



Modern Slavery Statement

1 October 2019 to 30 September 2020



Introduction

This Modern Slavery Statement has been prepared pursuant to the Australian Modern Slavery Act 2018, Commonwealth.

This Statement was approved by the Tower Limited Board on 23/03/2021.



Michael Stiassny

Chairman of Tower Limited Board

Tower's inaugural Modern Slavery Statement describes Tower, its operations and supply chain and outlines:

- Tower's approach to the identification of risks of Modern Slavery practices occurring within its operations and supply chain
- The actions taken to assess and address these risks
- The assessment of the effectiveness of actions to be taken to address Modern Slavery Risk

As a born and bred Kiwi insurer with teams across eight Pacific Island countries, our purpose is to support people when they need it most. Equally, we are proud to have a safe culture which embraces all types of people and encourages everyone to be themselves and be part of our community. We strongly reject all forms of slavery and exploitation in our business, operations and supply chain.

About Tower

Tower Limited is a publicly listed company on both the Australian Stock Exchange (Foreign Exempt Listing) and New Zealand Stock Exchange that operates in New Zealand and the Pacific Islands.

Tower is licensed to undertake general insurance business in New Zealand under the Insurance (Prudential Supervision) Act 2010 (IPSA). Tower is required to comply with the requirements of IPSA. Tower's compliance is regulated by the Reserve Bank of New Zealand. Tower is also regulated in respect of financial conduct by the Financial Markets Authority. Tower issues and promotes general insurance products in New Zealand and the Pacific Islands. Tower's annual turnover for the 2020 reporting period was NZ\$385 million.

Tower has ten Pacific Island subsidiaries:

National Pacific Insurance Ltd.

Tower Insurance (Cook Islands) Ltd.

Southern Pacific Insurance Company Ltd.

The National Insurance Company of NZ Ltd.

Tower Insurance (PNG) Ltd.

Tower Insurance (Vanuatu) Ltd.

National Insurance Company (Holdings) Pte Ltd.

National Pacific Insurance (Tonga) Ltd.

Tower Insurance (Fiji) Ltd.

National Pacific Insurance (American Samoa) Ltd.

And one national branch:

Tower Limited (Solomon Islands Branch)

Tower Limited's Structure, Operations and Supply Chains

Corporate Governance



The Tower Board is committed to achieving the highest standards of corporate governance, ethical behaviour, and accountability and has implemented corporate governance practices that are consistent with best practice. Where developments arise in corporate governance, the Board reviews Tower's practices and incorporates change where appropriate.

Tower is required to comply with the NZX Listing Rules and NZX Code. The NZX Code states that "Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation".

In compliance with Recommendation 1.1 of the Code, Tower's Directors, executives, employees and contractors must comply with Tower's Code of Ethics Policy which complies with the specific requirements of the Recommendation. This Code of Ethics Policy is available on Tower's website,

Tower Operations



As mentioned above, Tower provides general insurance products to its customer base. The principal activities Tower undertakes to carry on its business include:

- Sales
- Administration
- Product Development and Underwriting
- Customer Servicing
- Claims Management
- Professional services such as Legal, Accounting, Risk and Compliance, Human Resources, Actuarial
- Capital Management

At the end of the reporting period, Tower employed 659 direct employees in locations across New Zealand and the Pacific. The majority of our workforce are considered to be skilled or highly skilled personnel. Tower complies with its employment obligations, including those relating to the Workplace Health and Safety Act 2015, the Employment Relations Act 2000 and the Human Rights Act 1993.

Tower Operations *continued*

Tower has an Ethics Policy which has been approved by its Board. This Ethics Policy forms the basis for Towers employee Code of Conduct, a document that has operationalised the Policy and made it easy to understand for staff. This Code of Conduct, along with Towers associated internal processes, mean that any internal misconduct that could indicate Modern Slavery practices occurring at Tower are controlled by:

- The presence of formalised robust whistleblowing process
- A focus on ensuring employees are safe and their health and wellbeing is taken care of
- Ensuring that employees are aware of their responsibility to never behave in a way that is dishonest, illegal, fraudulent, corrupt or unethical

The recruitment and remuneration processes for our directly employed personnel are subject to Tower's risk management framework.

Tower Supply Chain



In order for Tower to provide its products (being general insurance products) it utilises the products and Services of third parties. This includes products and Services sourced in both New Zealand or overseas and extends beyond direct Suppliers.

Tower's supply chain includes Suppliers who provide the following:

- Products and Services procured in Tower's claims settlement processes
- IT hardware
- Stationary and other office essentials
- Uniforms (in the Pacific)
- Investment services

Methodology applied to the identification of risks at Tower

Tower engaged KPMG to better understand its risks of Modern Slavery through a high-level risk identification process.

The risk identification process undertaken by KPMG involved a review of internal documents and interviews with key internal stakeholders across Tower Limited and Tower owned and controlled Pacific entities. This approach supported the effective mapping of Towers operations and supply chain to identify potential modern slavery risk *hotspots*.

A *hotspot* is not the identification of manifest modern slavery, but an identification of where further assessment and appropriate risk mitigation of systems and controls may be required.

Interviewees were sourced from across Towers business operations, with Tower representatives from:

- Legal
- Risk and Compliance (New Zealand and Pacific)
- Tower Pacific
- Strategic Sourcing
- Claims Support Services
- Advisory Services

To identify areas of potential Modern Slavery Risk within Tower’s supply chain and operations, KPMG utilised four key risk factors. Where one or more of these risk factors are present, it could indicate an area with an elevated risk of Modern Slavery harm to people. This may be an area where further assessment and appropriate risk mitigation management systems and controls are required. It does not indicate that Modern Slavery harm is occurring, but that further assessment, or some work may be required in that area to mitigate some of the inherent risks that may be present as a result of these key risk factors.

Key risk factors:

Vulnerable populations

High risk categories

High risk business models

High risk geographies

Areas of increased Modern Slavery risk for Tower:

- House claims Suppliers (New Zealand)
- Motor claims Suppliers (New Zealand and Pacific Islands)
- Contents claims Suppliers (New Zealand and Pacific Islands)
- Facilities management (New Zealand and Pacific Islands)
- Cash settlements of house and motor claims (New Zealand and Pacific Islands)
- Staffing (Pacific Islands)

Investments



Tower has one investment portfolio managed by an external New Zealand funds manager. Tower's investments are restricted to high-grade domestic or international government, quasi-government bonds, and corporate bonds or cash.

Tower is of the view that the risk is low of it causing or contributing to any Modern Slavery practices in connection with its current investment strategy.

House claims suppliers (New Zealand and the Pacific)

Tower assists its customers on some occasions in providing end to end management of house insurance claims. It is therefore involved in procuring property and construction services. Tower may engage construction industry Suppliers, usually through reinstatement companies to complete building projects. Tower only

House claims suppliers (New Zealand and the Pacific) *continued*



has a handful of Suppliers for the majority of the work required, but there are high volumes of work going to those Suppliers.

House claims Suppliers are associated with several Modern Slavery risk factors, chief among them being that the property and construction industry is documented as utilising a base-skilled labour force and also that the raw materials utilised in construction may be linked to Modern Slavery practices.

Motor claims suppliers (New Zealand and the Pacific)



As with house insurance claims management, in managing motor insurance claims Tower utilises motor repairers and motor service providers to fix, replace or repair motor vehicles in New Zealand and the Pacific Islands. This is an important Service and customers seek a quick turnaround of their motors. Motor claims Suppliers may be associated with Modern Slavery risk factors, including use of migrant and base-skilled workers who are involved in towing, panel-beating, glass replacement and roadside assistance. Such workers may not be aware of employment laws and may be considered at risk of being subjected to Modern Slavery practices.

Contents claims suppliers (NZ & Pacific Islands)



Tower procures a wide variety of products for its customers to replace their contents when required for a claim. Commonly procured products such as furniture, IT hardware and accessories, and batteries are considered to be 'high risk' for links to Modern Slavery. These goods are made using raw materials that are often sourced from high-risk geographies, and often manufactured in other high-risk geographies.

Facilities management (New Zealand and the Pacific)



Tower requires building maintenance and repairs Services for its various commercial buildings across New Zealand and the Pacific. Facilities management may be subject to Modern Slavery risk factors such as:

- Building maintenance and repairs Services are a known high-risk category for Modern Slavery due to the intersection between vulnerable populations in the workforce and the common business model of outsourcing these services and sub-contracting within the industry itself. In respect of the Pacific Islands,

Facilities management (New Zealand and the Pacific) *continued*

such Services are procured in regional and remote locations as compared to the New Zealand Tower headquarters, the risk may be increased.

- Tower has decentralised procurement decisions relating to facilities management in the Pacific to the country leaders.
- There is significant regional migration within Pacific Islands nations. The acceptability of payment of wages in cash in the Pacific could result in Tower not having oversight over or workers having their visa restrictions or working rights respected.

Cash Settlements of 'house' and 'motor' claims (New Zealand and the Pacific)



In some cases, Tower may not procure claims Services directly on behalf of its customers. Instead, Tower may settle a claim through cash payments directly to the customer or a Supplier of the customer's choosing. Where Tower makes payments directly to the suppliers with little or no due diligence conducted the payments could be unwittingly perpetuating/funding Modern Slavery practices.

Staffing (Pacific Islands)



There is a risk that due to the geographical remoteness of Tower's Pacific Islands, and differences in cultural norms, contingent workforce could be used within Tower's operations for base-skill tasks such as administrative, cleaning and security roles without the usual protections being in place. This could lead to Modern Slavery Risk.

Tower's Modern Slavery Action Plan

Risk assessment	Conduct a risk assessment and further investigations in the areas identified above as having a number of Modern Slavery key risk factors associated
Education	Provide education on Modern Slavery to the areas of the business who will serve as the first line of defence against Modern Slavery risk within Towers operations and supply chain
Supplier Code of Conduct	Work with relevant stakeholders to create a Supplier Code of Conduct
Contractual provisions	Review Supplier agreements and draft appropriate clause(s) to put in place contractual provisions to mitigate some of the Modern Slavery supply chain risk in relation to our contractors and their subcontractor(s)
Research suppliers	Conduct a deep dive into Tower's major retail Suppliers responsible sourcing programs and assess their risks of Modern Slavery
Pacific Islands	Liaise with Pacific Islands stakeholders to determine appropriate controls for Pacific Islands

Tower's action for this Reporting Period was to identify the key areas of Modern Slavery Risk within its operations and supply chain. The next Reporting Period Tower will perform the actions listed above to continue to develop its maturity in managing and mitigating its Modern Slavery Risk.

How the effectiveness of our actions is assessed

Tower is of the view that ongoing assessment is required in this area to ensure continuous improvement in reducing its risk of causing, contributing to, or being directly linked with Modern Slavery practices.

Tower will assess the effectiveness of our actions by reporting in 2021 on the residual risk of Modern Slavery once the actions indicated above have been completed. It is our intention to continue to build our maturity in managing and mitigating our risks of Modern Slavery practices.

GLOSSARY OF TERMS

Board refers to the Tower Limited Board of Directors.

Code of Conduct refers to Tower Limited's Code of Conduct for employees known as "How we Roll".

Modern Slavery means offences that are amongst the most egregious breaches of human rights. Such rights include the right to decent work, the right not to be subjected to slavery, or slavery-like practices, and the protection of vulnerable populations from exploitative business practices.

NZD means New Zealand Dollars.

Pacific refers to Tower Limited's Pacific Islands subsidiaries and branch, outlined at page 3.

Reporting period means 1 October to 30 September

Risk of Modern Slavery/ Modern Slavery Risk means the potential for a business to cause, contribute to or be directly linked to Modern Slavery through its operations and supply chain.

Services means services relating to claims investigations, house and motor assessing, house or motor repair or replacement work.

Statement means this Tower Limited Modern Slavery Statement.

Supplier means the external provider of a good or Services to Tower Limited.

Tower means Tower Limited.

