BOARD CHARTER

Version History

Version	Date	Approver	Amendments
1.0	October 2018	Board	
2.0	August 2021	Board	Minor amendments to reflect the Board's commitment to ESG, the recent changes to senior management structure and to clarify the respective roles of Management and the Board.
3.0	April 2024	Board	Amendments to provide for changes resulting from the acquisition of Heartland Bank Australia Limited and other minor amendments to record the establishment of a Sustainability Committee and better align the charter with the NZX Corporate Governance Code.
4.0	June 2024	Board	Amendments to reflect the disestablishment of the Heartland Corporate Governance, People, Remuneration and Nominations Committee following the establishment of such committees by Heartland Bank Limited and Heartland Bank Australia Limited, and the assumption of certain corporate governance, people, remuneration nomination functions by the full Heartland Board.
5.0	August 2025	Board	Minor tidy-up amendments.
6.0	July 2026	Board	Amendments to provide for the re-establishment of the Corporate Governance, People, Remuneration and Nominations Committee by the Board and other minor tidy-up changes.

Approved by: 1. HGH Board
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Charter Author: Chief Legal Officer
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Purpose

1 This charter sets out the role, composition, responsibilities and processes of the board of directors (**Board**) of Heartland Group Holdings Limited (**Heartland**).

2 The conduct of the Board is also governed by Heartland's constitution (**Constitution**).

Role and Responsibilities

3 Heartland operates solely as the holding company of the Heartland group, with its activities and capital deployment limited to that which supports the businesses of its subsidiaries, Heartland Bank Limited (**HBL**) and Heartland Bank Australia Limited (**HBAL**) [1], including setting the overall strategic direction and risk appetite for the Heartland group.

4 The role of the Board is to provide leadership and strategic guidance for Heartland, effective oversight of Heartland's management and effective oversight of HBL and HBAL. The Board is also responsible for the appointment of directors to the HBL Board. [2]

5 The Board must perform its role with the objective of building sustainable value for shareholders, while having due regard for the interests of Heartland's stakeholders and the communities and environments in which it operates.

6 In performing its role, the Board aspires to excellence in corporate governance, as appropriate for an NZX listed company.

7 Specifically, the Board is responsible for:

(a) setting and approving the strategic direction, financial objectives and appropriate operating frameworks of Heartland and its subsidiaries and monitoring the implementation of those strategies and objectives and management's performance within those frameworks;

(b) approving Heartland's annual budgets (and any re-forecasts) and financial statements and monitoring financial performance against forecast and prior periods;

(c) approving and monitoring financial reporting and capital management of the Heartland group;

(d) monitoring the financial solvency of Heartland;

(e) approving timely and balanced communication to shareholders;

(f) approving the appointment and retention of the external auditor (including associated recommendations to shareholders for approval) and providing input into the auditor appointments of its subsidiaries;

(g) considering and approving the Heartland group's overall risk appetite, having oversight over the framework for managing risk and ensuring that effective risk management procedures are in place and are being used;

(h) oversight of HBL and HBAL in accordance with the Heartland Group Oversight Framework, Heartland Group Oversight Standard and Heartland Group Standards, noting that the business and affairs of HBL and HBAL are managed by, or under the direction and supervision of, their respective boards of directors;

[1] References to HBAL in this framework include Heartland Australia Holdings Pty Limited and its subsidiaries, which are subsidiaries of and operationally integrated with HBAL.

[2] Liaising with the HBL Board on any new HBL director appointments as set out in paragraph 6(o) of the HBL Board Charter.

(i) approving any matters in excess of any discretions that may have been delegated to the Board Committees, Heartland Chief Executive Officer (**CEO**) or other senior management from time to time;

(j) maintaining an ongoing dialogue with Heartland's external auditors, and engagement with the Financial Markets Authority, the Reserve Bank of New Zealand and other regulators as required, to provide them with reasonable assurance of compliance with all regulatory requirements;

(k) approving the Remuneration Policy and HGH's remuneration policies and practices, including to identify any inappropriate bias in remuneration, in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee;

(l) communicating expectations to its subsidiaries in relation to remuneration budget in accordance with recommendations from the Corporate Governance, People, Remuneration and Nominations Committee, the Heartland Group Standards and applicable legal and regulatory requirements;

(m) appointing and removing the Heartland CEO and his or her direct reports, utilising external recruiters if the Board considers it appropriate to do so, approving the terms of the HGH CEO's employment agreement and overseeing succession plans for the Heartland CEO, Board (including, Chair) and Heartland senior management team, in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee. It is noted that the HBL Reserve Bank of New Zealand (**RBNZ**) conditions of registration provide that all proposed new HGH CEO and HGH CEO direct report candidates must be subject to the RBNZ BS10 non-objection process prior to appointment;

(n) setting criteria for, and evaluating the performance of, the Heartland CEO and approving his or her remuneration and the remuneration of his or her direct reports (including, the parameters of any incentive schemes and payments to be made pursuant to those schemes), in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee, and with the assistance of independent remuneration advisers as required from time to time;

(o) approving, on the recommendation of the Corporate Governance, People, Remuneration and Nominations Committee, the parameters of any incentive schemes and the aggregate amount of payments to be made pursuant to those schemes to all other HGH employees;

(p) reviewing directors' fees regularly and approving any proposed changes, either within the total fee pool previously approved by shareholders or for consideration by shareholders at the annual general meeting (or special shareholder meeting) in accordance with the requirements of the NZX Listing Rules, in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee;

(q) ensuring appropriate corporate governance structures are in place and promoting and authorising ethical and responsible decision-making by employees and directors, including considering the Corporate Governance, People, Remuneration and Nominations Committee's recommendations and annual review of:

- the alignment of the HGH Board's operations with best corporate governance practice, including with reference to compliance with the NZX Listing Rules, the NZX Corporate Governance Code and the ASX Listing Rules (as applicable); and

- the effectiveness of the Board's operations with reference to the Board Charter.

(r) people strategy, including organisation structure, development, performance management system and processes, succession planning, culture, diversity and inclusion, remuneration strategy and policies and any other strategic people initiatives;

(s) ensuring that the Board is and remains appropriately skilled to meet the changing needs of Heartland, identifying and recommending candidates for appointment to the Board and approving any new director appointments, and assessing (and, where relevant, monitoring) the independence of the directors, in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee. It is noted that the HBL RBNZ conditions of registration provide that all proposed new HGH director candidates must be subject to the RBNZ BS10 non-objection process prior to appointment.

(t) considering any nominations received for the election of HGH directors by shareholders, in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee;

(u) approving any internal policies, frameworks and other corporate governance documents that are required to be approved by the Heartland Board;

(v) providing oversight and monitoring of workplace health and safety issues relevant to Heartland and considering appropriate workplace health and safety reports and information;

(w) oversight and management of Heartland's performance rights plan issued under the Heartland Group Holdings Limited – Performance Share Rights Plan Rules, including:

- reviewing the structure and terms of any long term incentive schemes issued under Heartland's Performance Rights Plan for directors and/or employees (including scheme rules and applicable performance hurdles), in each case with reference to the recommendations of the Corporate Governance, People, Remuneration and Nominations Committee; and

- to liaise with the HBL and HBAL Boards (as applicable) in respect of their recommendations for employee participants in Heartland's Performance Rights Plan; and

(x) corporate governance and remuneration reporting obligations in Heartland's capacity as a NZX listed issuer,

in each case in compliance with all applicable legal and regulatory requirements, including the NZX Listing Rules, NZX Corporate Governance Code and ASX Listing Rules (as applicable).

Board Membership

Board composition

8 The Board should comprise:

(a) directors with an appropriate range of skills and experience;

(b) directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and

(c) directors who can effectively review and challenge the performance of Heartland management and exercise independent judgement.

9 The Board shall consist of at least four directors, and:

(a) the majority of the directors must be non-executive directors;

(b) at least two of the directors must be independent; and

(c) at least two of the directors must be ordinarily resident in New Zealand.

10 Directors will be appointed in accordance with the Constitution and the Heartland group director appointment process. Directors will be appointed pursuant to formal written letters of appointment setting out the key terms and conditions of their appointment to ensure that directors clearly understand the expectations of Heartland and the Board.

11 The Board has not adopted a tenure policy.

Independence

12 The Board recognises that non-executive directors, with no other interests to hinder their judgement in the interests of Heartland, can contribute a particularly independent perspective to Board decisions.

13 A director is considered to be independent if the Board determines that the director is not an executive officer of Heartland and an *independent director*, for the purposes of the NZX Listing Rules.

14 The Board will conduct an annual assessment of the independence of each director to determine whether the director is independent in character and judgement. That assessment will be based on information provided to it by the Corporate Governance, People, Remuneration and Nominations Committee. The outcome of the Board's assessment of each director's independence will be disclosed in Heartland's annual report.

15 Membership of the Board shall be disclosed in the annual report including whether a director is independent. A change in a director's independence status will be disclosed to the market immediately in accordance with the requirements of the NZX Listing Rules.

Board Committees

16 The Board may from time to time establish committees of the Board (each a **Committee**) to assist it in carrying out its responsibilities. The Board has established the following standing Committees to consider certain issues and function in more detail:

(a) an Audit and Risk Committee;

(b) a Sustainability Committee; and

(c) a Corporate Governance, People, Remuneration and Nominations Committee.

17 The Board may establish ad hoc committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

18 The Board will determine the membership and composition of each Committee, having regard to workload, skills and experience.

19 Each Committee shall adopt its own charter to be approved by the Board, setting out matters relevant to its composition and responsibilities.

The Board and Management

20 Except for certain reserved powers and to the extent permitted by law, the Board has delegated authority for the day-to-day management and administration of Heartland to the Heartland CEO, within approved limits. The Board may put other specified delegations in place from time to time, and if it does so, those delegations will be monitored as part of the formal business at meetings of the Board.

21 The Heartland CEO, with the assistance of Heartland management, manages Heartland in accordance with the strategy, risk appetite, plans and delegations set by the Board.

22 The Board has implemented appropriate procedures to assess the Heartland CEO and his or her direct reports' performance.

Role of the Chair

23 The Chair of the Board shall be appointed by the Board in accordance with the Constitution.

24 The Chair must be a non-executive director.

25 The Chair must not also be the CEO of Heartland.

26 The role and responsibilities of the Chair include:

(a) to provide leadership to the Board and to Heartland;

(b) to approve the appointment of the Heartland CEO's direct reports, on the recommendation of the Corporate Governance, People, Remuneration and Nominations Committee;

(c) to ensure the efficient organisation and conduct of the Board;

(d) to:

- undertake an annual review of the performance of individual directors and table this with the Corporate Governance, People, Remuneration and Nominations Committee; and
- ensure that an annual review of Board performance and the performance of each Committee is undertaken;

(e) to facilitate Board discussions to ensure core issues facing Heartland are addressed;

(f) to brief all directors in relation to issues arising at Board meetings;

(g) to facilitate the effective contribution and ongoing development of all directors;

(h) to foster a constructive governance culture and promote consultative and respectful relations between Board members and between the Board and Heartland management; and

(i) to chair Board and shareholder meetings.

27 Should the Chair be absent from a meeting, the members of the Board present at the meeting have authority to choose one of their members to chair that particular meeting.

Responsibility of Individual Directors

28 Directors are expected to comply with their legal, statutory and fiduciary duties and obligations when discharging their responsibilities as directors. Broadly these include:

(a) acting in good faith and in the best interests of Heartland as a whole;

(b) acting with care, diligence and skill;

(c) avoiding conflicts of interest wherever possible; and

(d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.

29 Directors are expected to support the letter and spirit of Board decisions and undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

30 Directors will keep Board information, discussions, deliberations and decisions which are not publicly known, confidential.

Conflicts of Interest

31 Directors must:

(a) disclose to the Board any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;

(b) take any necessary and reasonable measures to try to resolve the conflict; and

(c) comply with the Companies Act 1993 on disclosing interests and restrictions on voting.

32 If a conflict or potential conflict situation exists, it is expected that the conflicted director shall be absent from the meeting whilst the Board discusses the matter and shall not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from voting or being present.

33 Directors are expected to advise the Chair and Chief Legal Officer of any proposed Board or executive appointment to other companies as soon as practicable.

34 Legal will maintain the interests register of Heartland and report new entries to the Board at the next Board meeting.

Access to Information and Independent Advice

35 Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making. Independent professional advice includes legal advice and the advice of accountants and other professional financial advisors on matters of law, accounting or other regulatory matters, but excludes advice concerning the personal interests of the director concerned (such as service contracts with Heartland or disputes with Heartland). Independent professional advice shall only be sought with the Chair's consent, which shall not be unreasonably withheld or delayed. Any advice obtained under this procedure will be at Heartland's expense and will be made available to the other members of the Board.

36 Directors are entitled to:

(a) have access to members of Heartland management via the Heartland CEO at any time to request relevant and additional information or seek explanations; and

(b) have access to internal and external auditors, without Heartland management present, to seek explanations of additional information.

37 The Board and the Corporate Governance, People, Remuneration and Nominations Committee shall be entitled to utilise external recruiters if either considers it appropriate to do so in relation to any management appointment for which it is responsible.

Meetings and Procedures

38 The directors may meet together to attend to the business of Heartland in accordance with the Constitution.

39 A quorum for Board meetings is a simple majority of the directors, unless determined otherwise by an ordinary resolution of shareholders.

A meeting of the Board may be held either:

(a) by a number of directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

(b) by means of audio, or audio and visual, communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting; or

(c) by a combination of the methods described in clauses (a) and (b) above.

40 Directors may pass or approve resolutions of the Board by written resolution in accordance with the Constitution.

41 The Board of directors will normally meet between 9 and 11 times a year.

42 Non-executive directors will regularly meet without executive directors or other management representatives present.

Reporting

43 Promptly following each Board meeting, draft minutes of the meeting will be provided to the Chair for his or her review. The draft minutes will be tabled at the next Board meeting for final review and approval and will be signed by the Chair.

Accountability

44 The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities. A copy of the charter will be available on Heartland's website.

Other Matters

45 A number of operational matters relating to the Board such as meetings of directors, fees, "fit and proper" requirements, powers and duties of directors, share qualification, notification of interests, appointment and retirement, alternative directors, delegation, appointment of committees and election of directors are governed by the Constitution or NZX Listing Rules and are not reproduced here.