

# Managing our material impacts

For the year ending September 30 2025

# Material impacts



Materiality is an assessment of how the activities of a business impact society, the environment, specific stakeholders and the business itself. That business may have caused these impacts, contributed to them or have links to the impacts.

The following table covers Tower's 12 most material topics and outlines the actions and targets we have in place to manage these.

Further context is available in Tower's 2025 Annual Report and 2025 Climate Statement which can be found in the sustainability section of Tower's website.




FY25 was the last year of our FY20-FY25 Sustainability Strategy. An overview of our new strategy and material impacts for FY26-FY30 can also be found in our 2025 Annual Report and Climate Statement.

Tower will share updated material impacts targets with the market for FY26-FY30, in FY26.




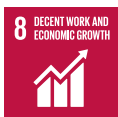

STRATEGY ALIGNMENT	MATERIAL TOPIC OVERVIEW OF POTENTIAL AND ACTUAL IMPACTS	SDG ALIGNMENT	MANAGING OUR IMPACTS	DELIVERED IN FY25
Go-to trusted insurance partner	<p><b>Affordable and accessible insurance</b></p> <p>Low rates of insurance in the Pacific are due to a range of issues, including the unique ownership structures of properties within families, affordability and a lack of insurance products to suit their needs or homes, or a lack of available internet or transportation to access insurance products.</p> <p>We know that not having the right cover makes people, communities, and economies reliant on aid, which creates unnecessary uncertainty and can mean it takes more time to recover when the worst happens.</p> <p>We have a responsibility to ensure insurance remains accessible and affordable. This is a challenge given the current inflationary environment and increasing risks from large events and climate change.</p>	 	<ul style="list-style-type: none"> <li>• We continuously monitor our pricing and benefits to ensure we are competitive and offer value for money</li> <li>• Our parametric insurance product, Cyclone Response Cover, offers a lower-cost alternative level of cover for customers in Fiji and Tonga and Samoa. Our Cyclone Response Cover intake periods span across different financial years to reflect the Pacific Islands' cyclone season which runs from October until the end of April. Therefore, reported results consist of two policy periods.</li> </ul>	<p><b>FY25 targets</b></p> <ul style="list-style-type: none"> <li>• 45% of transactions in the Pacific are completed via digital platform</li> <li>• 10,000 parametric policies in place across Pacific countries by the end of FY25.</li> </ul> <p><b>Delivered in FY25</b></p> <ul style="list-style-type: none"> <li>• Target not achieved. In FY25 15% of all new policy sales were completed online by customers without assistance from Tower staff in the Pacific, the remaining 85% were completed online using Tower's digital platform with staff assistance, either at our retail branches or over the phone</li> <li>• Target not achieved. 8,247 policies were in place across the two Cyclone Response Cover intakes for FY25. For the 01 Aug 2024-31 Jul 2025 Cyclone Response Cover intake, 2,994 policies were in place. Onboarding continues for the 01 Aug 2025-31 Jul 2026 Cyclone Response Cover intake, with 5,250 policies in place as at 20 November 2025</li> <li>• In FY25, Tower continued to improve insurance accessibility through parametric insurance, appointing a Parametric Business Development Manager, who visited 52 remote Fijian villages, reaching 10,200 villagers, as part of ongoing parametric awareness roadshows</li> <li>• In mid-November 2025, Tower launched its parametric Rainfall Response Cover, which we expect will enable Tower to reach its target of 10,000 parametric policies in place across Pacific countries, in FY26.</li> </ul> <p>See page 37 of Tower's 2025 Annual Report for more information.</p>








## Material impacts (continued)

STRATEGY ALIGNMENT	MATERIAL TOPIC OVERVIEW OF POTENTIAL AND ACTUAL IMPACTS	SDG ALIGNMENT	MANAGING OUR IMPACTS	DELIVERED IN FY25
Go-to trusted insurance partner (continued)	<b>Transparent and fair insurance</b> <p>We know that customers don't always understand their insurance and, transparency of information is one of the most important factors they take into account when deciding on an insurance provider.</p> <p>We recognise the need for clearly worded and simple descriptions of insurance products that help customers understand what they're covered for.</p>		<ul style="list-style-type: none"> <li>We are working to ensure our policies achieve the WriteMark plain English standard</li> <li>Continually simplifying and improving our customer self-service offering through digitisation</li> <li>Digital platform provides transparency of customers' risks and pricing</li> <li>Tower is focused on putting things right for customers who have received incorrect discounts or benefits</li> <li>Launched in FY24, we completed our Foundations First project in FY25. See page 20 of Tower's 2025 Annual Report for more information.</li> </ul>	<b>FY25 targets</b> <ul style="list-style-type: none"> <li>Continue to align Pacific policy documents with plain language standards</li> <li>Embed sea-surge and landslip risk profiles in quote-to-buy journey and in My Tower.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target achieved. Work continues in the Pacific with 75% of products written in line with plain language standards, up from 70% in FY24.</li> <li>Target achieved. During the financial year we expanded our risk-based pricing model to include pricing and customer-facing landslide and sea surge risk ratings for our customers' homes</li> <li>In FY25 29,000 customers accessed to ways to save. Ways to save gives customers practical and immediate options to save on their premiums. In FY25, 15% of customers who interacted with ways to save made changes that resulted in lower premiums. On average, customers who reduced their annual premiums via ways to save saw a reduction of \$97</li> <li>For an update on Tower's progress in the year, regarding remediating customers who did not receive the discounts or benefits they were entitled to, or experienced other policy errors, please see page 15.</li> </ul> <p>See page 14 of Tower's 2025 Annual Report for more information.</p>
	<b>Product development and innovation</b> <p>Tower is committed to helping New Zealand and the Pacific's transition to a more sustainable future.</p> <p>Our greatest opportunity to support this aim is by positively influencing and supporting our customers through the services and products we provide. We are working to ensure our product development and innovation supports climate change resilience and action.</p> <p>We know traditional insurance products fail to adequately support many Pacific people who either do not have insurance or are underinsured.</p>	 	<b>Innovating our products:</b> <ul style="list-style-type: none"> <li>Our parametric insurance product, Cyclone Response Cover offers a level of cover for those in the Pacific who are excluded from traditional insurance products</li> <li>Offering cover for electric and hybrid vehicles, e-bikes and e-scooters helps support the transition to more sustainable forms of transport.</li> </ul>	<b>FY25 targets</b> <ul style="list-style-type: none"> <li>Launch parametric insurance rainfall product in Fiji.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target not achieved in FY25 however, Tower achieved this target, launching its parametric Rainfall Response Cover in mid-November 2025.</li> </ul> <p>See page 37 of Tower's 2025 Annual Report for more information.</p>






## Material impacts (continued)

STRATEGY ALIGNMENT	MATERIAL TOPIC OVERVIEW OF POTENTIAL AND ACTUAL IMPACTS	SDG ALIGNMENT	MANAGING OUR IMPACTS	DELIVERED IN FY25
Go-to trusted insurance partner (continued)	<b>Data protection</b> <p>The collection and use of personal and non-personal data enables us to offer more tailored insurance products and services, including more personalised risk assessments.</p> <p>We know that any misuse or loss of customer data is likely to erode trust in the insurance industry. Tower is committed to protecting our customers' and people's data by having safe data governance and practices in place.</p>		<ul style="list-style-type: none"> <li>Our data governance framework ensures we are able to take advantage of opportunities to use data when they arise, and this data is used appropriately and effectively</li> <li>We have robust policies, processes and technology in place to ensure data is protected</li> <li>Tower is continuing to decommission legacy systems which will reduce the number of systems where customer data is stored.</li> </ul>	<b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target met, Information Management Policy updated in FY24.</li> </ul>
Diverse and Inclusive to the core	<b>Diversity and inclusion</b> <p>We recognise that a lack of diversity excludes minority groups which limits diverse thinking and impacts mental health and emotional wellbeing.</p> <p>Diversity is also an important part of customer innovation. We are committed to having a diverse and inclusive workplace that builds people's physical and emotional wellbeing.</p> <p>Investing in a positive business culture that prioritises the personal growth of our people impacts our attractiveness as an employer and retention of talented employees.</p>	   	<ul style="list-style-type: none"> <li>We have policies and processes in place to ensure equal opportunities for roles at Tower</li> <li>Our recruitment policy incorporates cultural considerations for conducting interviews and outlines a process to ensure all interview panels are balanced culturally and by gender</li> <li>We offer unconscious bias training to all staff.</li> </ul>	<b>FY25 targets</b> <p>Drive practices and outcomes that will result in Tower's leadership reflecting the diversity (gender and ethnicity) of our customers and communities:</p> <ul style="list-style-type: none"> <li>Maintain 30% ERG membership</li> <li>Maintain 8.9 D&amp;I eNPS score</li> <li>Maintain 0% (+/- 0.9%) gender pay equity gap</li> <li>Reduce overall NZ pay gap by 2%.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target achieved, 31% of Tower staff are members of an ERG*</li> <li>Target not achieved, overall D&amp;I staff engagement score of 8.7 (ranked in the top 25% of the global finance sector)*</li> <li>Gender diversity was achieved for candidate shortlists in 100% of roles and hiring panels for bands 7 and above</li> <li>70% of employees are non-European, based on the 94% of staff who chose to disclose their ethnicity*</li> <li>229 staff completed unconscious bias training</li> <li>Gender pay equity gap and overall pay gap targets achieved. In FY25 our gender gap was 16.5% for our workforce in New Zealand – down from 20.2% in FY24 – and 11.9% for our workforce in Fiji. For the most part, this is because we have a larger proportion of women in frontline roles in both New Zealand and Fiji. Our gender pay equity gap was 0.3% for our workforce in New Zealand, and 0.8% for our workforce in Fiji (men are paid 0.3% more than women for the same role in New Zealand and 0.8% more in Fiji). Our New Zealand leadership gender pay gap was -3.9% (women are paid 3.9% more than men. This is because there is a higher proportion of men in lower-level senior leadership roles, which impacts the overall weighted average). When we compare like-for-like roles for our leadership population at Tower in New Zealand, our leadership pay equity gap is 4% (men are paid 4% more than women for the same role).</li> </ul> <p>See pages 28-30 and 91-92 of Tower's 2025 Annual Report for more information.</p> <p>* As at 12 September 2025, based on Tower's latest staff engagement survey.</p>





## Material impacts (continued)

STRATEGY ALIGNMENT	MATERIAL TOPIC OVERVIEW OF POTENTIAL AND ACTUAL IMPACTS	SDG ALIGNMENT	MANAGING OUR IMPACTS	DELIVERED IN FY25
Diverse and Inclusive to the core (continued)	<b>Employee wellbeing</b> We believe that caring for our people's wellbeing is fundamental to a healthy culture.  Reduced wellbeing can lead to physical or emotional harm and right now financial wellbeing is a key concern for many Kiwi and Pacific people.  We can make a difference by having opportunities and initiatives in place to support our people's physical, mental and emotional wellbeing and build their capability for the future.		<b>Supporting our people's wellbeing</b> <ul style="list-style-type: none"> <li>Tower is committed to creating a culture where incidents, near misses, hazards and discomfort are reported</li> <li>We offer a range of contemporary benefits plus flexible working, wellbeing leave for proactively managing personal or family wellness, the ability to purchase extra annual leave, and an additional paid day off for our people on their birthday</li> <li>We provide training and development opportunities for our people that include training for their role, personal goals and leadership capability</li> <li>We have 40 Mental Health First Aiders, trained by St John to support our people through challenging times.</li> </ul>	<b>FY25 target</b> <ul style="list-style-type: none"> <li>No notifiable incidents.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target achieved. No notifiable incidents in FY25</li> <li>24 financial and emotional wellbeing sessions delivered for our teams</li> <li>Employee health and wellbeing score 8.4, in the top 25% of the global finance sector*</li> <li>Increased New Zealand primary carer leave from 16 weeks full pay to 26 weeks full pay, from July 1 2025 onwards</li> <li>We extended our Domestic Violence First Responder training to Fiji for the first time – training six people to provide support to employees experiencing domestic violence. We now have 23 Domestic Violence First Responders across New Zealand and Fiji</li> <li>We extended our Mental Health First Aider training to the Pacific this year, training nine employees in Fiji, and all Pacific Country Managers. This brings our total Mental Health First Aiders up to 40, spread across all Tower locations</li> <li>Renewal of Living Wage accreditation</li> <li>Renewal of DV Free Tick accreditation</li> <li>Renewal of Rainbow Tick.</li> </ul> See pages 28-31 of Tower's 2025 Annual Report for more information.
		 		* As at 12 September 2025, based on Tower's latest staff engagement survey.
Helping communities manage climate change	<b>Managing the impacts of climate change</b> Tower is focused on managing the impacts of climate change, both within our business and for the communities we serve.  We can make a positive contribution to mitigating climate change risks both through our own operations, and by helping others to manage their risks through our influence as a Kiwi and Pacific business.		<ul style="list-style-type: none"> <li>We are continuing to expand our risk-based pricing strategy to include more climate-related hazards</li> <li>We manage financial impacts by budgeting for increasing large events in our planning and via our robust reinsurance programme. See page 26 of Tower's 2025 Annual Report for more information</li> <li>Participating in public dialogue on climate change impacts and responses</li> <li>Sharing useful data about hazards and risks</li> <li>Supporting climate change education via our Waikato University Bachelor of Climate Change Studies scholarship.</li> </ul>	<b>FY25 target</b> <ul style="list-style-type: none"> <li>Expand our hazard model to include automated landslide and coastal hazards, including transparency around risk ratings for customers.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target achieved. Sea surge and landslide risk-based pricing and customer-facing risk ratings now live</li> <li>Awarded three scholarships.</li> </ul> See pages 14 and 37 of Tower's 2025 Annual Report for more information.
				

## Material impacts (continued)

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Helping communities manage climate change <i>(continued)</i>	<b>Corporate community citizenship</b> Our approach to employee wellbeing extends to our people's connection with communities and the environment. By encouraging our people to support projects that align with their values and help the community we can help foster a community mindset within the organisation.	  	<ul style="list-style-type: none"> <li>We provide every employee with a day of volunteering leave every year, to contribute to initiatives that restore the environment or have positive social outcomes</li> <li>With current staff levels Tower has 7,153 volunteer hours available across New Zealand and the Pacific per year to make an impact.</li> </ul>	<b>FY25 target</b> <ul style="list-style-type: none"> <li>2,500 hours of volunteering by Tower staff.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target achieved. Tower staff spent 3,197 hours volunteering in our communities. See page 37 of Tower's 2025 Annual Report for more information.</li> </ul>
Thinking ahead for our planet	<b>Carbon emissions</b> We take measuring and reducing our emissions seriously as we recognise that every effort to reduce emissions helps to mitigate global warming. Our carbon impacts reach well beyond the boundaries of our own operational activities and include the activities of our whole value chain, including the suppliers we work with.	 	<ul style="list-style-type: none"> <li>Tower has set a science-based reduction target of 21% over five years from our 2020 base year</li> <li>We are transitioning our Pacific fleet to electric and hybrid vehicles (NZ fleet is 100% hybrid)</li> <li>We are exploring renewable energy options for our Pacific premises</li> <li>Our Auckland head office is a six Green Star rated building with advanced carbon reduction technology in place including solar</li> <li>We are encouraging different driving patterns and behaviours in the Pacific that reduce emissions</li> <li>We have incorporated the remote working lessons from Covid and reduced air travel substantially from pre-Covid levels</li> <li>Changes to vehicle fleet, driving habits and an updated travel policy have seen a reduction in fuel usage across all locations despite the increased headcount.</li> </ul>	<b>FY25 targets</b> <ul style="list-style-type: none"> <li>21% reduction in Scope 1 &amp; 2 emissions from our 2020 base year.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target met: 24% reduction of Scope 1 &amp; 2 emissions since 2020</li> <li>Progressed fleet transition to hybrid</li> <li>Completed second year of insured emissions calculation with GenerateZero</li> <li>Progressed Scope 3 supply chain calculations with spend based emissions tool</li> <li>Completed second employee commute survey and emissions calculation with Abley Carbonwise</li> <li>Calculation of work from home emissions based on Abley Carbonwise data.</li> </ul> See Tower's 2025 Climate Statement for more information.

## Material impacts (continued)

STRATEGY ALIGNMENT	MATERIAL TOPIC OVERVIEW OF POTENTIAL AND ACTUAL IMPACTS	SDG ALIGNMENT	MANAGING OUR IMPACTS	DELIVERED IN FY25
Thinking ahead for our planet (continued)	<b>Corporate governance</b> We know that the decisions we make have wide reaching implications for the financial stability of New Zealand and Pacific economies in terms of the risks we cover and the suppliers we work with. That's why Tower is committed to achieving the highest standards of corporate governance, ethical behaviour, and accountability. We are working to ensure the right culture is in place to embed sustainability throughout our business so we can have a positive influence more broadly.		<ul style="list-style-type: none"> <li>Where developments arise in corporate governance, the Board reviews Tower's practices and incorporates changes where appropriate. Tower's relevant governance documents and policies can be found on this webpage: <a href="#">Governance policies   Tower NZ</a>.</li> </ul>	<b>FY25 target</b> <ul style="list-style-type: none"> <li>Achieve B Corp certification.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target partially met: B Corp verification stage completed with a score of 81.6 (exceeding the minimum 80 required for certification). The next steps required for completing certification are under consideration.</li> </ul>
	<b>Environmental footprint</b> We recognise that our business operations contribute to waste, pollution and biodiversity loss in addition to carbon emissions. We are committed to understanding and managing our broader environmental impacts.		<ul style="list-style-type: none"> <li>Our Auckland head office is a six Green Star rated building with waste and water reduction processes and technology, including recycling composting, low water-use toilets.</li> </ul>	<b>FY25 target</b> <ul style="list-style-type: none"> <li>Preparation for Taskforce for Nature Based Financial Disclosures (TNFD)</li> <li>Work to understand our role in measuring and mitigating biodiversity loss throughout our value chain.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Target partially met. Consideration given to nature related frameworks and insurance case studies. Further work planned for FY26</li> <li>Waste awareness for staff delivered through Plastic Free July</li> <li>Pacific recycling initiative currently under investigation</li> <li>Soft plastic and caps and lids recycling established at Fanshawe Street.</li> </ul> See Tower's 2025 Climate Statement for more information.
	<b>Responsible investment</b> As an institutional investor Tower can help support the market for responsible investment products. Our ability to invest in products such as green tech is limited due to Tower's conservative investment policy which is focused on high liquidity bonds, and a short duration to ensure availability of funds for paying claims.	 	<ul style="list-style-type: none"> <li>We are currently building our understanding of the ESG impacts of our investments. This includes determining the proportion of issuers who have ESG initiatives in place such as: ESG strategies, climate and nature-based reporting, commitments to eliminate modern slavery, science-based emissions targets and Net Zero commitments</li> <li>The investment community is in the early stages of this data capture and reporting, and we will continue to work with our partners as this capability matures.</li> </ul>	<b>FY25 target</b> <ul style="list-style-type: none"> <li>Develop a strategy for managing investment portfolio emissions</li> <li>Establish reporting for other ESG impacts.</li> </ul> <b>Delivered in FY25</b> <ul style="list-style-type: none"> <li>Initial calculations and methodology review undertaken for disclosure in line with the requirements of the Climate related Disclosures Regime</li> <li>ESG reporting included in Monthly Executive Leadership Team and Board updates.</li> </ul> See Tower's 2025 Climate Statement for more information.