

# Modern Slavery Statement

1 October 2021 to 30 September 2022



# Introduction

At Tower, our purpose is to inspire, shape and protect the future for the good of our customers and communities. We are a born and bred Kiwi insurer with a history spanning more than 150 years and have teams across the Pacific Islands and New Zealand.

Being there for people every step of the way is fundamental to everything we do, and our geographical footprint means we have a unique role to play in the communities we operate in. We are committed to achieving the highest standards of environmental, social, and ethical behaviour and we have implemented governance practices that are compliant with New Zealand and Pacific regulations.

In staying true to our purpose, Tower does not tolerate modern slavery practices and we reject it in all forms. Tower complies with the requirements of the Australian Modern Slavery Act 2018. We have a Code of Conduct Policy to protect and uphold our values, and processes to eliminate modern slavery from our supply chain in our New Zealand and Pacific operations.

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 30 March 2023.



MICHAEL STIASSNY  
Chairman

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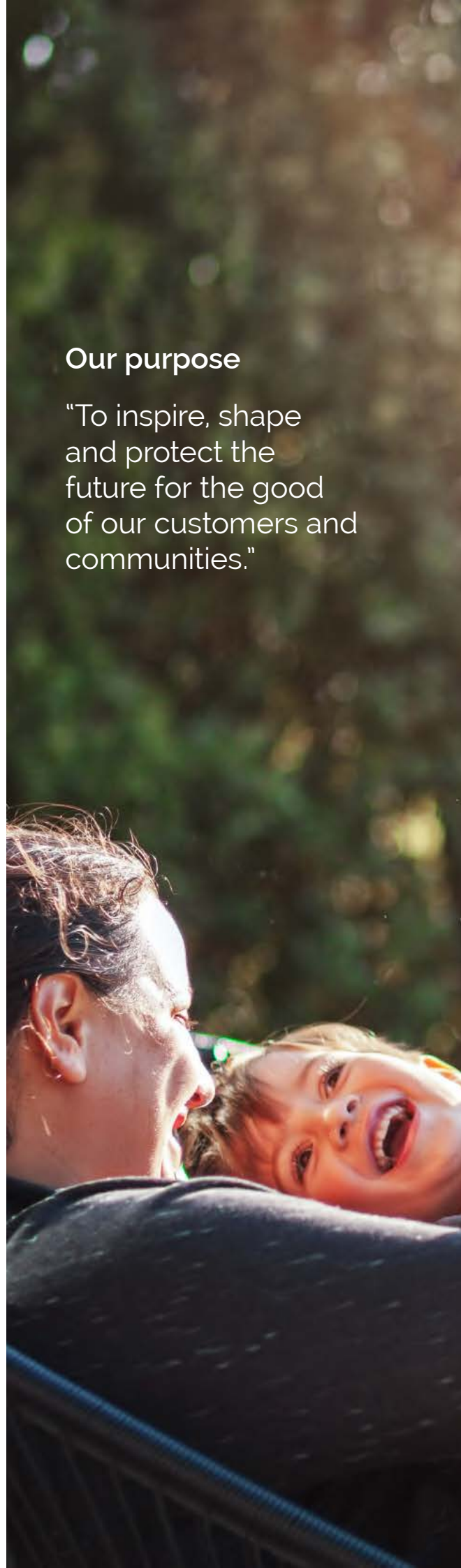


BLAIR TURNBULL  
Chairman

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## Our purpose

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





# About Tower's Statement

Tower Limited's (Tower's) Modern Slavery Statement describes Tower, its operations and supply chain and outlines:

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- 1** Tower's approach to the identification of risks of Modern Slavery practices occurring within its operations and supply chain
  - 2** The frameworks in place to assess and address these risks
  - 3** The assessment of the effectiveness of actions to be taken to address Modern Slavery risk



# Tower Brand and Corporate Structure



For over 150 years Tower has been helping Kiwis and Pacific customers protect their home, car, business, and things they love.

At Tower, we are undertaking a transformation that leads to higher growth through a relentless focus on our customers. We have proven ourselves to be resilient and robust in a difficult time for the New Zealand economy and have an exciting future ahead of us.

We are focused on delivering beautifully simple and rewarding experiences for our customers. To get there we have set out a number

of clear strategic priorities aimed at helping us to grow and innovate, as well as to build financial strength and capability as a company.

Tower is headquartered in Auckland, New Zealand and operates in New Zealand and the Pacific, providing our customers with cover for their houses, cars, contents, businesses and more.

Tower is the last listed New Zealand general insurer on



the NZX, as well as being listed on the ASX, with a market capitalisation of \$243 million (at 64 cents per share) representing a strong base of international, institutional and 24,169 individual shareholders.

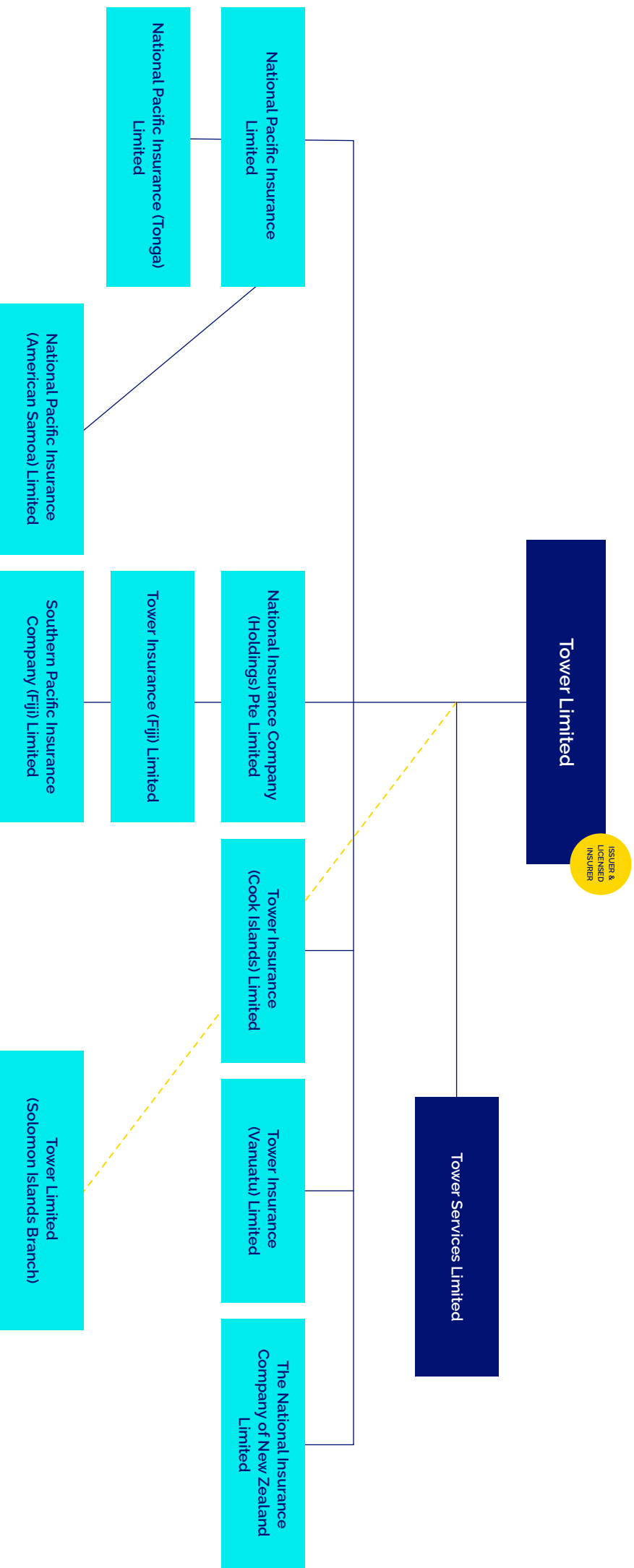
Tower is licensed to undertake general insurance business in New Zealand under the Insurance (Prudential Supervision) Act 2010 (IPSA). Tower is required to comply with the requirements of IPSA. Tower's compliance is regulated by the Reserve Bank of New Zealand (RBNZ). Tower is also regulated in respect of financial conduct by the Financial Markets Authority (FMA). Tower issues and promotes general insurance products in New Zealand and the Pacific Islands. Tower's annual Gross Written Premium for the 2022 reporting period was NZ\$446 million.

Tower directly employs 778 employees in locations across New Zealand and the Pacific.

The reporting entities covered by this statement are set out below and include Tower Limited controlled subsidiaries.



# Tower's Corporate Structure





# Tower's Structure, Operations and Supply Chains

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## 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 display these standards. 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

Tower has 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 New Zealand Workplace Health and Safety Act 2015, the New Zealand Employment Relations Act 2000 and the New Zealand Human Rights Act 1993.

Tower has a Code of Conduct Policy which has been approved by its Board. The Code of Conduct 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 Conduct 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 Conduct Policy is available on Tower's website.

Key Tower processes that mitigate potential modern slavery risks are:

- Established procurement and supplier Policies and frameworks
- 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 Framework.

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## Tower Supply Chain



Tower utilises the services of third parties to provide its products (being general insurance products). 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 and support services
- Customer support services
- Stationary and other office essentials
- Uniforms (in the Pacific)
- Investment services





# Understanding Modern Slavery Risks in our Operations and Supply chain

Tower has established a cross functional working group to ensure oversight of modern slavery with consideration around the adequacy and effectiveness of processes that support the identification, monitoring and management of risks, as well as areas for continuous improvement. The working group meets periodically 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:

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**1**

Vulnerable populations

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**3**

High risk business models

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**2**

High risk categories

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**4**

High risk geographies



## Tower has identified the following areas in its supply chain 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)

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### 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. Towers investment strategy is governed by Towers Risk Appetite Statement and Towers financial investment policies.

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### 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, assessing and repair industry suppliers, usually through reinstatement companies to assess and complete building projects.

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.

Tower has a select group of suppliers for much of the



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## 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.

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## 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 or the use of migrant and base-skilled workers who are involved in the manufacturing or distribution activities of these suppliers.

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## 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, 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.

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### 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.

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### Staffing (Pacific Islands)

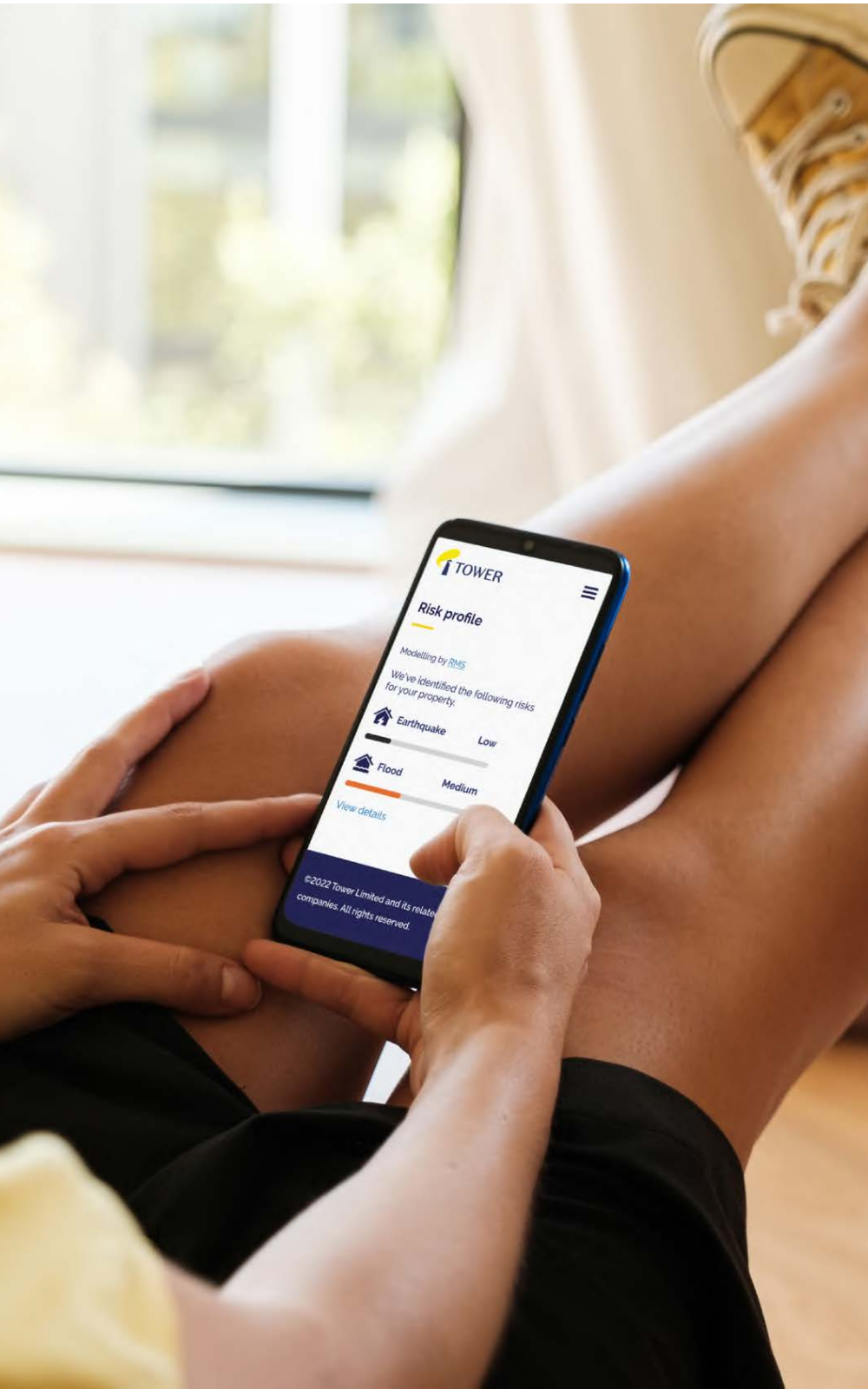


There is a risk that due to the geographical remoteness of Tower's Pacific Islands, and differences in cultural norms, supplier sourced contingent workforce could be used within Tower's operations

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.



# Managing our Modern Slavery Risk



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.

As a purchaser of goods and services we continue to strengthen our approach to sustainable sourcing and supplier risk management within our operations and supply chains throughout 2023.



## Our Supplier and Procurement Policies & Framework





## **Tower Procurement and Supplier Relationship & Management framework**

Tower has developed Frameworks for New Zealand (with the Pacific to follow in 2023). These Frameworks specifically detail the processes for how Tower engages and manages our third-party suppliers. In conjunction with these new Frameworks, several existing policies, frameworks, and guidelines have been updated to bring them in line with our obligations around Modern Slavery. These frameworks principles and roles and responsibilities are communicated to internal Tower business units to ensure awareness, understanding and adherence. These frameworks and supporting documents are living documents that govern Tower's overarching expectations of our third-party suppliers.

### **Supplier Code of Conduct**

A Supplier Code of Conduct has been developed and implemented that outlines Tower's expectation that the suppliers we engage with adhere to international human rights standards and monitor and address these standards within their supply chains.

We recognise that implementing change across our supply chain and through our various third-party suppliers' supply chains takes

effort and will – and as such we have set a regular review of this Code of Conduct and internally working alongside our business contract owners to ensure adherence to Tower's expectations. Tower intends to move the policy to full enforcement in late 2024, which will mean removing third-party suppliers from our supply chain that do not, cannot or will not comply. Those that show a steady progression to compliance Tower welcomes working with them to achieve this goal – not only for Tower, but all their customers too.

### **Third Party Risk Management**

Tower third-party risk management processes include extending our due diligence processes to consider Modern Slavery, and how we can identify high risk suppliers. Tower has taken the approach to categorise our third-party suppliers and risk rate them. A more thorough due diligence check is performed on our higher risk rated suppliers using Politically Exposed Person (PEP), Sanctions and adverse media screening. Tower is working with several external partners to identify an automated platform that we can apply to our entire supply chain. With this technology we will be able to identify those suppliers most exposed to unethical sourcing practices and Modern Slavery.

## **Our Internal Operations and Due Diligence**

Tower has introduced Modern Slavery Risk assessments into its New Zealand & Pacific procurement onboarding procedures for its suppliers and vendors, covering both new and renewal supplier agreements.

Tower's Supplier agreements have the relevant legal contractual provisions to ensure adherence to applicable laws and obligations around Tower Limited operations and our supplier code of conduct.

## **Our Education and Awareness**

Tower has established a dedicated internal online support and awareness page for Modern Slavery to support internal business units with Modern Slavery requirements and processes. This is further supported by periodic learning awareness communications to the wider Tower business on the principles and measures needed to identify and mitigate potential slavery risks.

Dedicated online learning resources are available to relevant business units across New Zealand and the Pacific Procurement and People and Culture teams at Tower. Modern Day Slavery awareness activities are conducted periodically across Tower.

Tower's suppliers are provided with a learning resource to uplift their knowledge of Tower's applicable Modern Slavery requirements.



# How the effectiveness of our actions is assessed

Tower's position is that ongoing risk and control assessment is maturing 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 via our Obligations Management Framework and managed via our internal risk management system. Periodic management attestations ensure awareness and adherence to modern day slavery obligations.

Periodic internal audits and risk and control assurance are conducted across our internal risk and control frameworks as per our risk management framework.

We are committed 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 Conduct 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 on page 6.
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 goods or services to Tower Limited.
Tower	means Tower Limited.