External Auditor Independence Policy

Version History:

Version	Date	Amendments
1.0	September 2014	Policy created.
1.1	October 2015	Annual review and approval
2.0	December 2015	Update from Heartland NZ Ltd to Heartland Bank Ltd
3.0	December 2016	Annual review and approval
4.0	December 2017	Annual review and approval
5.0	May 2019	Annual review and update to Heartland Group Holdings Limited
6.0	October 2020	Annual Review and approval for HGH
7.0	December 2021	Annual Review endorsed by BARC in November 2021 and approved by HGH Board in December 2021
8.0	May 2023	Annual Review and Approval for HGH
9.0	November 2023	Annual Review and Approval for HGH
10.0	December 2024	Annual review endorsed by BARC, approved by HGH Board
11.0	11 December 2025	Annual review endorsed by BARC, approved by HGH Board

Approved by:	Heartland Group Holdings Limited Board
Approval Date:	11 December 2025
Policy Owner:	Heartland Bank Chief Financial Officer
Policy Author:	Banking Group Financial Controller
Education and Distribution:	Finance Leadership Team
Accessible on Pulse to:	Not applicable
Review frequency:	Annually

1. Purpose

The purpose of this policy is to ensure that Heartland Group Holdings Limited (**Heartland**) external auditor remains independent. To ensure independence, services provided by the external auditor other than its statutory audit role can only occur when there is no real or perceived breach of this independence.

2. Scope

This policy applies to Heartland Group Holdings Limited and its subsidiaries (the).

Heartland Bank Limited administers the maintenance and governance approvals of this policy as a service to other group subsidiaries, underpinned by the Group Services Agreement.

3. Appointment of the External Auditor

Oversight of Heartland's external audit arrangements is the responsibility of Heartland's Board Audit & Risk Committee (**BARC**). The BARC will only recommend to the Board the appointment or retention of the external auditor if that audit firm:

- would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgement on all issues encompassed within the external auditor's engagement;
- previous six months, in accordance with this policy and its firm's policies and professional requirements;
- ensures that their audit team members do not work on any reporting engagement for the Group at least during, and in the two years after, working in a temporary, permanent or contract position with the Group;
- commits to rotate its key audit partners participating in the group audit at least every five years.

4. Provision of audit-related and non-audit related services by the external auditor

The following guidelines are designed to ensure that audit-related and non-audit related services provided by the external auditor do not conflict, or are perceived to conflict, with the independent role of the external auditor to ensure that the Group's financial reporting is viewed as being reliable and credible.

The general principles to be applied in assessing these services are as follows:

- the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived to be auditing their own work – this also includes any cash handling, bookkeeping, and the provision of valuation services where such valuation forms an input into financial information subject to audit;
- the external auditor should not perform any function of management, or be responsible for making management decisions;
- the external auditor should not be responsible for the recommendation of supplier, design or implementation of financial information systems; and
- the separation between internal and external audit should be maintained.

5. Permitted Services

Aside from core audit services relating to statutory and regulatory audits, it is appropriate for the external auditor to provide the following types of services (any services relating to control assessment are separated from Heartland's own control monitoring procedures) subject to having appropriate independence safeguards in place:

- audit-related services (e.g., trust deed reporting, securitisation control assessments);
- other assurance services, including:
  - compliance audits and advisory services;
  - financial due-diligence services;
  - process and control assessments;
  - project quality assurance;
  - data analytics; and

- data integrity assessments;

- risk management, listing, regulatory and capital adequacy assessment; and
- accounting / technical training.

6. Prohibited Services

The external auditor should not provide services that are perceived to be in conflict with the role of auditor. These include investigations and consulting advice and subcontracting of operational activities normally undertaken by management and on which the auditor may ultimately be required to express an opinion on its own work. It is not considered appropriate for the external auditor to provide:

- bookkeeping services, or any other services related to accounting records or financial statements;
- recommendation of supplier or design of financial information systems;
- valuation services;
- legal services;
- tax planning, strategy and compliance services;
- broker / dealer / investment advisor / investment banking services;
- actuarial services;
- management functions;
- internal audit services;
- recruiting or dismissing employees; and
- corporate finance services.

7. Approval Process

The Chief Financial Officer of Heartland Bank Limited (**Chief Financial Officer**) must pre-approve all services to be provided by the external auditor.

Before the external auditor is engaged to undertake any services other than its statutory audit role, the following information must be provided to the Chief Financial Officer:

- a draft engagement letter;
- an explanation of the proposed services;
- confirmation and explanation from the division head which requests the proposed service that such a service is permitted under this independence policy and any relevant local regulatory requirements;
- confirmation and explanation from the division head which requests the proposed service that any threat to independence by the provision of the proposed service is eliminated or reduced to an acceptable level; and
- an estimate of the professional fees to be paid to the external auditor.

Copies of draft engagement letters for permitted services will be circulated by the Chief Financial Officer to the Chair of the BARC.

Pre-approval must be sought from the Chair of the BARC, or in his/her absence, the Chair of the Board of Directors, for any individual engagement of permitted services with an estimated fee greater than NZ$50,000, or where total fees exceed NZ$300,000 per annum.

Fees for services provided by the external auditor should not include any contingent fees (e.g., where a fee is paid depending on whether a transaction proceeds or not).

The Chief Financial Officer oversees this process.

8. Group Audit

A component auditor firm that participates in the Group audit engagement might separately issue an audit opinion on the financial statements of the component. The component auditor firm may be required to comply with local independence requirements. The Group engagement partner is required to take responsibility for confirming whether the component auditors understand and comply with the relevant ethical requirements, including those related to independence, that apply to the Group audit.

The BARC is responsible for overseeing the component auditor arrangement, ensuring the compliance with this policy.

9. Other Requirements

It is expected that the external auditor will rigorously comply with its own internal policies on independence and all relevant professional guidance including quality management.

The level of audit fees shall be calibrated appropriately such that threats to independence in the form of fee dependency or audit quality are mitigated and observed commercials. In determining the appropriateness of the level of audit fees, factors such as complexity, scale and geographic spread of the audit relative to Heartland's growth shall be considered.

While this policy does not prescribe a ratio of service fees other than for statutory audit, the ratio will be monitored by the Chief Financial Officer and the Chair of the BARC. Accordingly, the nature of services provided by the external auditor and the level of fees incurred should be reported to the BARC in detail on a semi-annual basis to enable the BARC to perform its oversight role.

Rotation of the Group's Key Audit Partners will be required every five years. Those partners will be subject to a suitable cooling off period following rotation.

10. Policy Review Date

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

Legal maintains records of Policy Owner approvals.