

# HEARTLAND GROUP

## Insider Trading Policy

### 1. Purpose

This is the Heartland Group Holdings Limited (**Heartland**) policy on, and rules for dealing in, quoted financial products and any derivatives of quoted financial products (**Financial Products**). For example, it applies to:

- (a) the ordinary shares of Heartland;
- (b) quoted bonds issued by Heartland Bank Limited (**Heartland Bank**);
- (c) quoted regulatory capital issued by Heartland Bank (if applicable);
- (d) any derivatives created over or in respect of quoted financial products issued by Heartland (or any subsidiary of Heartland, including Heartland Bank); and
- (e) any other quoted financial products of Heartland (or any subsidiary of Heartland, including Heartland Bank) from time to time.

### 2. Summary

This policy sets out guidelines and rules for trading in Financial Products, including:

- (a) the rules governing **insider trading**; and
- (b) additional requirements which apply to trading in Financial Products by Heartland and Heartland Bank's directors, senior officers and certain other designated persons (see section 5 of this policy for a list of those persons).

This policy applies to all directors, employees and contractors of Heartland and its subsidiaries (the **Heartland Group**) who intend to trade in Financial Products.

In this policy, 'trade' means acquiring or disposing of Financial Products, or agreeing to do so, whether as principal or agent. This policy applies regardless of the way a trade is completed, whether it is carried out via:

- (a) an investment transaction service provided by a share broker;
- (b) an online share trading platform (e.g. Sharesies or Hatch); or
- (c) some other means.

**Directors, senior officers and certain other designated persons** of the Heartland Group are subject to additional rules in relation to a consent process and disclosure (see section 5 of this policy).

The requirements imposed by this policy are separate from, and in addition to, the legal prohibitions on **insider trading** in New Zealand.

**Note: If you do not understand any part of this policy, or how it applies to you, you should raise this matter with the General Counsel, before dealing in any Financial Products.**

### **3. Financial Products Ownership is Desirable**

The Board considers that it is desirable that employees of the Heartland Group should hold Financial Products as long term investments, as this encourages an alignment of interests between employees, Heartland and its shareholders.

However, Financial Products must only be held or traded in conformity with this policy, and all applicable legal restrictions.

### **4. Insider Trading is Prohibited**

**Fundamental Rule: Insider Trading is prohibited at all times.**

If you possess "material information" (as defined below) then whether or not you are a Restricted Person (as defined in section 5 below) you must not, and it is illegal to:

- (a) trade any Financial Products;
- (b) directly or indirectly disclose that material information to a person (including colleagues, family, or friends) if you know or ought reasonably to know or believe that the person will, or is likely to, trade Financial Products or advise or encourage another person to trade or hold Financial Products;
- (c) advise or encourage any other person to trade or hold any Financial Products;
- (d) advise or encourage any person to advise or encourage another person to trade or hold Financial Products.

These prohibitions apply regardless of how you learn of the material information, and regardless of why you are trading.

These actions constitute the offence of "insider trading". Under this offence, you can be subject to criminal liability including large fines and/or imprisonment and civil liability, which may include being sued by another party, Heartland, or Heartland Bank for any loss suffered as a result of illegal trading.

The prohibition on insider trading applies not only to information concerning Financial Products. If a person has material information in relation to quoted financial products of another issuer and any quoted derivatives (including futures contracts quoted on an authorised futures exchange) in respect of such quoted financial products, that person must not trade in those financial products.

#### **What is "Material Information"?**

"Material information" is information that:

- (a) a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of quoted financial products of the Heartland Group; and
- (b) relates to particular financial products, a particular listed issuer, or particular listed issuers, rather than to financial products generally or listed issuers generally.

Information is generally available to the market in situations that include where it has been released as an NZX announcement, or it is likely that investors that commonly invest in financial products of a kind the price of which might reasonably be expected to be affected by the information (such as the

Heartland Group's quoted financial products) can readily obtain the information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including all members of the Heartland Group), and information, which is insufficiently definite to warrant disclosure to the public.

### **What are some examples of Material Information?**

The following list is illustrative only and is by no means exhaustive. Material information could include information concerning:

- (a) the financial performance or a change in the financial performance of the Heartland Group;
- (b) a possible change in the strategic direction of the Heartland Group;
- (c) the introduction of an important new product or service;
- (d) a possible acquisition or sale of any assets or company by the Heartland Group;
- (e) entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- (f) a possible change in Heartland's capital structure (including new issues of shares);
- (g) a change in the historical pattern of dividends;
- (h) senior management changes;
- (i) a possible change in the regulatory environment affecting the Heartland Group (including any such change in the banking regulatory environment affecting the Heartland Group);
- (j) any changes, or indicators of review of, Heartland's credit rating;
- (k) a material legal claim by or against the Heartland Group; or
- (l) any other unexpected liability,

which has not been released to the market.

### **Confidential Information**

In addition to the above, you also have a duty of confidentiality to the Heartland Group. You must not reveal any confidential information concerning any member of the Heartland Group to a third party (unless that third party has signed a confidentiality agreement and you have been authorised to disclose the confidential information to that third party), or to use confidential information in any way which may injure or cause loss to the Heartland Group, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep such information confidential.

## Exceptions

This policy does not apply to:

- (a) acquisitions through an issue of new quoted financial products, such as an issue of new shares on the exercise of options, under a rights issue, a dividend reinvestment plan, or a share purchase plan;
- (b) acquisitions or disposals by inheritance or gift;
- (c) trading of Financial Products where the trading results in no change to the beneficial interest in those Financial Products; and
- (d) acquisitions or disposals of Financial Products where the General Counsel has confirmed that he or she is satisfied that the acquisition or disposal is not likely to breach the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014, including because one or more defences or exceptions under subpart 2, part 5 of the Financial Markets Conduct Act 2013 is likely to apply, although you will remain responsible for ensuring your individual compliance with law.

## Black Out Periods

All directors, employees and contractors of the Heartland Group are prohibited from trading in any Financial Products during the following specific "black-out" periods unless the Board provides a specific exemption in its absolute discretion:

- 30 days prior to Heartland Group's half year balance date, until the first trading day after the half year results are released to NZX;
- 30 days prior to Heartland Group's year-end balance date, until the first trading day after the full-year results are released to NZX; and
- 30 days prior to release of a product disclosure statement, prospectus and/or investment statement for a general public offer of any Financial Products, until the first trading day following release of that product disclosure statement, prospectus and/or investment statement (as applicable).

In addition, the Group Chief Operating Officer or the General Counsel may notify additional "black-out" periods from time to time (without the need for explanation to those affected).

All directors, employees and contractors of the Heartland Group are not permitted to trade any Financial Products during a black-out period unless Heartland's Board provides a specific exemption. The Board may consider granting a specific exemption in cases of severe financial hardship (that cannot be satisfied otherwise than by trading Financial Products) or other exceptional circumstances, and any such exemptions shall be in the Board's absolute discretion.

Please note that if you hold material information you must not trade Financial Products at any time, regardless of these periods.

## Short Term Trading Discouraged

You should not engage in short term trading (the buying or selling of Financial Products within a 6-month period), unless there are exceptional circumstances discussed with and approved by the Group Chief Operating Officer or the General Counsel.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Financial Products on a short-term basis

### **Short Selling or Hedging Prohibited**

All directors, employees and contractors of the Heartland Group are prohibited from engaging in the short selling or hedging of Heartland Financial Products.

Short selling may lead to speculation as to the rationale for the trade (e.g. the individual being aware of information not available to the market). Similarly, arrangements to hedge exposure to Heartland Financial Products by Heartland staff or directors may be interpreted as a lack of confidence in Heartland's long-term position (and again lead to speculation as to the rationale for the same).

### **Engagement in Margin Lending by directors and senior managers prohibited**

Heartland directors and senior managers (as defined in the Financial Markets Conduct Act 2013) are prohibited from engaging in margin lending in relation to Heartland Financial Products.

Margin lending is a type of loan that allows the borrower to borrow money to invest in securities, by using existing shares (or shares to be acquired with the loan proceeds) as security.

### **Trading in other quoted financial products in which Heartland may have market sensitive information**

Heartland may maintain watch lists and restricted lists to prevent staff trading without consent in any quoted financial products about which Heartland may have market sensitive information. Such as where Heartland is a shareholder in, or counterparty to a material transaction with, another listed issuer. The Group Chief Operating Officer or the General Counsel will advise affected directors, employees and contractors of the Heartland Group as applicable.

### **If in doubt, don't trade**

The rules contained in this Policy do not replace your legal obligations. The boundary between what is, and is not, in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't trade.

### **Breaches of Policy**

Potentially serious civil and criminal liability arises for breaches of insider trading laws. These laws also apply to individuals outside of the Heartland Group, such as your family, should they become aware of Material Information.

Strict compliance with this policy is also a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

### **Monitoring of Trading**

Heartland will monitor the trading of persons subject to this policy as part of the administration of this policy and to identify any trading activity that occurs during blackout periods or does not line up with consents granted.

### **Application of Policy**

The Board of Heartland has approved this policy. The Board may approve updates, amendments to, and exemptions to, this policy from time to time, which may be implemented by written notice to you and/or by posting on Heartland's intranet.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

## **Additional Trading Restrictions for Restricted Persons**

### **Persons covered by the additional Trade Restrictions**

The additional trading restrictions set out below apply to:

- (a) **all directors** of the Heartland Group;
- (b) the **Chief Executive**, all direct reports to the Chief Executive, all those **reporting directly to the direct reports** to the Chief Executive (together, the **senior officers**);
- (c) all **staff reporting to the Head of Corporate Finance, Head of External Reporting, Head of Special Projects, Head of Management Reporting & Business Partnering, Head of Taxation and Financial Controller**, all **staff reporting to the Business Intelligence Manager** and all **staff reporting to the General Counsel** who are all likely to have access to material information by virtue of their roles;
- (d) the **Executive Assistants** to the senior officers outlined in (b) above;
- (e) **each person listed on an "Insider List"** for a "Confidential Transaction" pursuant to Heartland's Confidentiality and Chinese Wall Policy (Transactions);
- (f) **all staff (such as IT staff)** who may have access to emails or document folders of the persons outlined in (a) to (e) above;
- (g) trusts and companies controlled by such persons outlined in (a) to (f) above;
- (h) associated persons (including parents, spouses, domestic companions and children) whose trading activities are controlled or influenced by such persons outlined in (a) to (f) above; and
- (i) anyone else notified by the Group Chief Operating Officer or General Counsel from time to time as being subject to these additional restrictions.

Persons covered by these additional restrictions are called "**Restricted Persons**". Employees and directors will be considered responsible for the actions of trusts and companies controlled by them and the actions of associated persons whose share trading activities are controlled or influenced by them. In this respect, "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

### **Additional Trading Restrictions for Restricted Persons**

In addition to the Fundamental Rule noted above, the following rules apply:

**Requirements before trading:** Before trading in Financial Products, Restricted Persons (or on behalf of the Restricted Person by the relevant director, senior officer or other designated person, or other nominated individual, in the case of trading by the trusts, companies, and associated persons outlined above) must:

- complete the "Request for consent to trade in quoted financial products" form attached to this Policy (which serves as notice of their intention to trade in Financial Products, and confirms they do not hold material information and that there is no known reason to prohibit trading in any Financial Products); and

- notify their intention to trade in Financial Products and seek consent from the appropriate person in the table below.

**Note:** The “Requests for consent to trade in quoted financial products” form is attached to this Policy and it is the responsibility of the person applying to obtain consent in accordance with the details in Table 1, who will, if they consent, countersign. The General Counsel must be copied on, and will maintain a record of, all requests for consent to trade, whether approved or not.

**Table 1 – Authorised to consent**

<b>Restricted Persons</b>	<b>Authorised to Consent</b>
Director Chief Executive Group Chief Operating Officer Deputy Chief Risk Officer - Head of Risk & Compliance General Counsel	Chairman of the Board
Chairman	Deputy Chairman
A Restricted Person other than those listed above	Group Chief Operating Officer or General Counsel

**Note:** When the form is completed and counter-signed the person applying must send it to the General Counsel.

**Note:** Consent is only valid for a period of **10 trading days** after notification. If the trade consented to is not completed during this period, consent is automatically deemed to be withdrawn and another request must be submitted and approved prior to the trade being completed. Consent is also automatically deemed to be withdrawn if the Restricted Person becomes aware of material information prior to trading.

**Requirements after trading:** After completion of the trade, a Restricted Person must advise the General Counsel promptly, and comply with any disclosure obligations he, she or it has under the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014 or any replacement legislation/regulation.

Restricted Persons must maintain a register of their trading in Heartland’s Financial Products and make a copy of that register available to Heartland upon request.

## **5. Policy Review Date**

This policy will have a full review and approval each year, or earlier if deemed necessary. Notwithstanding planned policy review dates, this policy remains effective and applies until a revised version is distributed.

The General Counsel maintains records of Policy Owner approvals.



**Version History:**

<b>Version</b>	<b>Date</b>	<b>Amendments</b>
1.0	30 June 2011	Document created
1.1	24 August 2012	Minor amendments to reflect current roles within HBS
1.2	October 2012	Inclusion of the Compliance Monitoring section and a few minor changes relating to the position of sections in the Policy.
1.3	April 2014	Minor amendments, including updating reference to Heartland Bank Limited.
1.4	August 2015	Amendments to reflect enactment of Financial Markets Conduct Act.
2.0	December 2015	Minor amendments to reflect change from HNZL to HBL.
3.0	December 2016	Minor amendments.
4.0	October 2017	Minor amendments and increasing coverage of Policy to additional roles.
5.0	October 2018	Updated to reflect the demerger.
6.0	November 2018	Updated to amend the list of 'Restricted Persons'
7.0	November 2019	Annual review.
8.0	July 2022	Annual review – amendments to reflect market “best practice” for listed issuers

**Approved by:** Heartland Group Holdings Limited Board  
**Approval date:** 26 July 2022  
**Policy Owner:** General Counsel  
**Accessible on Pulse to:** All Heartland staff  
**Review frequency:** Annual review  
**Distribution List:** All Heartland staff and directors

## ATTACHMENT: Request for Consent to Trade Form

To: Heartland Group Holdings Limited and Heartland Bank Limited

### Request for consent to trade in quoted financial products

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In accordance with Heartland's Insider Trading Policy, I request Heartland's consent for the following proposed transaction to be undertaken either by me or persons associated with me, within 10 trading days of approval being given. I acknowledge Heartland is not advising or encouraging me to trade or hold financial products, and does not provide any financial products recommendation.

From: [[Name]] \_\_\_\_\_

Name of registered holder transacting (if different): \_\_\_\_\_

If an associated person, please provide details:

Address: \_\_\_\_\_

Position in Heartland Group: \_\_\_\_\_

Description and number of financial products:

Type of proposed transaction: Purchase / Sale / Other (specify)

To be transacted: On NZX / Off Market Trade / Other (specify)

Likely date of transaction (on or about): \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

I declare that I do not hold information which:

- a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the relevant financial products; and
- relates to particular financial products, a particular listed issuer, or particular listed issuers, rather than to financial products generally or listed issuers generally.

I know of no reason to prohibit me from trading in the Heartland's quoted financial products and certify that the details given above are complete, true and correct.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Heartland hereby **consents / does not consent** to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with Heartland's Insider Trading Policy.

Full Name: \_\_\_\_\_ Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**On behalf of Heartland Group Holdings Limited and Heartland Bank Limited (as applicable)**

**Note: Deliver the completed and signed form to the General Counsel.**