



Managing our material impacts



For the year ending
September 30 2024

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 2024 Annual Report and 2024 Climate Statement which can be found in the sustainability section of Tower's website.

STRATEGY ALIGNMENT	MATERIAL TOPIC OVERVIEW OF POTENTIAL AND ACTUAL IMPACTS	SDG ALIGNMENT	MANAGING OUR IMPACTS	DELIVERED IN FY24	FY25 TARGETS AND INITIATIVES	TARGET FOR FY26 AND BEYOND
Go-to trusted insurance partner	<p>Affordable and accessible insurance</p> <p>Low rates of insurance in the Pacific are due to a range of issues, including the insurability of many Pacific homes, the unique ownership structures of properties within families, affordability and a lack of insurance products to suit their needs, 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"> • We continuously monitor our pricing and benefits to ensure we are competitive and offer value for money • Our parametric insurance product, Cyclone Response Cover offers a lower-cost alternative level of cover for customers in Fiji and Tonga and Samoa. 	<p>FY24 targets</p> <ul style="list-style-type: none"> • 20% of transactions in the Pacific are completed via digital platform • 1,000 parametric policies in place across three countries by the end of FY24. <p>Delivered in FY24</p> <ul style="list-style-type: none"> • FY24 was the first year My Tower has been live in all Pacific markets we operate in • Parametric target partially achieved, Cyclone Response Cover now live in three countries; Fiji, Tonga, and Samoa • At the end of FY24, 738 parametric policies were in place. • In FY24 Tower continued to improve insurance accessibility through parametric insurance. Achieved in the year: • Launched Cyclone Response Cover in Samoa • New parametric platform launched for customers with Insurtech CelsiusPro • Partnered with the Reserve Bank of Fiji and the InsuResilience fund, to assist the RBF to have 5,000 parametric policies in place by the end of 2025. See pages 12 and 16 of Tower's 2024 Annual Report for more information. 	<ul style="list-style-type: none"> • 45% of transactions in the Pacific are completed via digital platform • 10,000 parametric policies in place across Pacific countries by the end of FY25. 	<ul style="list-style-type: none"> • Target to be developed.





Material impacts (continued)

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<p>Go-to trusted insurance partner (continued)</p>	<p>Transparent and fair insurance</p> <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"> • We are working to ensure our policies achieve the WriteMark plain English standard • Continually simplifying and improving our customer self-service offering through digitisation • Digital platform provides transparency of customers' risks and pricing • Tower is focused on putting things right for customers who have received incorrect discounts or benefits • We launched Foundations First in April 2024, see page 32 of Tower's 2024 Annual Report. for more information. 	<p>FY24 targets</p> <ul style="list-style-type: none"> • Continue to align Pacific policy documents with the WriteMark standard • Embed sea-surge and landslip risk profiles in quote- to-buy journey and in My Tower. <p>Delivered in FY24</p> <ul style="list-style-type: none"> • WriteMark target was achieved in New Zealand. Work continues in the Pacific with 70% of products written in line with plain language standards • Target not achieved. During the financial year we expanded our risk-based pricing model to include automated underwriting rules for landslide across NZ, following the implementation of automated underwriting rules for sea surge across NZ in FY23. In FY25 we expect to meet this target and will enhance this approach to include pricing and customer-facing landslide and sea surge risk ratings for our customers' homes • FY24 was the first full financial year customers had access to ways to save. Ways to save gives customers practical and immediate options to save on their premiums. In FY24, on average, customers who reduced their annual premiums via ways to save saw a reduction of \$122 • As of 30 September 2024, we have identified refunds of around \$12 million (including GST and interest) owed to 66,000 customers and have repaid over \$11m. <p>See pages 12, 15, 21 and 32 of Tower's 2024 Annual Report for more information.</p>	<ul style="list-style-type: none"> • Continue to align Pacific policy documents with plain language standards • Embed sea-surge and landslip risk profiles in quote-to-buy journey and in My Tower. 	<ul style="list-style-type: none"> • Target to be developed.

Material impacts (continued)






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Go-to trusted insurance partner (continued)	<p>Product development and innovation</p> <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>	 	<p>Innovating our products:</p> <ul style="list-style-type: none"> Our parametric insurance product, Cyclone Response Cover offers a level of cover for those in the Pacific who are excluded from traditional insurance products Offering cover for electric and hybrid vehicles, e-bikes and e-scooters helps support the transition to more sustainable forms of transport. 	<p>Delivered in FY24</p> <ul style="list-style-type: none"> Cyclone response cover launched in Samoa, now live in Fiji, Samoa and Tonga New parametric platform launched for customers with insurtech CelsiusPro. <p>See page 16 of Tower's 2024 Annual Report for more information.</p>	<ul style="list-style-type: none"> Launch parametric insurance rainfall product in Fiji. 	<ul style="list-style-type: none"> Target to be developed.
	<p>Data protection</p> <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"> 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 We have robust policies, processes and technology in place to ensure data is protected Tower is continuing to decommission legacy systems which will reduce the number of systems where customer data is stored. 	<p>FY24 target</p> <ul style="list-style-type: none"> Update Information Management Policy. <p>Delivered in FY24</p> <ul style="list-style-type: none"> Target met, updated Information Management Policy. 	<ul style="list-style-type: none"> Target to be developed. 	<ul style="list-style-type: none"> Target to be developed.

Material impacts (continued)






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Diverse and Inclusive to the core	<p>Diversity and inclusion</p> <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"> • We have policies and processes in place to ensure equal opportunities for roles at Tower • Our recruitment policy incorporates cultural considerations for conducting interviews and outlines a process to ensure all interview panels are balanced culturally and by gender • We offer unconscious bias training to all staff • Our emerging talent programme has a focus on identifying diverse future leaders. 	<p>FY24 targets</p> <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"> • Increase employee representation group (ERG) membership to 25% • Increase I&D eNPS score from 8.6 to 8.9 • 100% of hiring panels consist of one woman candidate <p>Delivered in FY24</p> <ul style="list-style-type: none"> • Target achieved, 30% of Tower staff are members of an ERG. Tower now has seven ERGs • Target achieved, overall D&I staff engagement score of 8.9 • Gender diversity was achieved for candidate shortlists in 100% of roles and hiring panels for bands 7 and above • 68% of employees are non-European, based on the 92% of staff who chose to disclose their ethnicity. • 280 staff completed unconscious bias training • In FY24 our gender gap was 20.2% for our workforce in New Zealand, and 9.5% for our work workforce in Fiji. For the most part, this is because we have a larger proportion of women in frontline roles. Our gender pay equity gap was 0.9% for our workforce in New Zealand, and 1.9% for our workforce in Fiji (men are paid 0.9% more than women for the same role in New Zealand and 1.9% more in Fiji). Our New Zealand leadership gender pay gap was -4.6% (women are paid 4.6% more than men, this is because our lower level leadership roles have a higher proportion of men, which impacts the overall weighted average) vs. 2.7% in FY24. When we compare like-for-like roles for our leadership population at Tower in New Zealand, our leadership pay equity gap is 0.1% (men are paid 0.1% more than women for the same role). 	<ul style="list-style-type: none"> • Maintain 30% ERG membership • Maintain 8.9 I&D eNPS score • Maintain 0% (+/- 0.9%) gender pay equity gap • Reduce overall NZ pay gap by 2%. 	<ul style="list-style-type: none"> • Target to be developed.

See pages 34-40 and 105-106 of Tower's 2024 Annual Report for more information.





Material impacts (continued)

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Diverse and Inclusive to the core <i>(continued)</i>	<p>Employee wellbeing</p> <p>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 Kiwis and Pacific people.</p> <p>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.</p>	  	<p>Supporting our people's wellbeing</p> <ul style="list-style-type: none"> Tower is committed to creating a culture where incidents, near misses, hazards and discomfort are reported 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 We provide training and development opportunities for our people that includes training for their role, personal goals and leadership capability We have 29 Mental Health First Aiders, trained by St John to support our people through challenging times. 	<p>FY24 target</p> <ul style="list-style-type: none"> Zero harm. <p>Delivered in FY24</p> <ul style="list-style-type: none"> Zero harm achieved, no notifiable incidents in FY24 18 financial and emotional wellbeing sessions delivered for our teams Employee health and wellbeing score 8.5, in the top 25% of the global finance sector Provided domestic violence responder training to 11 employees, bringing our total responders up to 19 across Tower Provided Mental Health First Aider training to 15 employees (trained by St John), bringing our total Mental Health First Aiders up to 29. Renewal of Living Wage accreditation Renewal of DV Free Tick accreditation Renewal of Rainbow Tick. <p>See pages 34-40 of Tower's 2024 Annual Report for more information.</p>	<ul style="list-style-type: none"> No notifiable incidents. 	<ul style="list-style-type: none"> No notifiable incidents.
Helping communities manage climate change	<p>Managing the impacts of climate change</p> <p>Tower is focused on managing the impacts of climate change, both within our business and for the communities we serve.</p> <p>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.</p>	 	<ul style="list-style-type: none"> We are continuing to expand our risk-based pricing strategy to include more climate-related hazards We manage financial impacts by budgeting for increasing large events in our planning and via our robust reinsurance programme. See page 33 of Tower's 2024 Annual Report for more information Participating in public dialogue on climate change impacts and responses Sharing useful data about hazards and risks Supporting climate change education via our Waikato University Bachelor of Climate Change Studies scholarship. 	<p>FY24 target</p> <ul style="list-style-type: none"> Expand our hazard model to include landslide and coastal hazards, automated pricing and underwriting implemented for these risks, including transparency around risk ratings for customers. <p>Delivered in FY24</p> <ul style="list-style-type: none"> Target partially achieved. During the financial year we expanded our risk-based pricing model to include automated underwriting rules for landslide across NZ, following the implementation of automated underwriting rules for sea surge across NZ in FY23. In FY25 we expect to meet the remainder of this target and will enhance this approach to include pricing and customer-facing landslide and sea surge risk ratings for our customers' homes Awarded five scholarships. <p>See pages 15, 45 and 46 of Tower's 2024 Annual Report for more information.</p>	<ul style="list-style-type: none"> Expand our hazard model to include automated landslide and coastal hazards pricing including transparency around risk ratings for customers. 	<ul style="list-style-type: none"> Target to be developed.

Material impacts (continued)

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Helping communities manage climate change (continued)	<p>Corporate community citizenship</p> <p>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.</p>	  	<ul style="list-style-type: none"> 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 With current staff levels Tower has 6,750 volunteer hours available across New Zealand and the Pacific per year to make an impact. 	<p>FY24 target</p> <ul style="list-style-type: none"> 1,000 hours of volunteering by Tower staff. <p>Delivered in FY24</p> <ul style="list-style-type: none"> Target achieved. Tower staff spent 2,300 hours volunteering in our communities <p>See page 47 of Tower's 2024 Annual Report for more information.</p>	<ul style="list-style-type: none"> 2,500 hours of volunteering by Tower staff. 	<ul style="list-style-type: none"> Target to be developed.
Thinking ahead for our planet	<p>Carbon emissions</p> <p>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.</p>	 	<ul style="list-style-type: none"> Tower has set a science-based reduction target of 21% over five years from our 2020 base year We are transitioning our Pacific fleet to electric and hybrid vehicles (NZ fleet is 100% hybrid) We are exploring renewable energy options for our Pacific premises Our Auckland head office is a six Green Star rated building with advanced carbon reduction technology in place including solar We are encouraging different driving patterns and behaviours in the Pacific that reduce emissions We have incorporated the remote working lessons from Covid and reduced air travel substantially from pre-Covid 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. 	<p>FY24 targets</p> <ul style="list-style-type: none"> Establish a process to measure emissions from our underwriting activities Establish a process to measure emissions from our supply chain Establish a process and measure employee commuting emissions Review and improve process for measuring working from home emissions Review emissions targets. <p>Delivered in FY24</p> <ul style="list-style-type: none"> Completed FY24 insured emissions calculation with GenerateZero Selected preferred supplier for spend based emissions tool Completed employee commute survey and emissions calculation with Abley Carbonwise Calculation of work from home emissions based on Abley Carbonwise data. <p>See Tower's 2024 Climate Statement for more information.</p>	<ul style="list-style-type: none"> 21% reduction in emissions from our 2020 base year. 	<ul style="list-style-type: none"> Target to be developed.

Material impacts (continued)

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Thinking ahead for our planet <i>(continued)</i>	Corporate governance 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.		Tower is committed to achieving the highest standards of corporate governance, ethical behaviour and accountability. 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: Policies and Documentation Tower Insurance NZ	FY24 target <ul style="list-style-type: none"> Sustainability education to be rolled out for all staff. Delivered in FY24 <ul style="list-style-type: none"> Target partially met, sustainability training rolled out to Executive team, key senior leaders and staff. In FY25 we will make sustainability training available to all staff. See page 44 of Tower's 2024 Annual Report for more information.	<ul style="list-style-type: none"> Achieve B Corp certification. 	<ul style="list-style-type: none"> Target to be developed.
	Environmental footprint 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"> 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. 	FY24 target <ul style="list-style-type: none"> Measure waste across all Tower sites, set reduction target. Delivered in FY24 <ul style="list-style-type: none"> Waste awareness for staff delivered through Plastic Free July Further assessment of waste profiles to be explored in FY25 along with Pacific initiatives to establish improved waste segregation. See page 44 of Tower's 2024 Annual Report, and Tower's 2024 Climate Statement for more information.	<ul style="list-style-type: none"> Preparation for Taskforce for Nature Based Financial Disclosures (TNFD) Work to understand our role in measuring and mitigating biodiversity loss through- out our value chain. 	<ul style="list-style-type: none"> Target to be developed.
	Responsible investment 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.	 	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. 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.	FY24 target <ul style="list-style-type: none"> Measure and baseline carbon emissions from our investment portfolio. Delivered in FY24 <ul style="list-style-type: none"> Initial report received from investment manager. Further clarification will be sought in FY25. See Tower's 2024 Climate Statement for more information.	<ul style="list-style-type: none"> Develop a strategy for managing investment portfolio emissions Establish reporting for other ESG impacts. 	<ul style="list-style-type: none"> Target to be developed.