

Modern Slavery Statement

1 October 2020 to 30 September 2021

Introduction

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

This Statement was approved by Tower's Board on 22 March 2022.



Michael Stiassny

Chairman of Tower Limited Board

Tower's 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

Our purpose

"To inspire, shape and protect the future for the good of our customers and communities."

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 2021 reporting period was NZ\$404 million.

Tower has 11 subsidiaries:

National Pacific Insurance Limited.

Tower Insurance (Cook Islands) Limited.

Southern Pacific Insurance Company Limited.

The National Insurance Company of New Zealand Limited.

Tower Insurance (PNG) Limited.

Tower Insurance (Vanuatu) Limited.

National Insurance Company (Holdings) Pte Limited.

National Pacific Insurance (Tonga) Limited.

Tower Insurance (Fiji) Limited.

National Pacific Insurance (American Samoa) Limited.

Tower Services Limited

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 behavior, and accountability and has implemented corporate governance practices that are compliant. Where developments arise in corporate governance, the Board reviews Tower's practices and incorporates change where appropriate.

Tower complies with the FMA and RBNZ guidelines on corporate governance, in addition to, the NZX Listing Rules and NZX Corporate Governance Code.

Tower Operations



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 778 direct employees in locations across New Zealand and the Pacific. The majority of Tower's workforce is 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 a Code of Ethics Policy which has been approved by its Board. The Code of Ethics Policy sets out the minimum standards of conduct and behavior that Tower Limited, and any subsidiary or related Tower company expects of its directors, executives, employees and contractors (collectively) in all their business dealings. The purpose of the Code of Ethics Policy is to protect and uphold Tower's values by promoting ethical and responsible conduct. In doing this, Tower enhances its reputational integrity, identifies and manages any potential risks, increases investor and customer confidence, and promotes confidence in the New Zealand financial service industry. This Code of Ethics Policy is available on Tower's website.

Key Tower processes that mitigate potential modern slavery risks are:

- The presence of a formalised whistleblowing process
- Activities ensuring employees are safe and their health and wellbeing is taken care of
- Ensuring that employees are aware of their responsibility to behave in a way that is not dishonest, illegal, fraudulent, corrupt, or unethical
- All Tower employees and internal processes are subject to Tower's Risk Appetite Statement and Risk Management Programme.

Tower Supply Chain



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 ongoing mitigation of risks at Tower

In 2020 Tower procured an external advisor and established a cross functional working group to execute Tower's action plan for the ongoing identification and mitigation of modern slavery risk. The working group meets regularly and is comprised of representatives from:

- Legal
- Risk, Compliance and Conduct (New Zealand and Pacific)
- Finance (New Zealand and Pacific)
- Procurement (New Zealand and Pacific)
- Tower Pacific
- People & Culture
- IT

Key risk factors:

Vulnerable populations

High risk categories

High risk business models

High risk geographies

Tower has identified the following areas in its operations which have the potential for Modern Slavery risk:

- Investments
- House claims Suppliers (New Zealand and Pacific)
- Motor claims Suppliers (New Zealand and Pacific Islands)
- Contents claims Suppliers (New Zealand and Pacific Islands)
- Facilities management (New Zealand and Pacific Islands)
- Settlements, in lieu of repair, 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's assessment of this risk is low in relation to any Modern Slavery practices with connection to its current investment portfolio. Tower's investment strategy is governed by Tower's Risk Appetite Statement and Tower's financial investment policies.

House claims suppliers (New Zealand and the Pacific)



Tower supports its customers in limited circumstances in providing end to end management of house insurance claims. As a result, Tower can be involved in procuring property and construction services. Tower may engage construction industry Suppliers, usually through reinstatement companies to complete building projects.

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

Tower has a select group of Suppliers for much of the work required, but there are high volumes of work going to these 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 vehicle insurance claims Tower utilises preferred motor vehicle repairs and motor vehicle service providers to replace or repair motor vehicles in New Zealand and the Pacific Islands. Motor vehicle 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 a higher risk of being subjected to Modern Slavery practices.

Contents claims suppliers (NZ & Pacific Islands)



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

Facilities management (New Zealand and the Pacific)



Tower utilises 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 repair 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 and by comparison to the New Zealand Tower operations, the risk may be higher.

- In some circumstances, Tower has decentralised procurement decisions relating to facilities management in the Pacific to the country leaders.
- There is notable regional migration within Pacific Island nations. The acceptability of payment of wages in cash may result in Tower not having oversight over workers having their visa conditions or work rights respected within Towers supply chain operations.

Settlements, in lieu of repair of 'house' and 'motor' claims (New Zealand and the Pacific)

In limited circumstances, Tower may not procure claims services directly on behalf of its customers. Tower may settle a claim through payments directly to the customer, in lieu of repair, allowing the customer to choose a supplier outside of Towers approved Supplier network. Tower does not provide claim settlement payments directly to suppliers in these circumstances. Where Tower makes payments directly to customers the payments could unwittingly contribute to Modern Slavery practices when customers use suppliers of their choosing.



Staffing (Pacific Islands)

There is a risk that due to the geographical remoteness of Tower's Pacific Islands, and differences in cultural norms, supplier sourced 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 contribute to Modern Slavery Risk.



For the 2021 reporting period Tower has provided an update to the actions identified in its 2020 Modern Slavery Statement. The updates highlight Tower’s commitment to developing maturity in managing and mitigating its Modern Slavery Risk.

Tower’s Modern Slavery Action Plan

Action Item	Description	Progress Update
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	Progressing. Tower is introducing Modern Slavery Risk assessments into its NZ & Pacific Procurement onboarding procedures for its suppliers and vendors, covering both new and renewal supplier agreements.
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	Progressing. Tower has introduced a dedicated internal online support and awareness page for Modern Slavery to support internal business units with Modern Slavery requirements and processes. Tower’s suppliers are provided with a learning resource to uplift their knowledge of Tower’s applicable Modern Slavery requirements.
Supplier Code of Conduct	Work with relevant stakeholders to create a Supplier Code of Conduct	Progressing. Tower is progressing with the creation of Supplier Code of Conduct, as part of an overall third-party risk framework
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)	Completed. Tower’s Supplier agreements have the relevant legal contractual provisions to ensure adherence to applicable laws and obligations around Tower Limited operations.
Research suppliers	Conduct a deep dive into Tower’s major retail suppliers responsible sourcing programs and assess their risks of Modern Slavery.	Still to be actioned. Progress updates will follow in the next iteration of Tower’s Modern Slavery Statement.
Pacific Islands	Liaise with Pacific Islands stakeholders to determine appropriate controls for Pacific Islands	Progressing. Tower is introducing Modern Slavery risk assessments into its Pacific Procurement onboarding procedures.

How the effectiveness of our actions is assessed

Tower's position is that ongoing risk and control assessment is required around mitigation of Modern Slavery risks. This ensures continuous improvement is achieved around management of activities and practices that may cause or contribute to, whether directly or indirectly, to Modern Slavery.

Tower's Modern Slavery compliance obligations are documented and Tower will assess the operational effectiveness of our ongoing control actions, as per our risk management framework, and report this in our next statement in 2023.

Our commitment is to continue to build our risk and control maturity in assessing and mitigating potential risks of Modern Slavery within our supply chain operations.

GLOSSARY OF TERMS

Board refers to the Tower Limited Board of Directors.

Code of Ethics Policy refers to Tower Limited's standards of conduct for employees

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.