislation in Kenya. The climate change bill was sent to government ministries and other stakeholders for input whose feedback was well received. This was followed by a stakeholder's forum which was held in February, 2014 to collect views on the bill and come up amendments to the bill so that it is in tandem with the policy as well as accommodate emerging issues so as to harmonize the bill in parliament (climate change bill 2012) and considerations emerging from the stakeholders.

Several other consultations on the draft climate change bill were then held to incorporate the views of various stakeholders so that the bill is informed by their interests and needs. These include the consultation workshop for the 11th parliament and the parliamentary committee responsible for the environment, cluster county consultations, sensitization forum on all the county governors and their cabinet secretaries responsible for the environment and that of the senate committee responsible for the environment among other sensitization forums for different target stakeholders. The objectives of the meetings were to have a buy in from the political leadership at the national and county levels and stakeholders on the necessity of climate change bill as well as have the climate bill reviewed and presented to parliament

The Climate change bill has successfully gone through the three readings in the national assembly and has also been approved by the senate. The only step remaining is forwarding to the president for assent, expected in 2015.





*Chania Falls in the Aberdare National Park, Kenya. "One would be able to see more water with planting more trees'. Photo by Wolfgang von Richthofen*

### **Making a difference – AAR Beckmann Trust**

AAR Beckmann Trust vision is to see an East Africa where every individual can access health and enjoy a wholesome quality of life and its mission is to improve health and living conditions of low-income communities in East Africa by involving and empowering them in initiatives that foster a healthy living environment

Leveraging on **AAR**'s expertise in health delivery, and combining it with the Beckmann family's commitment towards health around the world, the trust brings programmes that provide hands-on opportunities for East African communities to improve their environment, and engage in income-generating and sustainable activities to attain access to health.



The AAR Beckmann Trust's principles are: bottom-up approach; participatory learning; transparency and accountability in all actions and working in coordination with partner organizations. These principles have not changed in 2014, and the trust continues to take part in various activities and sit on various boards as well as partners with like-thinking institutions.

# Communal & Environmental Stewardship Activities

## AARBT

### **Ujamaa Family Centre**

Ujamaa Family Centre was set up in 2009 thanks to donor money from Swedish Stockholm-Djurgården Rotary Club and the af Jochnick Foundation, Sweden at the intervention of the AAR Beckmann Trust whose representative consults the centre.

The Centre is a place for adult education and a place for parents of children of the 2100 children government OLN primary slum school, and for the community living around the school in the Mukuru kwa Njenga slum, to have the opportunity to be motivated and in this way facilitate education of their children.

It is a centre where adults can develop their own skills, interests and abilities for sustainable development of their families. The centre also organises course and access to information on human and property rights.

Ujamaa Family Centre falls under and is supported by the Marianist Association which has served in Africa since 1957 whose aim is to provide the poor with skills and training to become self-supporting. [www.ujamaafamilycentre.com](http://www.ujamaafamilycentre.com)

### **The Ujamaa Centre aims:**

- To be a Family Centre for education, awareness campaigns, motivation, counselling, self-help initiatives and income generating activities
- To provide opportunity for self-support among men and women in the Mukuru kwa Njenga slum
- To motivate parents and guardians to facilitate education of their children
- To help men and women to develop their potentials, interests, abilities and skills for a sustainable development of their families and the environment
- To support those suffering from alcoholism through counselling and support groups
- To support those who are infected and affected by HIV/AIDS through counselling and referral services



### **The Cluster Foundation (TCF)**

**AAR** continues to rally staff members and sales representatives to bring their old newspapers for recycling. Encouraging staff to participate in such a simple act as bringing its old newspapers creates a sense of wanting to help the less fortunate! So simple but so powerful! **AAR** also encourages other companies to do the same.

TCF has found an ingenious way of collecting newspapers in offices the sale of which allows them to run their office as well as a project rallying paraplegics, PWPs, to join the main stream of the community.



**TCF's** project has been funded mainly by the collection and re-sale of old newspapers to recyclers

**TCF** has partnered with Eco-Pencil, a local company, to recycle the old newspapers into pencils – the ONLY pencils that are made from recycled newspapers in East Africa.

These environment-friendly pencils are sold and funds raised are used to rally PWPs out of their homes and back into the mainstream of society.

In 2014 nearly ½ a ton of newspapers was collected in **AAR** health centres and various **AAR** offices.

### **Ruaraka Uhai Neema Hospital (RUNH) – Women and Child Hospital**

**AARBT** sits on the Governing Board of Ruaraka Uhai Neema Hospital, RUNH. In the last few years the trust has facilitated donor money for expansion of the hospital with the latest third phase where a children's ward and a children's operating theatre are being built to be launched in 2015.

RUNH is a level 4 maternal and child healthcare facility which offers comprehensive obstetric care to residents of the informal settlements of Nairobi North East. The new children's ward and operating theatre will enhance the health services provided to children in this poor area of Nairobi.

Overall Objective of RUNHospital is to improving mother and child health for the marginalized communities of Nairobi North-East – some 800,000 inhabitants.



The First Phase of the project led to the opening of RUNH's Outpatient Department in March 2009. Since then, more than 400,000 patients, of which 1/3 are children, have received quality health care at this hospital.

The second Phase of RUNH's Project began with the campaign "Born in the right place", launched in October 2009, to start the Maternity Department at the hospital and to offer prenatal and postnatal care to mothers and their babies.

The Maternity Ward with Operating Theatre and Physiotherapy Departments opened in February 2011. The combined departments marked a successful step for World Friends' struggle against child disability due to complicated or unattended pregnancies, both by giving women a safe place to give birth and treating child disabilities through physiotherapy and rehabilitation.

#### **To date**

- RUNH offers outpatient services through the MCH, the casualty/day hospital and the physiotherapy department
- In-patient services: RUNH has a maternity ward and operating theatre.
- The hospital also operate a Centre for professional development, which is an accredited Continuing Medical Education (CME) centre for medical practitioners
- RUNH also runs three community-based outreach programmes namely: BRP – Community-based rehabilitation Programme; Health Education and Monthly Medical Camps especially donated to very needy communities

The aim of the programmes is to give access to quality health care, health education and rehabilitation to the needy communities in the hospital's catchment area. The hospital literally takes valuable health services to the community's doorsteps

In 2015 the RUNH will finish the Third Phase of its project as it launches the **THE ALBA CARE PAEDIATRIC UNIT** financed by the Albacare Foundation, a Swedish family foundation. This unit will be an additional value to the poor whom the hospital caters to.





With a current membership of over a quarter of a million members and close to a 1½ million individuals who visit its health centres, **AAR** - both **AAR Insurance** and **AAR Healthcare** - is not only a leader in the provision of insurance covers, healthcare and other medical and life solutions, but is also the preferred primary healthcare provider for both the public and private health sectors in East Africa.

**AAR** is alert to the need to be always ahead in its service delivery and is committed to the continuous improvement of its services and infrastructure.

By the end of 2014 **AAR** had expanded its clinical base to 39 health centres throughout the East African region. It has plans to further expand by another half a dozen health centres by end of 2015.

**AAR** also runs factory clinics in Tanzania, and works closely with an extended partner network of primary and secondary health delivery in Africa and globally which it is constantly expanding and upgrading.

## Health Promotion and Prevention

From the outset it is in **AAR**'s culture to have 'prevention' right in the forefront of services offered in all **AAR** health centres with its motto of 'Prevention is better than cure' as an integral part of services provided in **AAR**

Nurse Help Line, 24 hour Call Centre is available all year round

24 hour Medical Facilities are services **AAR** offers

**AAR** has a fleet of ambulances on 24 hour call

**AAR** also offers rescue and evacuation services to the public in general from anywhere in the world

It also offers a 24 hour telemedicine service



# AAR Credit – Offshoot of the AAR Group of Companies

AAR Credit Services is a credit only microfinance institution registered in Nairobi in May 2000, as an offshoot of the **AAR Group** of Companies. It also has operations in Uganda. [www.aarinsurance.com](http://www.aarinsurance.com)

Over the years, the AAR Credit has built a solid credit reputation with a number of banks and boutique wholesale financiers which has enabled it to secure growing wholesale financing facilities for its expanding business.

AAR Credit runs its operations from its office in Nairobi, through a branchless banking business model. The majority of its customer loans are originated by its strategic business partners.

A business partner Loita Capital Partners International is a South Africa based investment banking firm providing services in the arrangement and funding of debt transactions; advisory services and capital-raising for equity transactions and other corporate-oriented financial services. It has operations in nine countries in Africa. For further information visit [www.loita.com](http://www.loita.com)

<b>Vision statement:</b>	to be the most admired financial services company in region
<b>Mission statement:</b>	to provide innovative and beneficial financial services that enrich the lives of its customers
<b>Core Values:</b>	Innovation, Integrity, Teamwork

## AAR Credit - Corporate Social Investment

AAR Credit's vision is to be the most admired financial services company in the region and this encompasses areas beyond the innovative and beneficial products it offers.

At AAR Credit believes that by impacting positively on the life of a child, the company will have impacted a whole generation!

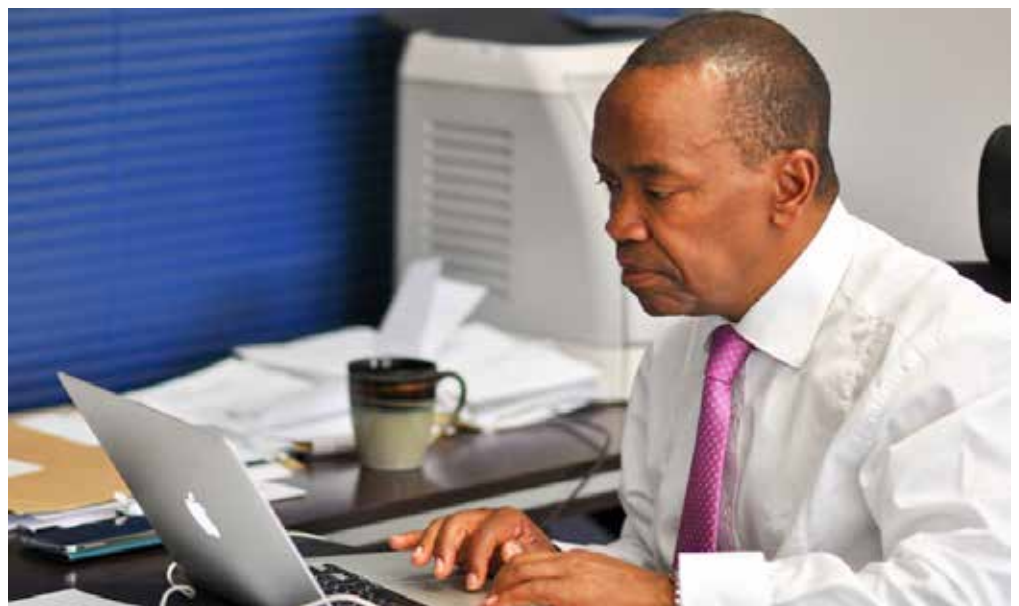
In light of this belief AAR Credit appreciates the fact that it exists within a



community, where it has a role to play in making a difference by positively impacting the lives of the people in it. It realizes that one cannot always look up to the government to solve all the challenges faced by society but to rather be part of the solution by acting on areas where it is able to by being pro-active.

One of the best gifts to every child is education. Education and hence knowledge opens a child's mind to a world of possibilities and opportunities regardless of their background. The government has played its role in providing free primary education to all. AAR Credit decided to partner with the government in this noble cause by identifying a school which has needy and orphaned children challenged by the ability to afford a meals and a school uniform.

On an annual basis AAR Credit has taken up the task of meeting the cost of school meals for each of the pre-identified needy children as well as providing them with new school uniforms inclusive of shoes. Mentoring and nurturing these children is an ongoing initiative that aims at providing them with a good foundation. The children are now in a position to concentrate fully in their studies, giving them an opportunity to achieve a better future.



*John Kriuki, CEO AAR Credit*

# AAR IT System

**AAR** IT system continued to be upgraded in 2014 to increasingly help deliver a better and more inclusive service to the company's members and other users of its services. **AAR**'s ever-growing number of health centres and **AAR Insurance** branch offices throughout the region, increased membership and diversification of skills base, has placed **AAR** at an advantageous position to be at the helm of healthcare and insurance in Africa. 2015 will see the system being completely integrating in Tanzania.

## AAR Beckmann Trust - AARBT

The CSR arm of **AAR** is administered by the **AARBT** which was set up in 2007. It also runs the company's Employee Volunteer Programmes, EVP, and its aim is to facilitate the development of a healthcare environment and network that ensures competency and quality of life. In mid-2014 the Trees for Health programmes were integrated into **AAR Healthcare**.

**AARBT**'s mission is to improve health and living conditions of low-income communities in East Africa by involving and empowering them in initiatives that foster a healthy environment and therefore better health. The **Trees for Health** project was taken over by **AAR Healthcare** in 2014 as this project's mission directly impacts on improving children's health.



The **Trees for Health** project has 3 programmes: deworming of children mainly in schools, tree planting and training again in schools. **Trees for Health** project also manages the company's EVP programmes. Through its EVP programmes **AAR** works hand in hand with **AARBT** encouraging **AAR** employees to take part in all community engagement and environmental programmes as well giving career talks in schools.

### **AARBT continues to engages in many environmental and community engagement programmes**

- **AARBT** continued to partner with various like-minded companies, institutions as well as governments in its quest to make a difference to improve health and living conditions of low-income communities in East Africa
- **AARBT** sits on the Health Thematic Group of KCCWG, Kenya Climate Change Working Group, working to reduce climate change vulnerability of poor communities in Kenya through awareness and strengthening the capacity of Kenyan local communities and civil society to implement community based climate change adaptation projects
- **AARBT** sits on various trustee boards of children homes, hospitals and family centres
- **AARBT** continued to represent the company's separate business units in important workshops such as Women's Empowerment Principles workshops, Child Rights workshops, Code of Ethics workshops. It also represented AAR at various UNGC workshops and other relevant conferences pertinent and beneficial to the company's business



# Looking Ahead

**AAR**, through its SBUs, **AAR Healthcare** and **AAR Insurance**, is committed to fulfilling SBUs' missions and their visions and is on the lookout for opportunities on the African continent.

2015 will be yet another challenge to **AAR**. As expressed in the Chairman's opening remarks to this report, the company will undertake to vastly increase its efforts to demonstrate how it identifies innovative ways in which it can improve its health and insurance services and how best to satisfy the needs of its growing members and other users of these services.

**AAR** will endeavor to compliment both its Code of Conduct, its Staff Manual and local employment policies to address and capture the essence of the company's approach to human, labour rights, environmental stewardship and mitigating risks in every sector of its businesses and in this way continue building and strengthening the company's regional culture of respect and inclusion. In 2015 **AAR** will concentrate on providing its employees with improved working environments that is both safe and healthy, of course, in line with local health and safety policies, and in compliance with applicable laws and regulations regarding working conditions.





**AAR** believes that its continual investment in its staff members motivates them to provide a good service to their clients who are progressively well and better informed with fast and easily accessible communication being at their finger tips. As today's clients are well informed, the challenge to being absolutely transparent in ones business dealings is greater than ever. This transparency starts with the employees who have to build a platform of trust with their clients.

Further effort will be made to continue strengthening the company's social responsibility to ensure there is ethical procurement by working closer with its suppliers and other important and key stakeholders such as the governments of the countries where it has a presence. Again **AAR** will encourage its staff to leverage their purchasing power to influence social and environmental performance of its suppliers. The company will endeavor to strengthen and foster a risk-aware behaviour, compliance to policies, and exposure to fraud and ensure holistic organizational response to risk not only in the supplier-chain but in all areas of its business.

**AAR** will continue seeing a revolution in 2015.

