



23 February 2021

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Wellington
New Zealand

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TOWER LIMITED – ANNUAL MEETING ADDRESS

Attached is a copy of the address and presentation to Tower's annual meeting of shareholders, held today at 10:00am.

ENDS

Authorised by the Board

Rachael Watene
Company Secretary
Tower Limited
ARBN 645 941 028 incorporated in New Zealand

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Tower ASM script

Slide 1 – Cover page – Michael Stiasny

Mōrena, good morning and thank you for making the time to join us this morning.

My name is Michael Stiasny, Chairman of Tower Limited. As it's now 10.00am, I am pleased to open our Annual Meeting for Tower shareholders.

On behalf of my fellow Directors, welcome to our shareholders and guests here at the Ellerslie Event Centre as well as those who have joined us online via the Lumi platform. This is your meeting, and we appreciate you making the effort to be here.

With me today on the stage are directors, Steve Smith, and Graham Stuart.

PAUSE

And joining us by video link, due to COVID-19 travel restrictions, are your directors Warren Lee, Wendy Thorpe, and Marcus Nagel.

PAUSE

Also joining us in person today is our Chief Executive Officer, Blair Turnbull and Chief Financial Officer, Jeff Wright, and seated in the front row, is the Tower Executive Leadership Team and our Auditors, PricewaterhouseCoopers.

As today's meeting is also being held online via Lumi, we have Shareholders, Proxies and Guests attending the meeting virtually and in addition, shareholders and proxies can ask questions and submit votes.



This is a first for Tower, and we are delighted to make this meeting accessible to as many shareholders as possible without the need to travel. For those here in the room, I appreciate your patience as I run through the question and voting protocols for our online participants.

Slide 2 – Online attendees – question process

Questions can be submitted via Lumi at any time. To ask a question press on the speech bubble icon, then type your question in the 'Ask a question' panel.

Please note that while you can submit questions from now on, we will not address these until the allocated question time at the end of the meeting. In addition, your questions may be moderated or if we receive multiple questions on a topic, they may be amalgamated. However, I would like to note that questions will not be censored, unless they are unseemly or rude.

If we run out of time to answer all online questions in the course of this meeting, we will answer them directly via email and post these responses on our website.

Slide 3 – Online attendees – voting process

Voting today will be conducted by way of a poll on all items of business. To provide online participants with enough time to vote, I will shortly open voting for all resolutions.

At that time, if you are eligible to vote at this meeting, a new polling icon will appear. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote simply select one of the options. There is no need to hit a submit or enter button as the vote is automatically recorded.



If you make a mistake or wish to change your vote, you can do so by repeating this process until the time I declare voting closed.

[PAUSE]

I now declare voting open on all items of business. The polling icon will soon appear, please submit your votes at any time. I will give you a warning before I move to close voting.

Slide 4 – Agenda

Everyone, today's meeting agenda is on the screen.

We will provide you with an update on last year's performance, our strategy, and the transformation work underway, as well as the progress we've made at Tower in recent months.

Following Blair's presentation, we will move to the formal resolutions set out in the Notice of Meeting.

All shareholders are welcome to ask general questions at the end of the meeting and to ask specific questions on the resolutions to be considered as each is put forward.

For those asking questions in person here today, please raise your hand and wait for the microphone to be handed to you before asking your question. This will enable all those both in the meeting and online to hear the question being asked and subsequent answer.

I remind any media present that, while you are welcome, this is a meeting for shareholders. Blair and I will be happy to talk to you after the meeting.



Before we start the presentations, there are a few housekeeping matters to cover off.

- Please ensure you have signed into the venue using your COVID tracer app or completing the sign in form. If you haven't please do so once the meeting comes to an end.
- If you have a cell phone, please switch it off.
- If we need to evacuate this room for any reason, there are exits through the doors to my right and the entrance you came through.
- In the event of an emergency, please listen to the instructions from the Ellerslie staff.
- Bathroom facilities are located along the corridor towards the lifts.
- If you are feeling unwell, please advise one of our Tower team who will assist you
- Finally, we hope that you will join us for refreshments at the conclusion of the meeting.

Let's now move on to the formal part of the meeting.

Formalities

Apologies

Are there any apologies?

(If not:) Thank you.

(If yes:) Thank you, I will ask the Secretary to record those in the minutes.

Quorum



The Company's constitution specifies a quorum of 25 shareholders. As you can see, and as confirmed by Computershare, this requirement has been met.

Proxies

In addition to those attending in person today, 531 shareholders, holding a total of 224,355,523 shares, have appointed proxies (including proxies instructed to abstain). The appointed proxies are represented by 53% of proxy holders.

In my capacity as Chairman of the meeting and in my own name I hold proxies for 423 shareholders, representing 222,036,307 shares.

I intend to vote all undirected proxies I have received in favour of resolutions 1, 2(a) and 2(b).

Annual Report and Notice of Meeting

The annual report was made available on Tower's website on 21 December 2020. Spare hard copies of the annual report are available in the registration area.

I propose that we take the Annual Report and Notice of Meeting as read.

Slide 5 – Chairman's update

Last year I spoke about nearing the end of the transformation we've been undertaking to build a modern Tower with a clear vision and strategy for a strong, sustainable future.

This work has not been without its challenges and I would like to acknowledge the confidence you – as shareholders – have shown in Tower. It has not been in vain. The business is on an increasingly strong footing and performing well.



Therefore, I am very pleased to announce on behalf of the Tower Board, our intention to confirm payment of an interim dividend with our half year results in May 2021. I am sure this news will be well received by you all and I will provide further details shortly.

[PAUSE]

Over the past year, we have made significant progress in creating the Tower of the future and solidifying the foundations of our business.

I'd like to welcome our new CEO Blair Turnbull, who joined in August last year, and is driving the company's digital and data strategy forward at pace.

The business continues to achieve solid growth with more customers choosing Tower and using our online offering.

Our underlying profit for the 2020 full year was good and at the top end of our guidance. At that time we noted that we would be accelerating our push into digital and data. Today, you will see and hear evidence of this acceleration from Blair.

But perhaps the most symbolic and significant of our recent achievements is the settlement of our receivable with the EQC. Tower received \$42.1m, after disbursement to reinsurers and costs. While it did impact our full year profit last year, it was an important milestone to have passed.

We have progressively been removing legacy risks from the business and this one was significant. The management team now has clear air to move the business forward.



Having received the funds from EQC, our capital position has been further strengthened and provides us with a solid foundation to keep driving growth and innovation, and disrupting the insurance industry.

In short, the business is performing well, and the Tower Board firmly believe that you, our shareholders, should share in our success.

[PAUSE]

In what has been a challenging year for many people and businesses, our digital-first strategy has positioned Tower well.

Tower has emerged from the initial response to the COVID19 pandemic strong and resilient. Ensuring we put people first, the Tower team remained safe while continuing to meet the needs of our customers. And in the recent Auckland lockdown, the business was able to remain fully operational, while also compliant with all government guidance.

The team is to be congratulated for leading the business so well. However, we do not underestimate the continuing impact of the pandemic on both their physical and mental wellbeing and remain vigilant to meeting their needs, along with our customers'.

[PAUSE]

We were pleased to be the first general insurer to refund customers, to the tune of \$7.2 million, for the lower car claims due to the COVID-19 lockdown. We strongly believed this was the right thing to do.



Slide 6 – Tower’s capital priorities

Tower’s recent settlement with the EQC has further strengthened our capital base providing us with a very strong position from which to continue to grow our business.

The Tower Board and management team are determined to create value for you, our shareholders and have ranked our capital priorities accordingly.

Our first priority will always be to ensure we maintain a strong solvency position and ensure Tower is well placed and sustainable for the future.

Our second priority is to take a consistent and stable approach to ordinary dividends. In this regard, we have updated our dividend policy, which I will speak to shortly.

We are firmly committed to growing our business for the benefit of our shareholders. Therefore, our third priority is to actively pursue opportunities that deliver growth at scale using our digital and data platform. Blair will talk about the activity we currently have underway in this regard.

We are constantly reviewing our capital position against these priorities and it is our imperative that we will always seek to optimise capital. We are also clear that we will not hold capital unnecessarily, and in such situations will consider a return of capital as appropriate.

Slide 7 – Updated dividend policy

As I noted earlier, we intend to re-establish dividend payments this financial year. An indicative interim dividend of \$0.025 per share is expected to be confirmed with our 2021 Half Year results.



This figure is based on Tower's updated dividend policy which allows for dividends to be paid on the basis of between 60% and 80% of cash earnings where prudent to do so. Cash earnings is defined as Reported Full Year Net Profit After Tax adjusted for acquisition, amortisation and unusual items.

Pending the achievement of our 2021 guidance and the continuation of the positive trends that are being seen in the business, an indicative combined full and half year dividend would be 6 cents per share, which will be confirmed with our full year results in November 2021.

Slide 8 – Directors' fees and CEO remuneration

Directors' fees at Tower have not increased for a decade. The Tower Board recently engaged Ernst & Young to conduct a review of current non-executive directors' fee practices based on a range of appropriate comparator groups. The report indicates that Tower is now well behind comparator and market rates.

Over time this disparity can have an adverse effect on being able to attract and retain high calibre directors and support best governance practice. Given business performance has stabilised, the Board believes it is timely and prudent to begin addressing this gap.

The Board has therefore agreed to raise directors' fees to \$100K for non-executive directors (including committee fees); \$110K for committee chairs; and \$180K for the Chair. The directors' fee pool stands at \$900,000 and only \$607,850 was drawn down in FY2020. So, while the fee increase does not require a shareholder vote, disclosure at this time ensures we remain fully transparent with our shareholders, which is important to us.



In the same vein and in accordance with best practice, being upfront about the remuneration and incentives we have agreed with Blair is equally important.

The Tower Board supports transparency of CEO remuneration and this is disclosed comprehensively each year in Tower's annual report.

The Tower Board's approach to remuneration is to provide market-based remuneration packages comprising a blend of fixed and variable remuneration with clear links between individual and company performance, and reward.

The Board is comfortable that Blair is appropriately incentivised with a mix of secure and at-risk components in his current package. It comprises fixed annual base pay of \$650,000 and a maximum Short-Term Incentive of \$325,000 and a maximum Long-Term incentive of \$975,000. There is a clear linkage to long-term sustainability and Total Shareholder Return performance, relative to the performance of companies within the NZX50 index.

[PAUSE]

In closing, I'd like to reiterate the significance of being in the position to restore dividend payments in a prudent and appropriately cautious manner. It has been a hard road for Tower – and you as our shareholders – to get to this point and we acknowledge and welcome your continued support.

On behalf of the Board, I'd like to thank Blair, as well as previous CEO Richard Harding, the management team and our frontline teams for their resilience and sustained focus on delivering good outcomes for customers and improving profitability.



I'll now hand over to Blair, who will take you through the results and our plans for the business, before we take questions.

Slide 9 – CEO address and performance overview title slide – Blair Turnbull

Kia ora and thank you Michael.

A warm welcome to everyone joining us today. I am delighted to be here sharing with you a very good set of Full Year 2020 results as well as some of our more recent successes delivered in the first four months of the new 2021 financial year. As well as updating you on our performance, I would also like to take this opportunity to give you an overview of Tower's plans to continue growing and innovating in the future.

Slide 10 – Video

Before we proceed, I'd like to show you a short video that highlights some of the work we've undertaken and the impact we're having on our customer's lives.

<VIDEO PLAYS>

Slide 11 – A good result and an exciting future

As you can see, we are taking big steps forward in creating the Tower of the future.

We achieved good results in 2020, they were at the top end of expectations, despite some headwinds and challenges.

As we move into a new era of Tower, the business will look and behave differently.



To be clear, we don't just want to be a smaller version of a big global insurer. That is not the path we choose.

At Tower, we're choosing a direction that leads to higher growth through a relentless focus on our customers.

We're more determined than ever, more energised than ever, and over the coming months we'll be demonstrating that we're far more dynamic than ever before.

Slide 12 – Our southern star

The recent outcomes we've achieved and everything we do moving forward is guided by our southern star, or our common purpose.

It is our purpose to deliver beautifully simple and rewarding experiences that our customers rave about, every time.

Slide 13 – Clear and focused strategic priorities – building for growth and innovation

We have a clear and focused set of strategic priorities that enable us to deliver against this southern star.

We will relentlessly focus on our customers, deepening our relationships through rewards, new products and other offerings that make sense and drive value. You will have already seen evidence of this with our partnership with Club Marine, our new driving app, GoCarma, which rewards and encourages safe drivers, and our bundle builder which offers discounts for holding multiple policies with us.



We will take our new cloud-based platform and leverage its full capability using data and digital to attract more customers and partners to Tower, by creating personalised and tailored offerings that are unique in the market.

And importantly, we will find the best people and companies to partner with and to get their help to keep innovating and delivering.

These three pillars will contribute significantly to our higher growth and innovation ambitions.

Agile means to test and learn, to work in short, sharp sprints, so that we are constantly delivering value for the business, not waiting until the end of a large, traditional type project. Our shift to working in this agile way is well underway and this high regular cadence of delivery has seen us move forward in leaps and bounds.

And importantly, we are committed to maintaining a strong capital and solvency structure, demonstrating we are a stable business that delivers value for shareholders.

This next step in our journey is a logical one – it's the same path we've been on, but faster, more focused, more energetic, and more creative.

Slide 14 – Delivering consistent growth in profitability

When you exclude the impact of large events, you can see that our underlying business performed strongly, up 23% on the prior year to \$34.7 million. We grew the business while closely managing claims, underwriting, and operating expenses.



Importantly, underlying Net Profit After Tax (NPAT) surpassed the top end of our guidance, at \$28.4 million and our combined operating ratio was steady at 88.5%, demonstrating the strength of our core insurance fundamentals.

The EQC settlement was an important step forward for us, allowing us to focus fully on driving growth and value. Reported profit was \$12.3 million, including the \$9.5 million impact from the EQC settlement of \$42.1 million.

This was a good set of 2020 results for Tower and demonstrates our ability to deliver consistent growth and profitability.

Slide 15 – Strong growth in customers and premium

A continued focus on customers and building a compelling digital offering saw our customer numbers increase to 300,000, up 11% on the prior year.

This growth in customer numbers drove a strong Gross Written Premium (GWP) result of \$385 million, up 8% on the prior year. This helped to increase our market share in NZ Personal lines to 9.1%, up from 8.3% in the prior year.

As of today, migration of our Tower Direct and Youi New Zealand customers to our new cloud platform is complete. Thanks to positive retention, Youi NZ contributed around \$12.6m in GWP to our total of \$385m in FY20.

As a result of more effective and efficient marketing, we saw steady increases in the number of people visiting us online. This combined with competitive pricing, plain language products and MyTower self-service offering, helps us to continue driving customer growth. Our task is to further engage with our customers to build deeper relationships by leveraging data and providing more personalised offers.

Slide 16 – Disciplined claims management improved through digitisation

Claims sits at the very heart of everything we do and it's a core insurance fundamental alongside underwriting, product, and pricing.

In 2020, we took significant steps forward in improving the way we underwrite business, which delivered improved results. Key actions include:

- Continued focus on claims leakage and recoveries
- Refinement of our plain language products that provide clarity to customers at claims time
- Implementation of new data practices to support risk selection and to enable us to monitor our portfolio more accurately
- Refinement of our online claims capability that saw 45% of our claims lodged online in September, up from 27% at the same time last year
- And the launch of straight through claims processes that enable low value, low risk claims straight through to our suppliers, enabling us to reduce costs and customer wait times.

The result of all this work was an improvement in our claims ratio excluding large events to 46%, 2% better than the prior year. This was a favourable sign that Tower is on the path to sustainable profitability.

Slide 17 – MER maintained while continuing to invest and simplify

Our recently formed Tower Direct business is our best example of what can be achieved through a new generation insurance business.



In Tower Direct, nearly all the work is completed on the cloud platform, which delivers significant efficiencies and sees us operating at a management expense ratio of 34%, versus our overall Tower expense ratio of 39%.

This continued digital and data push has seen us increase the effectiveness of our marketing, where we have reduced our cost to acquire a customer to 13% of net earned premium, 2% lower than the prior year.

Slide 18 – Investing in digital platform for efficiency and scalability

Our digital platform is transforming and enabling agility in the way we do business and engage with our customers.

Core to this capability is our agile cadence – our ability to make improvements and put these live quickly. We more than doubled the number of digital releases in 2020 to 117. In 2020, over 90% of all Tower Direct customers were on our EIS cloud-based platform and as of today that figure is almost 100%. Over 70% of our workloads are now cloud-based which means less ongoing management effort and expense is required to maintain and upgrade our technology systems.

In 2020, four legacy systems were decommissioned, with another four to be decommissioned this year, leaving us with only two to complete beyond that.

This consistency of systems and use of the cloud means that all our team members are now on the same operating systems, enabling sharing of work across locations to drive efficiency. We are now leveraging our Pacific hub in Fiji to support claims and service operations for NZ Direct and Partnerships which supports work-load flexibility, demand spikes and a lower cost to serve.



Slide 19 – Trading update

Turning now to our trading results for the first 4 months of our 2021 financial year. Our ongoing focus to create a more agile and digital business model has helped us weather several large events in the first four months of the financial year, while still maintaining a focus on growth and innovation.

In the four months to 31 January 2021, we achieved \$129m Gross Written Premium, representing growth of 6% on the same period last year thanks to our ongoing focus on delivering for our customers. This growth, including the addition of the Youi NZ portfolio, has seen our market share increase to 9.2% in December 2020, up from 8.4% at the same time last year.

As well as growing our business, more and more customers are signing up to use our online self-service portal, MyTower and since launching just over a year ago, over 65,000 customers have registered

MyTower customers are able to make payments, access rewards, add new policies, or modify existing ones, all through a few clicks of a button.

Migration of all Tower direct customers to our new digital and data platform is almost complete, with over 270,000 Tower customer policies now on our leading, cloud-based digital and data platform.

The ability for customers to self-service and the ongoing removal of legacy technology from our business has supported a further improvement in our Management Expense Ratio, reducing to 37% for the four months to 31 January 2021, a 2% improvement on the same period last year. This is moving closer to our flagship, digital first Tower Direct model where our MER is around 34%.



The growth of our flagship Tower Direct business in New Zealand has been supported by the efforts of our Partnership and Pacific business teams.

Tower's Partnership business has been actively engaging with new partners and continues to expand our distribution model, with recent referral partnership agreements signed with AIA, the Auckland Council and NZ Defence.

Our Pacific business is performing well considering product rationalisation and portfolio de-risking. We recently launched MyTower quote-to-buy in Fiji and early take-up has been very positive. Fiji will now act as a blueprint as we expand our digital and data platform across all our Pacific countries creating consistency and long-term sustainability for our business.

Our role as an insurer is to be there to help people when they need us most. As you saw earlier, we have experienced several large events and our team have been on hand to help. The large events expense for Lake Ōhau fire and Napier floods have resulted in a \$10m large events expense year to date which will impact Tower's FY21 underlying NPAT. Tower's aggregate reinsurance cover is triggered at \$14m.

There is no change to Tower's FY21 underlying NPAT guidance of at least a 5% improvement on FY20 underlying NPAT (\$28.4m), although falling investment returns and large events have placed some pressure on FY21. This is based on the current level of actual large events.

Slide 20 – Part of a sustainable New Zealand & Pacific

As a born and bred Kiwi insurer with teams across eight Pacific Island countries, we have a unique role to play in the community when it comes to sustainability and climate change.

While we have always considered climate risk in our strategy and our products, we know we need to do more and lead the way to a more sustainable future.

There is no denying that the climate is changing, and we see the effects of this daily, in the claims we pay and the data we have. At Tower we firmly believe that it is our role to use what we have to help mitigate and prepare for things like rising temperatures, changing sea levels, increased chances of flooding and more volatile weather patterns.

We are a strong supporter of mandatory reporting requirements, which will help increase transparency around what actions are being taken by businesses to prepare for these risks and increase the resilience of our communities and the economy.

This year we will be developing our climate action plan that includes clear, measurable outcomes that will be reported on annually.

Our current areas of focus and recent activity includes:

- Committing to reducing our carbon footprint. We are currently conducting a carbon audit so that we have a baseline measure to report against annually. This will be published, along with an annual reduction target in 2021

- Joining the Sustainable Business Council to share our progress and learn from others who are achieving good results in this area
- Moving our Auckland office to a new, 6 Green Star rated building at 136 Fanshawe Street. This is a world leading building that will enable us to significantly increase our digital and data capability while reducing our carbon footprint and being much kinder to the environment
- Increasing the transparency of our data. We will be sharing information with customers, communities, councils, and stakeholders so that they can understand the impacts of climate change on insurance in more detail
- And as I mentioned earlier, we will be developing a climate action plan that outlines clear deliverables and actions. This will include compliance with Taskforce for Climate Related Financial Disclosure requirements and engaging our full value chain to support the move to a reduced carbon future.

Slide 21 – Embracing the diversity of our people

Transforming our business into a leading digital and data player is not just about the technology we put in place but having a diverse team of people who are relentlessly focussed on customers, can find creative ways to do things and are energised to take on the big challenges.

It's pleasing to see that gender diversity across our business is strong, especially in our senior leadership positions and that our people recognise our efforts to encourage and celebrate diversity. This is evident by our re-accreditation of the Rainbow Tick, recognising that people are valued and



supported no matter who they love or how they identify, and our partnership with SHINE to help educate and support our team members who may be impacted by domestic violence.

We continue to put measures in place to not only celebrate diversity, but also track and measure our progress to ensure we are continually developing business.

Our ongoing digitisation has enabled us to increase the flexibility and agility of our workforce and all our team members were able to continue working throughout the recent lockdown in Auckland.

Our three core support locations of Auckland, Rotorua and Suva provide significant continuity benefits for us. We also continue to explore ways to increase work sharing across locations to manage workloads and improve our customer experiences.

Slide 22 – Pursuit of growth and investment opportunities

Tower is in a good position where we have strong capital and solvency, no debt, a growing and innovative business and consistent profitability. We have the opportunity to accelerate our progress through a number of sensible investments.

You've seen evidence of these bolt-on investments already, with our acquisition of the Youi NZ portfolio and agreement with Club Marine. Our customer migration blueprint means we can transfer these customers to our existing systems in a way that is customer focussed and wherever possible, automated. It is about making it seamless for the customer and enhancing our retention rates.



Yesterday we announced a new agreement with ANZ New Zealand to end our existing arrangements with them, enabling us to bring this portfolio into the Tower Direct business.

Historically, we provided insurance for ANZ and National Bank customers between 1990 and 2005 and continue to cover over 23,000 people under the existing legacy agreement.

This agreement delivers positive value for Tower and its shareholders by ending all future ANZ commission payments on the portfolio which contributed \$40m to Tower GWP in FY20.

The deal also enables the migration of these customers to Tower's leading cloud-based, digital platform which delivers operational efficiencies for the company and offers customers a more expansive and modern product range

We will continue to seek bolt-on investments which are aligned to our personal and small to medium sized commercial lines of business, and which offer attractive returns.

This year we are also taking our cloud-based digital and data platform, that has been so successful in New Zealand, to our Pacific business.

This will help achieve total consistency across our entire group, driving scale benefits, as well as increasing access to insurance across the Pacific and supporting our ambition to achieve growth in our domestic portfolios.

New products are under development that support our growth and innovation focus. These include electric vehicles and scooters, pet and travel insurance



offerings. These new products help us to build deeper and stronger connections with our customers.

As well as new products and deepening our relationships with customers, we want to increase our engagement with them, so insurance isn't just seen as a once-a-year activity. Recent innovations like our GoCarma app allow our customers, and in fact all Kiwis, to understand their driving behaviour and be rewarded for driving safely. We have had over 65,000 GoCarma trips recorded so far.

We are also looking to help our customers better understand risks such as earthquakes, flooding and cyclones, so that our customers can be better prepared for large scale natural events.

In closing, I'd like to reiterate what I said earlier. I am thrilled to be here in front of you, leading Tower into the next phase of its journey.

I'd like to thank our board for their support, the entire Tower team for the focus, energy and creativity they bring to work every day. As well as you, our shareholders, for your continued interest and support in what is truly an iconic Kiwi and Pacific company.

We are creating a new exciting Tower and I look forward to continuing to share our success story with you.

Slide 23 – Board resolutions title slide – Michael Stiassny

Thank you, Blair.

I now propose that we move to the next item of business, which is the first resolution before the meeting.



As noted earlier, voting has already opened online and will close shortly after discussions on the resolutions are completed so that everyone either in person or online has the opportunity to cast their votes.

For those here at Ellerslie today, we will now undertake a formal vote on the resolutions. If you wish to vote you will have either the Voting/Proxy Form sent to you with the Notice of Meeting, or a Voting Form given to you by Computershare when you entered the meeting. When you cast your vote please tick one box, either For, Against, or to Abstain alongside each resolution. Please ensure that you sign the form once your vote has been cast.

If you are here as a proxy on behalf of a shareholder, you will need to cast that shareholder's votes in order for them to be counted.

If you do not have a voting form, please raise your hand a representative from Computershare will assist.

Slide 24 – Board resolutions

RESOLUTION 1 - Auditor remuneration

The Companies Act provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes PricewaterhouseCoopers to continue as the company's auditor and PricewaterhouseCoopers has indicated its willingness to do so.

The Companies Act provides that the fees and expenses of the auditors are to be fixed by the Company, or in the manner that the company determines at

the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees be fixed by the Board.

I therefore:

- Record that the auditors, PricewaterhouseCoopers, are automatically re-appointed as auditors of the company; and
- Move that the Board be authorised to determine the auditor's fees and expenses for the 2021 financial year.

At this point, I would also like to note that the New Zealand Shareholders Association policy and international best practice is that the Audit Firm should not serve more than 10 years and the Lead Audit Partner should be rotated at five years to ensure the appropriate degree of independence is maintained. We agree with this view and will note Audit Firm tenure and Lead Audit Partner rotation information in our annual report.

Is there any discussion or questions from the room?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

PAUSE

Are there any questions online?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

RESOLUTION 2(a) - Re-election of Wendy Thorpe as Director of the Company

I now move to the re-election of directors.



Wendy Thorpe retires by rotation, and being eligible, offers herself for re-election. I now invite Wendy to address this meeting on her proposed re-election.

[WENDY THORPE ADDRESS]

Thank you, Wendy. I will now move that Wendy Thorpe, who retires on rotation in accordance with NZX Listing Rule 2.7.1 be re-elected as a director of Tower Limited

Is there any discussion or questions from the room?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

PAUSE

Are there any questions online?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

RESOLUTION 2(b) - Re-election of Steve Smith as Director of the Company

Steve Smith retires by rotation, and being eligible, offers himself for re-election.

I would note here that if re-elected Steve will have served 12 years at the end of this term. Because it is internationally recognised that a Director ceases to be independent after they have served 12 years, Steve and the Board will likely agree his retirement and introduce a new director during this term.

I now invite Steve to address this meeting on his proposed re-election.

[STEVE SMITH ADDRESS]



Thank you, Steve. I will now move that Steve Smith, who retires on rotation in accordance with NZX Listing Rule 2.7.1 be re-elected as a director of Tower Limited

Is there any discussion or questions from the room?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

PAUSE

Are there any questions online?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

Voting

That concludes our discussion on the items of business.

So, if you haven't already done so, please cast your votes. I will then ask Computershare to collect the voting papers. Voting online will close in approximately 2 minutes. The votes will then be counted under the scrutiny of our auditor.

[PAUSE FOR COMPUTERSHARE TO COLLECT PAPERS]

Right, let's move on. The final item on our agenda is Questions and General Business:

Slide 25 – Questions & General Business

Are there any matters of General Business? Or any questions?

The Directors will also be happy to answer questions from shareholders while refreshments are served at the end of the meeting. Any person wishing to



speaker should move to the microphone nearest to them and please introduce yourself.

Is there any discussion or questions from the room?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

PAUSE

Are there any questions online?

[FOLLOWING ANY QUESTIONS OR DISCUSSION]

Thank you.

That brings us to the conclusion of our business today and it remains for me first, to thank you for your participation in today's meeting, and secondly to invite you to join the Board, Executive Leadership Team and Auditors for refreshments next door.

The results of these votes will be released to the stock exchange later today.

I declare the meeting closed. Thank you.



Annual shareholder meeting

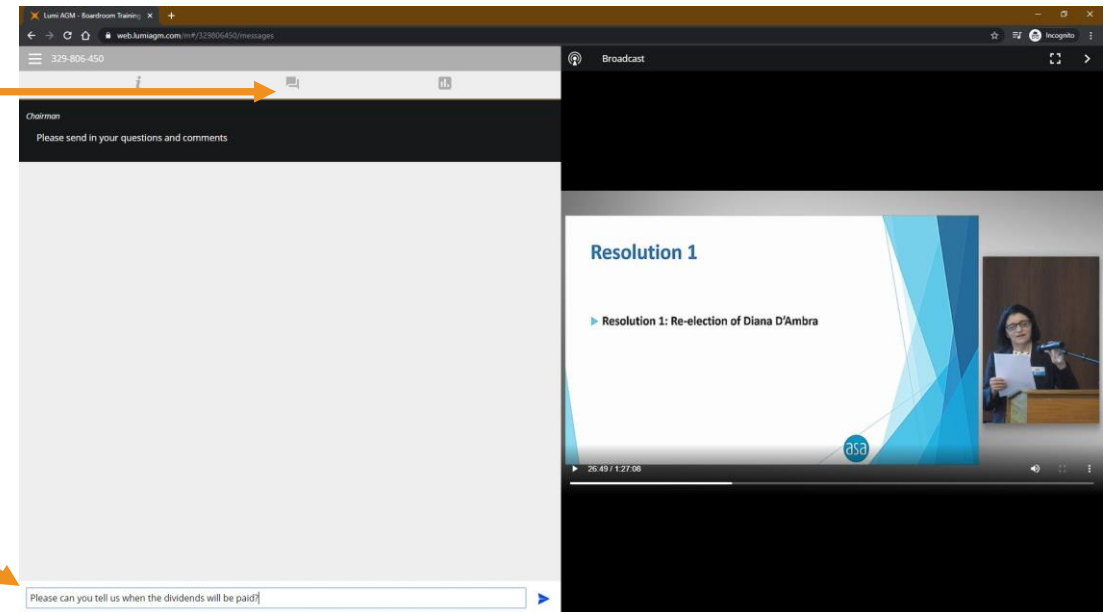
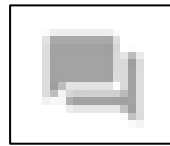
Full year results to 30 September 2020

23 February 2021



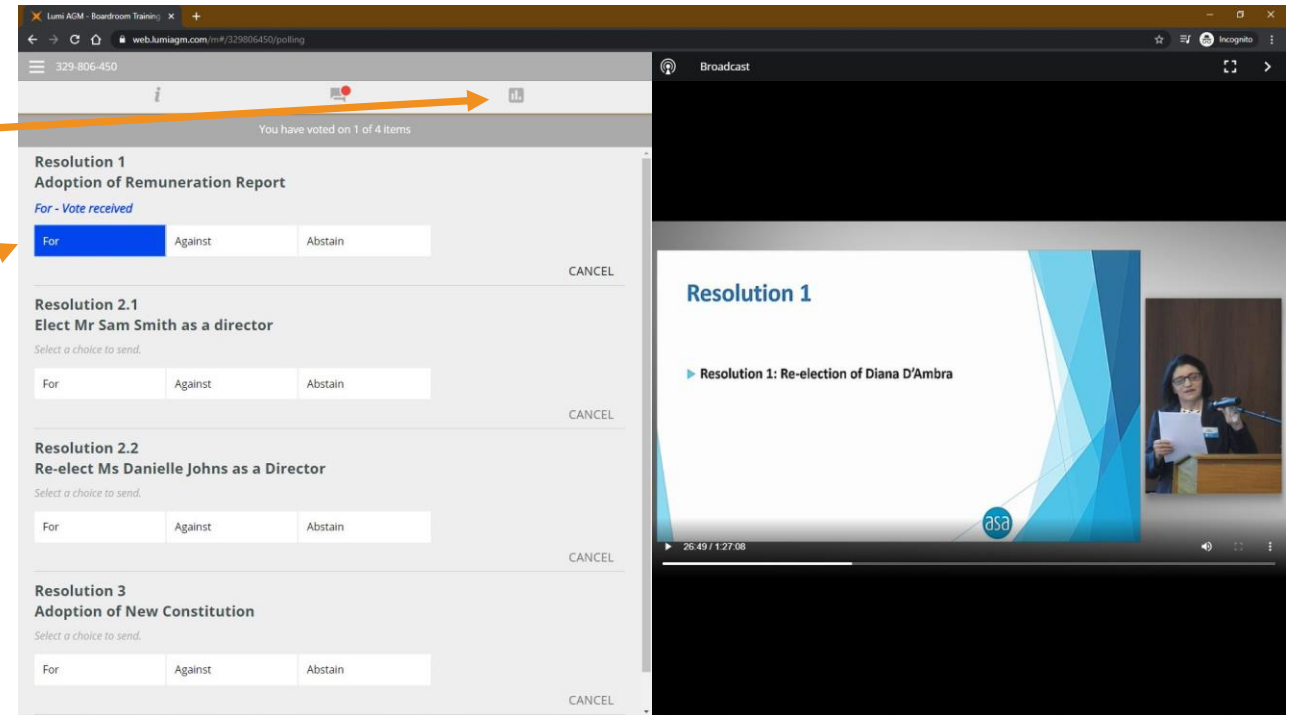
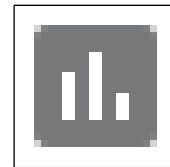
Online attendees – question process

- When the Question function is available, the Q&A icon will appear at the top of the app.
- To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow
- Your question will be sent immediately for review



Online attendees – voting process

- When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen
- To vote simply select the direction in which you would like to cast your vote, the selected option will change colour
- There is no submit or send button, your selection is automatically recorded



Agenda

1



Chairman's address

Michael Stiasny, Chairman

2



CEO's address

Blair Turnbull, Chief Executive Officer

3



- Board resolutions
- Questions & General business

Michael Stiasny, Chairman

Chairman's update

Continued growth and momentum

- New CEO, Blair Turnbull, joined Tower in August 2020
- Underlying profit increased on prior year
- FY20 results at top end of guidance, supported by solid growth
- Accelerated push into digital and data

Leading through COVID-19

- Dedicated team and support programme in place to help customers
- Positive customer response to being the first general insurer to refund \$7.2m for lower claims due to COVID-19
- Tower has demonstrated strong resilience, navigating the challenges of COVID-19 well
- Pacific operations maintained full service despite widespread lockdowns

Strong and well capitalised

- Strong capital position and solvency margin
- Settlement of EQC receivable removes legacy issue and further improves capital position
- Updated Dividend Policy of 60-80% of cash earnings, defined as Reported Full Year Net Profit After Tax adjusted for acquisition amortization and unusual items, where prudent to do so
- Tower indicates its intention to recommence dividends and is expecting to announce a \$0.025 dividend per share with the 2021 Half Year results in May 2021

Tower's capital priorities

FIRST PRIORITY

**Strong
solvency
position**

SECOND PRIORITY

**Consistent
ordinary
dividends**

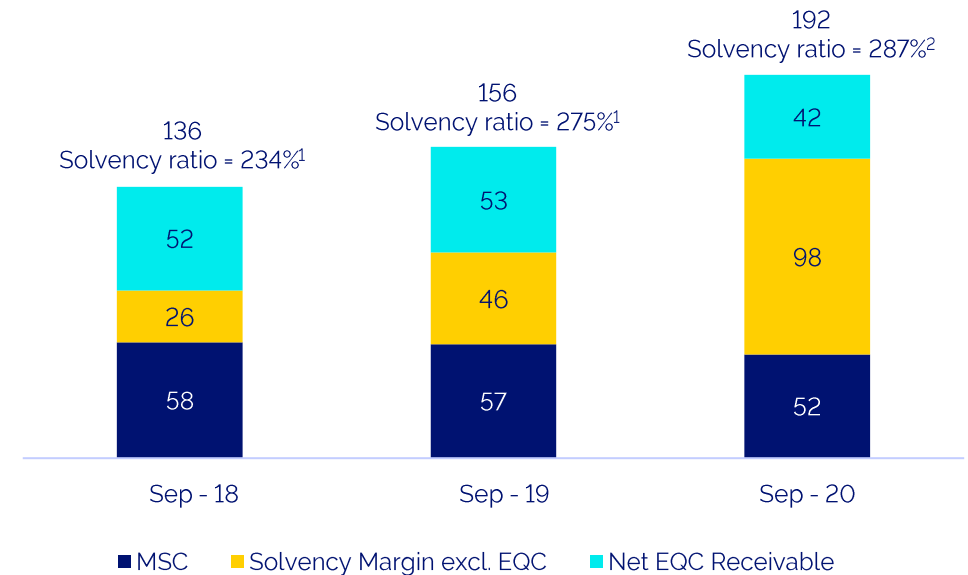
THIRD PRIORITY

**Pursuit of
growth
opportunities**

FOURTH PRIORITY

**Optimised
capital
management**

Tower Solvency \$m (NZ Parent)



Notes:

- EQC receivable included in FY18 and FY19 solvency ratio
 - EQC receivable excluded from FY20 solvency ratio
- As at 31 Jan 2021, EQC receivable is held as cash and included in solvency ratio
 - Current licence condition is a minimum solvency margin of \$50m

Updated dividend policy

ORDINARY DIVIDEND
POLICY

60-80%

of cash earnings* where
prudent to do so

INDICATIVE INTERIM
DIVIDEND

\$0.025

per share, to be confirmed at
2021 Half Year results

EXPECTED DIVIDEND
RESUMPTION

5 years

Last dividend paid based on
the 31 March 2016 half year

INDICATIVE COMBINED FULL
AND HALF YEAR DIVIDEND

\$0.06

Based on achieving FY2021
guidance

Directors' fees and CEO remuneration

Directors' fees

- Directors' fees at Tower have not increased for a decade
- Benchmark review conducted by Ernst & Young indicates Tower is behind comparator and market rates and the Tower Board believes it is timely and prudent to begin addressing this gap
- Tower Board has agreed to raise directors' fees to:
 - \$100K for non-executive directors (including committee fees)
 - \$110K for committee chairs
 - \$180K for the Chair
- Tower's directors' fee pool stands at \$900,000 with only \$607,850 drawn down in FY2020. So, while fee increase does not require a shareholder vote, this disclosure ensures transparency with shareholders

CEO remuneration

- Tower's Board supports transparency of CEO remuneration with comprehensive disclosures made in Tower's annual report
- The Tower CEO's remuneration comprises fixed annual base pay of \$650,000 and a maximum Short-Term Incentive of \$325,000 and a maximum Long-Term incentive of \$975,000, with a clear linkage to long-term sustainability and Total Shareholder Return performance, relative to the performance of companies within the NZX50 index

CEO address and performance overview

Blair Turnbull, Chief Executive Officer

Video: Year in review and what to look forward to

A good result and an exciting future

Tower's FY20 results were good and at the top end of expectations. We achieved this despite some unprecedented headwinds and challenges.

As we start to move into a new era of Tower though, the business will look and behave differently.

To be clear, we don't just want to be a smaller version of a big global insurer. That is not the path we choose.

At Tower, we're choosing a direction that leads to higher growth through a relentless focus on our customers.

We're more determined than ever, more energised than ever, and over the coming months we'll be demonstrating that we're far more dynamic than ever before.

OUR SOUTHERN STAR

To deliver beautifully simple and rewarding experiences

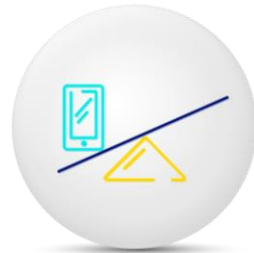
(that our customers rave about – every time)

Clear and focused strategic priorities

GROW AND INNOVATE



**Relentless focus
on customer
relationships**



**Leverage digital and
data everywhere**



**Partner wherever
possible**

BUILD FINANCIAL STRENGTH AND CAPABILITY



**Embracing agile
and talent**



**Maintain a strong
capital and solvency
structure**

Delivering consistent growth in profitability

UNDERLYING NPAT
excl. large events

\$34.7m

+ 23% on prior year

UNDERLYING NPAT
incl. large events

\$28.4m

+ 3% on prior year

COMBINED RATIO

88.5%

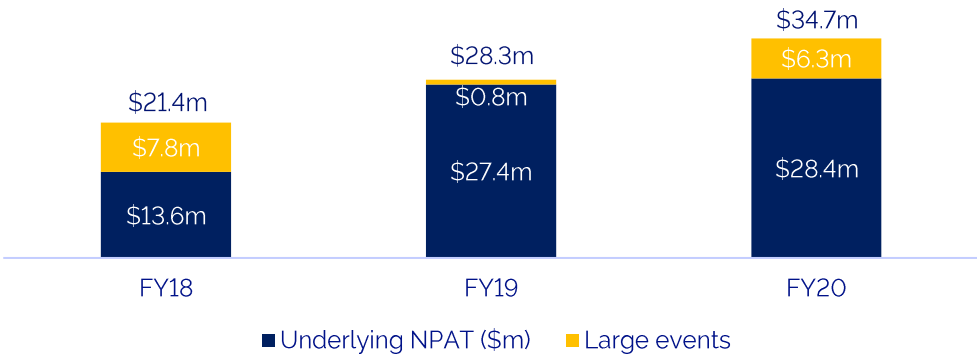
In line with prior year

REPORTED PROFIT

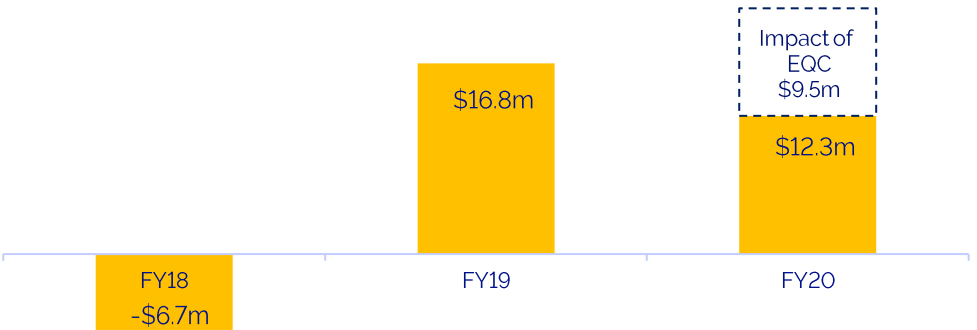
\$12.3m

Impacted by EQC receivable

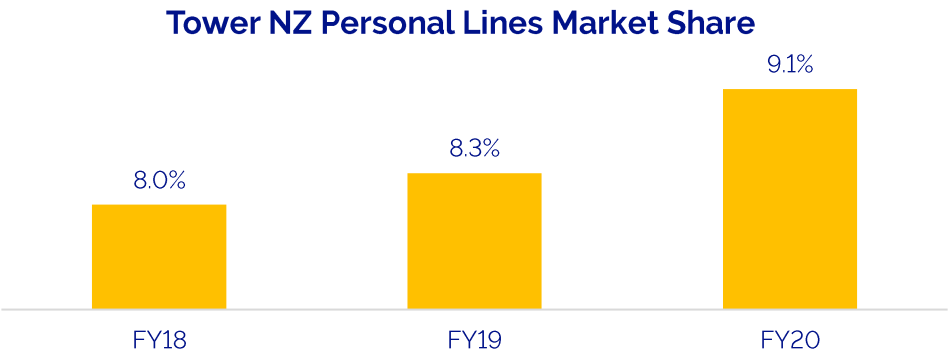
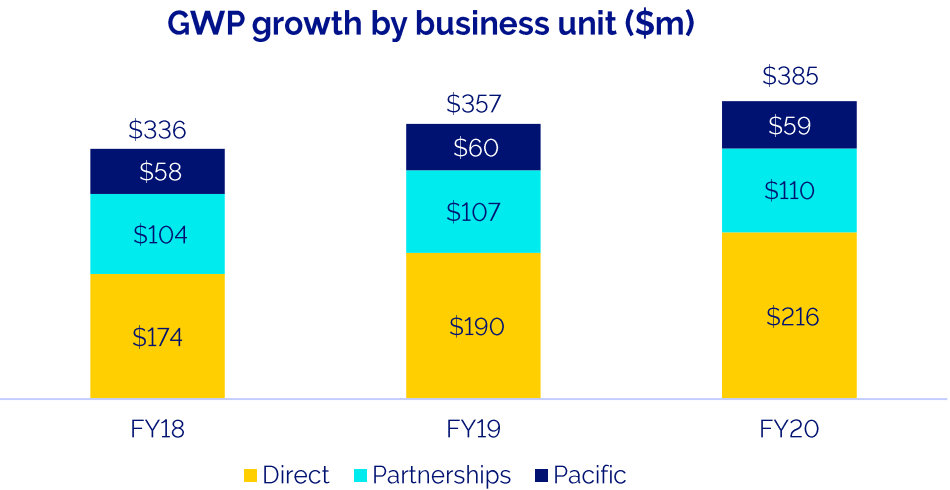
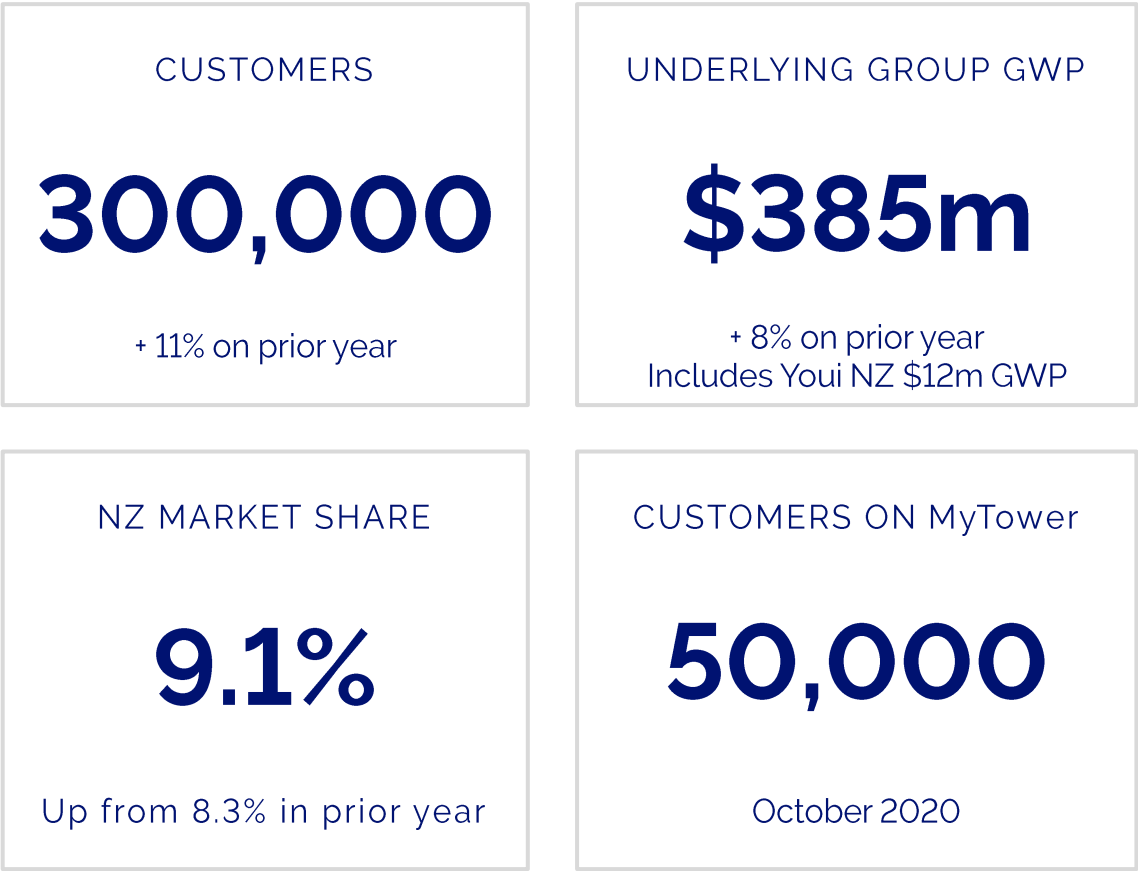
Underlying NPAT



Reported profit



Strong growth in customers and premium



Disciplined claims management improved through digitisation

CLAIMS RATIO EXCL.
LARGE EVENTS

46%

2% better than prior year

CLAIMS LODGED ONLINE IN
SEPTEMBER 2020

45%

27% in September 2019

AVG. MOTOR CLAIM
COST

\$1,600

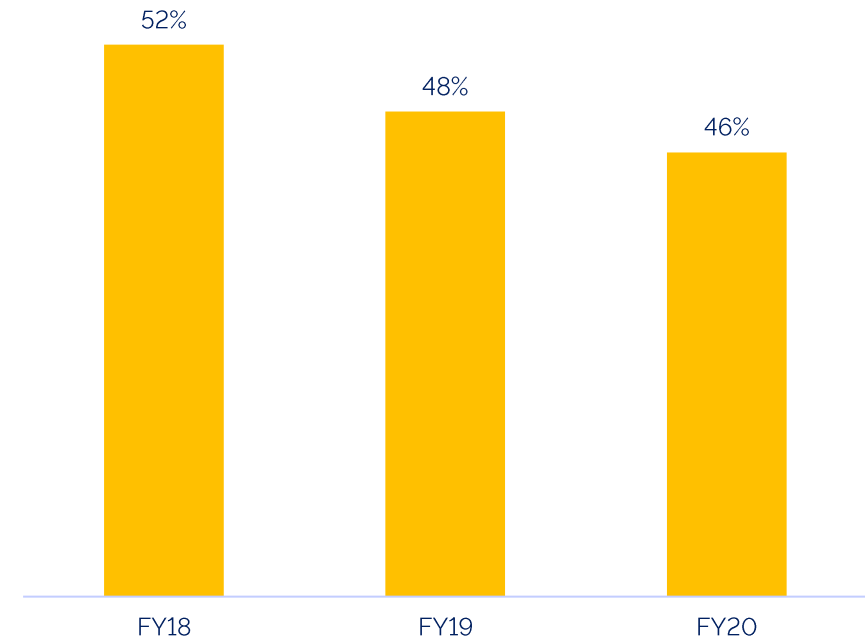
+ 6% on prior year

SIMPLE HOUSE CLAIMS

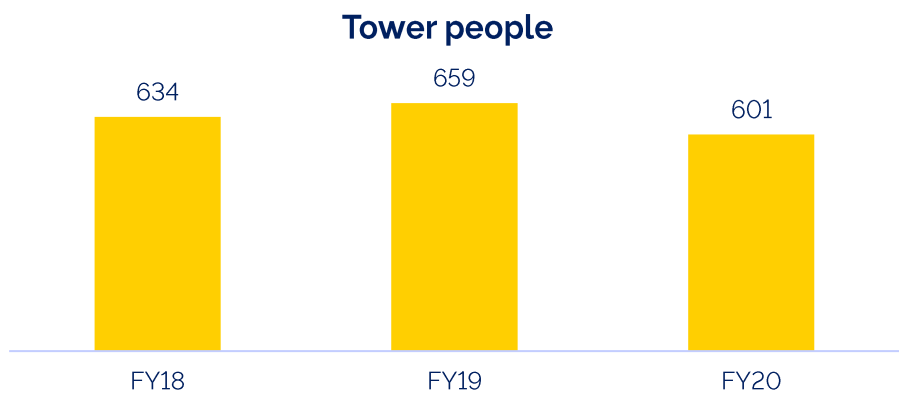
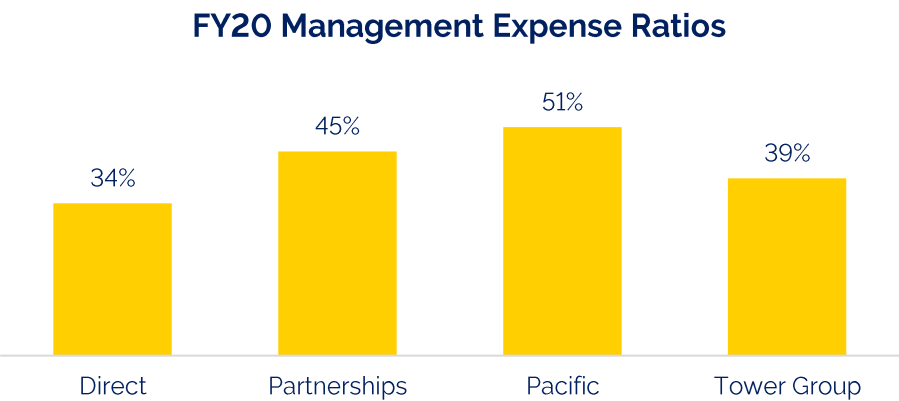
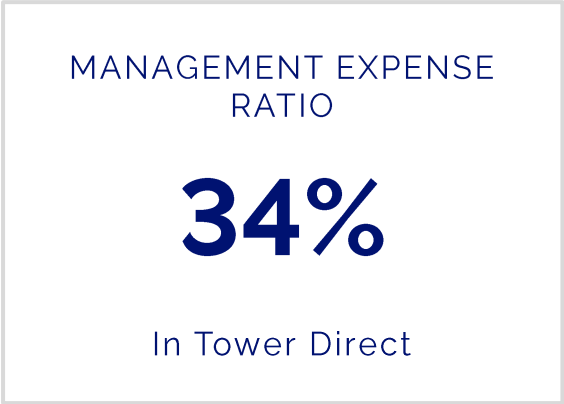
20%

Straight to builder in FY20

Claims ratio excl. large events



MER improving while continuing to invest and simplify



Investing in digital platform for efficiency and scalability

TECHNOLOGY RELEASES
IN FY20

117

2.4 x more than prior year

CUSTOMERS MIGRATED
TO EIS

90%

Tower Direct

WORKLOADS MOVED TO
THE CLOUD

70%

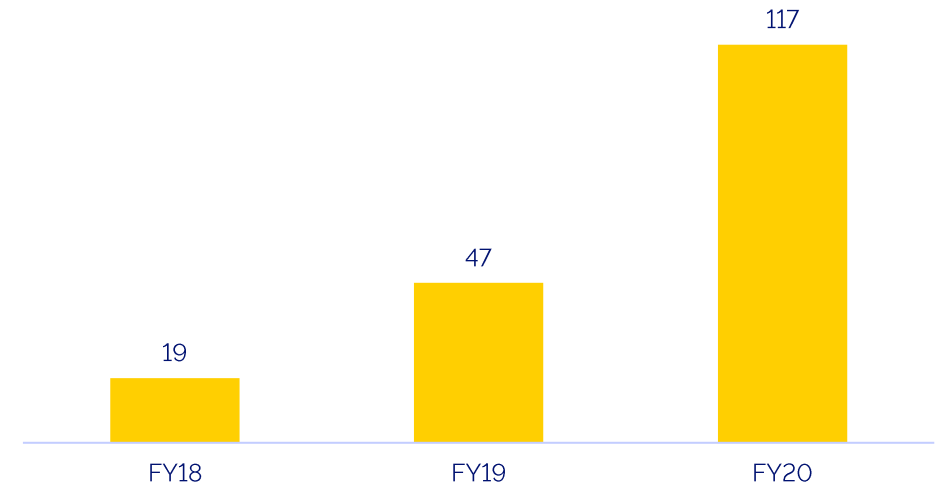
Since January 2019

CORE ADMIN LEGACY
SYSTEMS DECOMMISSIONED

4

6 remaining, 4 to be
decommissioned in FY21

Technology system releases per year



- Foundational partnerships in place with EIS, Ushur, CoreLogic, Microsoft

Trading update for the four months ended 31 January 2021

GROSS WRITTEN PREMIUM
GROWTH

6%

First 4 months of FY21 vs
same period last year

MANAGEMENT EXPENSE
RATIO

37%

2% improvement on same
period prior year

LARGE EVENTS IMPACT
YTD*

\$10m

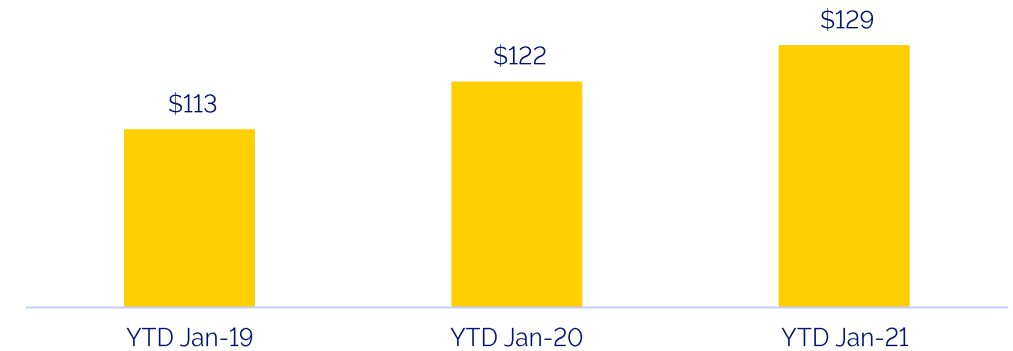
Lake Ōhau fire and Napier
floods

NO CHANGE TO GUIDANCE

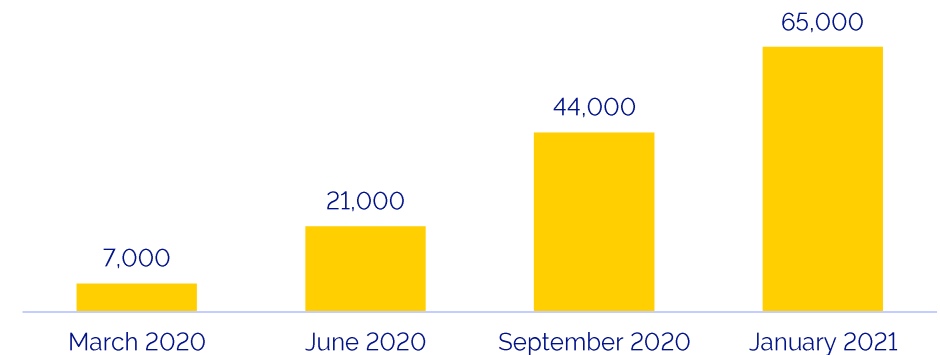
>5%

improvement on FY20
underlying NPAT, based on
FY20 large events (\$9.7m)

Gross Written Premium (m)



Number of customers registered on MyTower



Part of a sustainable New Zealand & Pacific

SUSTAINABLE BUSINESS
COUNCIL MEMBER



CLIMATE ACTION PLAN TO BE
DELIVERED IN

2021

Including carbon audit and
measurable actions

NEW PRODUCTS TO
SUPPORT SUSTAINABILITY

Electric Vehicles & scooters

CLIMATE RESEARCH
PROJECTS UNDERWAY WITH

Auckland University

Partnering to understand and
share climate data

Six Green Star Auckland office
from August 2021



Embracing the diversity of our people

EMBRACING GENDER
DIVERSITY

59%

Female representation on
Business Leadership Team

CELEBRATING CULTURAL
DIVERSITY

94%

Of employees say Tower
values diversity

FLEXIBLE WORKING

22%

Of employees working from
home

CORE OFFICE SUPPORT
LOCATIONS

3

Auckland, Rotorua and Suva



Rainbow tick re-accreditation



Partnered with SHINE
(Safer Homes In New Zealand Everyday)

Pursuit of growth and investment opportunities

BOLT ON ACQUISITIONS

**Youi NZ, Club
Marine & ANZ**

PACIFIC TRANSFORMATION

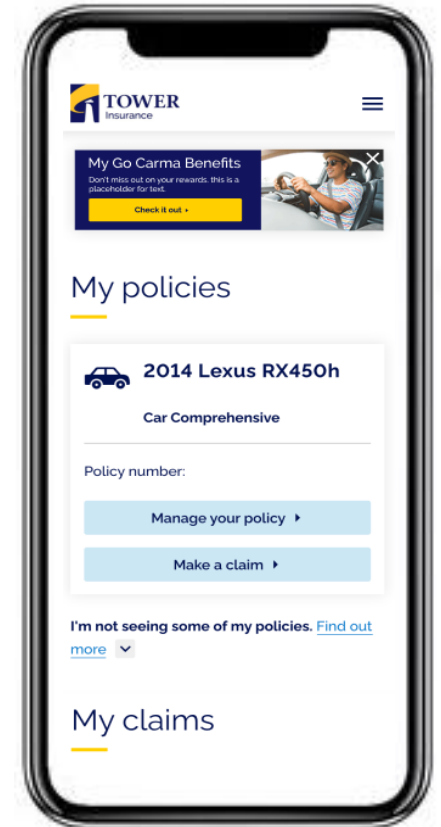
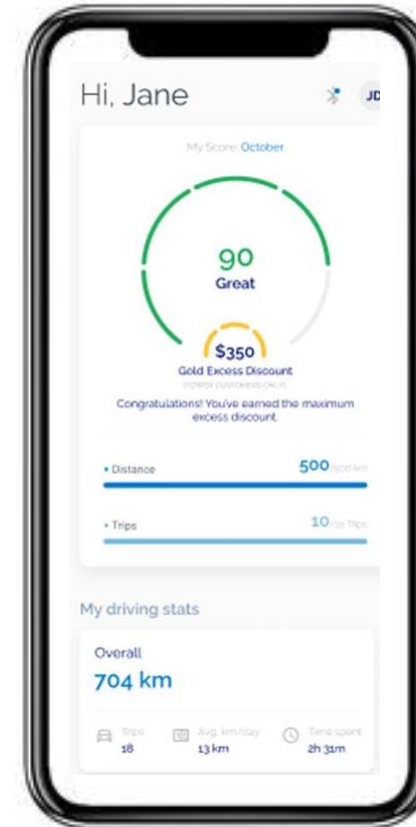
EIS rollout

INNOVATIVE PROPOSITIONS

**Electric
vehicle, pet
and travel**

CUSTOMER ENGAGEMENT

**MyTower,
GoCarma, risk
awareness**



Board resolutions

Michael Stiasny, Chairman



Board resolutions

Resolution 1

- Authorisation to fix remuneration of auditor

Resolution 2a

- Re-election of Wendy Thorpe as Director of the Company

Resolution 2b

- Re-election of Steve Smith as Director of the Company

Questions & General Business

Michael Stiassny, Chairman

Blair Turnbull, Chief Executive Officer



Disclaimer

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