Climate Report 2024

HEARTLAND GROUP

MESSAGE FROM THE CEO

Whatu ngarongaro te tangata, toitū te whenua

People fade away, but the land remains

Climate change is here to stay.

We saw the impact of challenging climatic conditions on Heartland's borrowers in New Zealand and Australia this year. In New Zealand, we continued to support some of our Business and Rural customers through the ongoing effects of Cyclone Gabrielle. In Australia, many of our Livestock Finance customers were affected by extreme weather patterns and forecasting which flowed through to one the sharpest and steepest livestock price declines in Australia since the 1970s. We can expect these patterns to continue.

It is against that backdrop that we reflect on the completion of Heartland's first Climate Report. In it, we provide insight into our environmental journey, including achievements, challenges, climate-related risks, opportunities and future targets.

On behalf of the management team and Board, we are proud of the Climate Report and the work that has been done to allow climate risk and opportunity to so quickly become a central part of everyday conversations at Heartland. This year alone, we completed scenario analysis to better understand the potential impact of climate change on our business, introduced a tool to understand specific climate impacts on mortgage-backed portfolios, introduced a tool to better estimate the greenhouse gas emissions from our residential mortgage-backed portfolios , established new partnerships with Tesla and MG Motors in New Zealand and piloted an emission tracking software for our Australian Livestock Finance customers .

Whilst we are ambitious for change, we are equally conscious that the high interest rate and inflationary environment has challenged some borrowers in their ability to transition to low emissions vehicles, practices and operating models. Despite these challenges, Heartland's focus will continue to be on working with our customers, critical partners and other stakeholders to facilitate change – including through education, our existing products or product innovation.

We're particularly excited about the opportunity for Heartland's Reverse Mortgage product. It already provides a great social good for older New Zealanders and Australians, and we are considering how we might be able to allow customers to access more equity and make their homes more climate resilient.

We welcome your feedback as we continue on our journey towards supporting the just transition to a net-zero economy.

Ngā mihi nui,

Jeff Greenslade
Chief Executive Officer

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OUR JOURNEY

2020		
Recorded Heartland's first emissions inventory (for FY2019).	Achieved a 17% absolute reduction in FY2020 from its FY2019 base year.	Became a member of the Climate Leaders Coalition, joining other New Zealand organisations on a mission to reduce emissions in New Zealand.
2021		
Set Heartland's first science aligned emissions reduction target of 35% absolute reduction by FY2026 from its FY2019 base year.[1]	Began implementing emission reduction initiatives such as making documents available via online channels and encouraging video conferencing to reduce travel.	Began using certified renewable electricity at Heartlands large offices in New Zealand.
2022		
Began the phase out of diesel and petrol internal combustion engine (**ICE**) vehicles within the New Zealand fleet with hybrid and plug-in hybrids.	Commenced the installation of EV charging stations at our key office locations.	
2023		
Continued the roll out of new generation[2] vehicles within the New Zealand fleet with 45% of all vehicles being hybrid or plug-in hybrids.	Developed an environmental risk screening tool to be used in the credit decisioning process to understand the sustainability of Heartland's larger business and rural borrowers by reference to environmental, climate, reputational and regulatory factors (and mitigating actions being employed by those borrowers).	Conducted Heartland's first waste audit at its Auckland offices to understand how it can divert more waste from landfill.
2024		
Completed scenario analysis to understand Heartland's climate-related risks and opportunities, designed and launched Heartland's composite climate risk monitoring tool and prepared Heartland's first Climate Report under the Climate-related Disclosures regime.	Employed climate-risk modelling software **Jupiter Intelligence** to understand Heartland's exposure to climate hazards into the future and set risk appetite targets for climate hazards as part of Heartland's climate risk management strategy.	Launched a pilot with Australian farmer-led software provider Ruminati to enable producers across Australia to track, reduce and validate on-farm climate action across the supply chain.	Continued to partner with leading new-generation vehicle distributors, with the announcement of Heartland's white labelled 'MG Finance' partnership with MG Motors NZ and became one of Tesla's preferred finance partners in New Zealand.

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1 In line with SBTi near-term criteria 2020 or earlier base year approach for SBTI reduction pathways (4.2% year-on-year or above)
2 Includes hybrid electric vehicle (HEV), plug-in electric vehicle (PHEV), battery electric vehicles (BEV), and hydrogen vehicles

APPROACH WITH HEARTLAND'S FIRST CLIMATE REPORT

Heartland Group Holdings Limited (**Heartland Group**) and its subsidiary Heartland Bank Limited (**Heartland Bank**) are both "Climate Reporting Entities" and are required to prepare a Climate Report. This Climate Report has been prepared jointly by Heartland Group and Heartland Bank (together, **Heartland** or the **Group**).

Scope of Heartland's first Climate Report

FY2024 was a transformational year for Heartland.

Prior to 30 April 2024, Heartland Group's Australian businesses (Livestock Finance provided under the StockCo Australia brand, and Reverse Mortgages under the Heartland Finance brand) were carried out through its subsidiary, Heartland Australia Holdings Pty Limited (**Heartland Australia**).

On 30 April 2024, Heartland Bank acquired Challenger Bank Limited (**Challenger Bank**), and subsequently rebranded the authorised deposit taking institution (**ADI**) to Heartland Bank Australia Limited (**Heartland Bank Australia**). Heartland's existing Australian businesses were transferred to the ADI on 2 May 2024. Although StockCo Australia and Heartland Finance have been considered when preparing this Climate Report, given the short period of time between completion of the acquisition of Heartland Bank Australia and the end of FY2024, Heartland has been unable to take Heartland Bank Australia comprehensively into account when preparing this Climate Report.

Looking forward to FY2025

Challenger Bank did not undertake much lending activity outside of residential mortgages and personal lending prior to its acquisition by Heartland Bank on 30 April 2024. Rather, the acquisition was undertaken to provide a platform for Heartland's continued growth in Australia, particularly through the StockCo and Heartland Finance brands. For that reason, Heartland Bank Australia's main climate related risks and opportunities are likely to be those faced by Heartland Australia.

Statement of compliance

This is the climate report for Heartland Group and Heartland Bank, and their respective subsidiaries (i.e. the Group) for the year ended 30 June 2024.

This climate report complies with the Aotearoa New Zealand Climate Standards (**NZ CS**) issued by the External Reporting Board.

Heartland Bank

S R Tyler
Independent Non-Executive Director

B R Irvine
Chair and Independent Non-Executive Director

Heartland Group

K Mitchell
Non-Independent Non-Executive Director

E J Harvey
Non-Independent Non-Executive Director

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Use of adoption provisions

In preparing this climate report, Heartland has elected to apply the following adoption provisions in accordance with NZ CS 2.

Adoption provision (from NZ CS 2)	Description	Paragraphs of NZ CS exempted from
Adoption provision 1: Current financial impacts	In its first reporting period, Heartland is exempt from disclosing the current financial impacts of its physical and transition impacts	**NZ CS 1, paras 12(b) and (c)**
Adoption provision 2: Anticipated financial impacts	In its first reporting period, Heartland is exempt from disclosing the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity.	**NZ CS 1, paras 15(b), (c) and (d)**
Adoption provision 3: Transition planning	In its first reporting period, Heartland is exempt from disclosing the transition planning aspects of its strategy and the extent to which these are aligned with its internal capital deployment and funding decision-making processes. Heartland is required to provide a description of its progress towards developing the transition plan aspects of its strategy in its first reporting period.	**NZ CS 1, paras 16(b) and (c)**
Adoption provision 4: Scope 3 greenhouse gas emissions	In its first reporting period, Heartland is exempt from disclosing its greenhouse gas (GHG) emissions in metric tonnes of carbon dioxide equivalent classified as Scope 3. Heartland has elected to use this exemption with respect to its upstream-leased, End-of-life treatment of sold products, and client and visitor transport emissions.	**NZ CS 1, para 22(a)(iii)**
Adoption provision 6: Comparatives for metrics	In its first reporting period, Heartland is exempt from disclosing comparative information for each metric in the two preceding reporting periods.	**NZ CS 3, para 40**
Adoption provision 7: Analysis of trends	In its first reporting period, Heartland is exempt from disclosing an analysis of the main trends in a comparison of each metric from previous reporting periods to the current reporting period.	**NZ CS 3, para 42**

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01 | STRATEGY

HEARTLAND'S PURPOSE AND STRATEGIC VISION

Purpose:

Heartland's purpose is to contribute to its communities, creating superior earnings while maintaining economic, environmental and social sustainability.

Strategic vision:

Heartland's guiding vision continues to be sustainable growth through differentiation based on a 'best or only' product strategy, delivered through scalable digital platforms.

Heartland's New Zealand business, Heartland Bank, provides customers with savings and deposit products, reverse mortgages, online home loans, business loans, car loans and rural loans. In Australia, Heartland Bank Australia offers competitive term deposits, is Australia's leading provider of reverse mortgages and provides specialist livestock finance through the StockCo brand.

Heartland's environmental sustainability strategy

Heartland's environmental sustainability strategy is built upon three pillars:

- building the capability to appropriately take climate change risks into consideration when making lending decisions
- funding Heartland's borrowers' transition to a net-zero economy
- embedding sustainability into what Heartland does.

Embedding Sustainability into what Heartland does

Heartland is committed to operating its business in a more sustainable manner. This includes reducing Heartland's emissions in line with the Paris Agreement to net-zero by 2050, and by 35% by 2025 from its FY2019 base year.

Funding Heartland's borrowers' transition to a net-zero economy

Heartland is promoting and growing an environmentally sustainable business by funding clean assets and assisting Heartland's customers with the finance and assets they require to transition to a net-zero economy.

Building the capability to appropriately take climate change risks into consideration when making lending decisions

By understanding, monitoring and managing its potential exposure to climate change risks, Heartland is building its capability to consider climate change risks in its lending decisions.

Scenario analysis

Climate change is a significant and complex problem that will impact Heartland, its employees, customers and suppliers differently.

The two types of climate-related risks that Heartland faces are:

- transitional risks – such as changes in policy, legislation, technology, and markets (for example the development of zero-emission aviation) as it transitions to a lower-carbon economy
- physical risks – being physical impacts of climate change, such as extreme weather events, severe heat waves, sea-level rise, erosion, cyclones and biodiversity loss.

Due to the nature of its business, Heartland is exposed to a combination of physical and transitional risks. For example:

- Heartland operates from offices across New Zealand and Australia, which are exposed to physical risks from flooding, extreme heat and storms
- Heartland's Reverse Mortgage and residential mortgage customers are susceptible to physical risks due to storms, rising sea and river levels, and floods
- Heartland's Motor Finance and Asset Finance customers are susceptible to the transitional risk of the electrification of the fleet
- Heartland's Rural Loan customers face a combination of physical risks such as drought, flooding and storms, and transitional risks such as change in consumer preferences and regulation.

Heartland's exposure

In 2021, Heartland conducted scenario analysis to assess the potential impacts of climate change on its lending portfolios. This analysis focused on both physical and transitional risks, using an extreme yet plausible, but not "worst-case", scenario with assessment of risks at 5- and 15-year timeframes.

Overall, the physical risks were considered low. However, transitional risks, such as climate policy changes, rising insurance costs and technological advancements were considered more significant and required ongoing monitoring.

These risks were identified as being capable to affect borrower viability and asset values, particularly in transportation, agriculture, fossil fuel, heavy industries and residential property sectors.

FY2024 Scenario Analysis

In FY2024, Heartland carried out further scenario analysis using internally developed climate change scenario narratives. This scenario analysis extended to StockCo Australia, Heartland Bank Australia's livestock business, which was acquired in FY2022 and not included in the initial FY2021 scenario analysis.

Heartland selected three scenarios (known as the "Orderly", "Too Little, Too Late", and "Hot House"), which were developed by the New Zealand Banking Association (**NZBA**). These scenarios were used to align with others in the banking sector to improve comparability. These scenarios were also used to challenge Heartlands resilience against the varying transitional impacts that arise in the "Orderly" and "Too Little, Too Late", Scenarios as well as look to understand the potential physical impacts in their extremes in the "Too Little, Too Late" and "Hot House" scenario.

	Orderly	Too Little, Too Late	Hot House
Scenario Summary	In this scenario, collective global action is taken towards the transition to a low-carbon global economy. There is technology, policy, and behaviour change to support the transition, which is matched by an increasing carbon price to incentivise low-carbon behaviour change.	This scenario represents a misaligned and delayed transition to a low-carbon economy. While New Zealand is a first mover, introducing policies that bring about net zero emissions by 2050, there is very limited global action towards a low emission economy.	This scenario represents a worst-case emissions trajectory with minimal ambition to transition towards a low-carbon economy despite widespread increase in severe weather events, and associated destabilisation of social, political and economic structures.
Policy trajectory (temperature)	1.5°C	>2°C and <3°C	>3°C
Policy response	Steady and constant	Staggered in late 2020s to 2040	No material response
Technological advancements	Steady and constant	Staggered in late 2020s to 2040	Minimal and driven by cost saving benefits
Physical risks	Moderate	High	Extreme
Transition risks	Moderate	High	Minimal
Reference scenarios	NZBA's Orderly scenario: IPCC SSP1-1.9 Climate Change Commission – 'Tailwinds'	NZBA's Too Little, Too Late Scenario: IPCC SSP2-4.5 'Climate Change Commission – Headwinds'	NZBA's Hothouse scenario: IPCC SSP5-8.5 'Climate Change Commission - Current Policy Reference

Further descriptions of the scenarios and emission reduction pathways used can be found in Appendix 1.

	Immediate	Short Term	Medium term	Long Term
Time Horizon	1 Year	3	7	30
Year	2024	2026	2030	2050+
Rationale for selection	Provides a current state assessment and the ability to address immediate transitional and acute physical risks and opportunities.	Aligns with maximum fixed rate interest periods for Online Home Loans. Broadly aligns with the average term of Business Loans.	Aligns with the maximum term of the majority of Heartland's credit exposures.	Aligns with maximum loan terms for Online Home Loans and Rural lending, and the vast majority of the expected 'term' of Heartland's Reverse Mortgage portfolio. Also aligns with long-term international and domestic emission reduction targets and long-term science-aligned emission reduction timeframes.

These scenarios were then further customised and developed to be relevant and specific to Heartland, with a particular focus on the potential impact on property backed mortgage lending, transport, infrastructure/civil engineering, small and midsize enterprises, and the agriculture sector. Once customised, the narratives for each scenario were agreed upon by a working group comprising senior leaders from across Heartland, including representation from the Sustainability Committee.

The working group identified climate-related risks and opportunities over the short, medium and long term, and assessed how resilient the Group's business strategy would be under the different scenarios.

The identified risks and opportunities from each scenario were scored based on likelihood and impact, taking into account how adaptable Heartland and its assets are, how isolated the risk or opportunity is (e.g., floods quite often only impact an isolated geographical area) and how the risk or opportunity could affect Heartland and the economy as a whole (e.g. severe droughts have the potential to impact the price and supply of food dramatically, leading to inflation and other downstream impacts). Given the uncertainty around which scenario will prevail, the score of each risk and opportunity across the three scenarios were aggregated to assess materiality (i.e. the risks and opportunities with the higher aggregated scores were the highest rated and most material).

The actions Heartland could take to mitigate risk and leverage opportunities were identified, allowing the Group to plan and allocate resources accordingly. These actions are reflected in the Metrics and Targets section of this Climate Report.

Using three customised scenarios (each with a separate narrative for New Zealand and Australia), enabled Heartland to gain further understanding of the risks it had identified in the analysis completed in FY2021 and identified new climate-related risks and opportunities. The use of three customised scenarios also enabled Heartland to identify the risks and opportunities present in each scenario for its product portfolios, when they are likely to occur, and the varying direct and indirect effects on Heartland's business strategy. In turn this enabled Heartland to better understand the resilience of its business model. This work also helped to inform the Group's metrics and targets.

Further scenario analysis is expected to be undertaken in FY2025 to include the acquisition of an ADI in Australia (now known as Heartland Bank Australia). Further scenario analysis will be undertaken thereafter when there is a material change to Heartland's strategy or where Heartland expects the outcome may differ materially due to new information or tools becoming available.

Anticipated impacts and financial impact

The below table sets out Heartland's anticipated material risks and opportunities and the product portfolios most likely to be impacted.

Products	Opportunity	Period	Exposure at 30 June 2024
• **Asset Finance** • **Business Relationship** • **Open for Business**	• High upfront cost of low emission vehicles and machinery, and low operating costs, provides opportunities to finance the low emission transition for borrowers.	Immediate to long term	Total exposure of $1,329.1m
• **Rural and Livestock** • **StockCo**	• Providing farm emission baseline tools to agricultural customers to enable them to understand their emissions and set an emission reduction strategy could retain and attract customers and identify opportunities to finance the transition to a low emission economy for borrowers. • Opportunities to finance farm improvements and emission reduction initiatives for borrowers.	Immediate to long term	Total NZ exposure of $709.7m (1.55% of the NZ portfolio is at high risk of physical climate impacts)[3] Total Australian exposure of $272.0m
	Objective: Investigate the appetite for a farm improvement/emissions reduction loan product in New Zealand and Australia in FY2025.		
• **Australian Reverse Mortgages** • **NZ Reverse Mortgages** • **Online Home Loans**	• Providing borrowers with the information required to improve the resilience of their properties and adapt to changing climates could retain and attract customers and identify opportunities to finance their transition to a low emission economy for borrowers.	Short term, increasing in the long term	Total Australian Reverse Mortgage exposure of $1,813.9m Total AU Residential Mortgage exposure of $57.2m Total NZ Reverse Mortgage exposure of $1,068.2m (3.59% of the NZ portfolio is at high risk of physical climate impacts)[3] Total Online Home Loan exposure of $317.6m (1.13% of the NZ portfolio is at high risk of physical climate impacts)[3]
	• Financing our borrowers' home improvements to improve the resilience of their properties to changing climates	Immediate, increasing in the long term	
	Objective: Investigate the opportunity of a 'Life-Proof' offering to Reverse Mortgage customers enabling them to unlock more equity in their home to make improvements to their house to make it more climate resilient by FY2026.		
• **Motor Finance**	• Financing Heartland's borrowers' transition to new generation vehicles. • Partnering with manufacturers and dealerships of low emission technology to ensure that Heartland's customers have the option to transition to this technology if they are ready. • Integrating sustainability into Heartland's consumer product offerings including a special EV interest rate to incentivise and accelerate the decarbonisation of the transport sector.	Immediate-to-long term	Total exposure of $1,630.4m
	• Offering alternative transport finance solutions.	Short to long term	
	Objective: Investigate the appetite for low emission transport product solutions by FY2030.		

3 Based on the Jupiter Intelligence's Climate modelling tools 'Climate Score' being over 50 using the RCP 8.5 Scenario.

Business Units	Risk	Period	Exposure at 30 June 2024
• **Asset Finance** • **Business Relationship** • **Open for Business**	• Damage from severe climatic events, including closure of infrastructure, could result in losses which could lead to loan defaults. (Physical) • Cost of compliance with new environmental regulations (including costs of adoption of low-emission vehicles and machinery) could lead to loan defaults. (Transitional) • Borrowers could become unable to meet their emissions reduction targets or sector-based emissions reduction targets because electrification of the fleet is slowed by supply and technological delays, causing penalties or loss of business revenues and potentially loan defaults. (Transitional)	Immediate, worsening in the long term	Total exposure of $1,329.1m
• **NZ Rural and Livestock Finance** • **AU Livestock Finance**	• Drought, bushfires flooding and increasing risk of disease due to rising temperatures could result in losses or deterioration of economic conditions due to remediation costs which could lead to loan defaults. (Physical) • Cost of compliance with new environmental regulations could lead to a reduction in the viability of Heartland's agricultural customers who are unable to adapt effectively, which could lead to loan defaults. (Transitional) • Increasing emissions pricing could also impact the ability of customers to transition to a low emission economy due to rising costs, which could lead to loan defaults. (Transitional)	Immediate, worsening in the long term	Total NZ exposure of $709.7m (1.55% of the NZ portfolio is at high risk of physical climate impacts)[4] Total Australian exposure of $272.0m
• **AU Reverse Mortgages** • **NZ Reverse Mortgages** • **Online Home Loans**	• Flooding, bushfires, rising sea levels and other physical impacts may impact specific properties over which Heartland has security, or reduce the value of those properties, leading to losses for Heartland. (Physical) • Insurers may increase premiums or cease to provide insurance in areas impacted by flooding, bushfires, rising sea levels and other physical impacts, increasing the risk of losses for Heartland. (Physical)	Immediate, worsening in the long term	Total Australian Reverse Mortgage exposure of $1,813.9m, Total Residential Mortgage Loans $57.2m Total NZ Reverse Mortgage exposure of $1,068.2m (3.59% of the NZ portfolio is at high risk of physical climate impacts)[4] Total Online Home Loan exposure of $317.6m (1.13% of the NZ portfolio is at high risk of physical climate impacts)[4]
• **Motor Finance**	• Costs of adoption of low emission vehicles and increasing adoption of alternative modes of transport could decrease demand for internal combustion engine (**ICE**) vehicles, reducing the value of Heartland's security and increasing the risk of losses for Heartland. (Transitional) • Wholesale Lending customers may be unable to sell vehicles due to changing regulation or customer demand, increasing the risk of losses for Heartland. (Transitional)	Short to long term	Total exposure of $1,630.4m

4 Based on the Jupiter Intelligence's Climate modelling tools 'Climate Score' being over 50 using the RCP 8.5 Scenario out to 2050.

Current impacts of climate-related risks

Current physical impacts

- Cyclone Gabrielle severely impacted the North Island of New Zealand in February 2023. Its effects were widespread, but particularly intense in the Hawke's Bay and Tairāwhiti regions, with large areas of flooding and damage to roads and other infrastructure. The impact of those events continued to be felt in FY2024, with Heartland incurring provisions for loan losses of approximately $1.6 million as a result of a single Business loan customer who was impacted by those weather events and was unable to recover.
- Australian cattle exports dropped and the price of Australian cattle fell substantially after traces of Lumpy Skin Disease were identified on livestock which had been live exported from yards in Northern Australia to Indonesia during May to July 2023. Indonesian authorities said that the cattle had been infected prior to their arrival in Indonesia and imposed a ban on further exports from those key export yards. The fall in cattle prices, and adverse weather had an impact on Heartland's Australian Livestock Finance customers. Heartland expects that conditions which amplify the spread of disease in the agricultural sector are likely to occur more frequently due to a warming climate and considers this a key climate-related risk that will continue to be monitored.
- On 31 July 31 2023, Heartland Bank entered into a Deed of Indemnity with the New Zealand Government to implement the North Island Weather Events Loan Guarantee Scheme. The supported loans are intended to assist New Zealand businesses to manage the impacts of the North Island Weather Events (during Auckland Anniversary weekend 2023). The facility limit for each supported loan must not exceed $10 million for a maximum of 5 years. The New Zealand Government will guarantee 80% of loss incurred with the Bank holding the remaining 20%. The scheme concluded on 30 June 2024. As at 30 June 2024 the Bank had supported loans under this scheme of $33.2 million.
- Heartland's Australian communities were impacted by several severe weather events during FY2024, including the bushfires and flooding in Victoria, New South Wales, and Queensland, and more specifically Cyclone Jasper. Heartland is not aware of any impact on its customers as a result of these events.
- Increased temperatures and low humidity accompanied by warm winds resulted in widespread bushfires in the Port Hills of Canterbury. A state of emergency was called with 100 homes evacuated and one home destroyed. Heartland is not aware of any losses as a result.

Current transitional impacts

EV demand

October 2023 saw a change in Government and climate-related policies in New Zealand. This included the removal of the Clean Car Rebate and Clean Car Discount with effect from the end of December 2023. As a result, more than 50% of new cars sold during December 2023 were BEV or PHEVs as retailers and consumers rushed to use the rebate, more than doubling the percentage of new cars sold in June 2023.[5] However, demand for these vehicles dropped during the second half of the financial year from 15.66% of new drawdowns within Heartland's Motor Finance portfolio in the first half of FY2024 to 14.70%.

StockCo x Ruminati partnership

In a strategic collaboration aimed at supporting sustainable farming practices, StockCo Australia announced a two-year pilot project with Australian farmer-led software provider Ruminati. Ruminati is an online emissions calculator created by farmers for farmers. The platform provides farmers accurate climate data and emissions information to help track and validate on-farm climate action across the supply chain.

This collaboration closely aligns with Heartland's goal to enable farmers to contribute to climate goals while still improving farm productivity and profitability. This partnership involved providing farmers access to the newly released Ruminati PRIME platform, allowing them to generate accurate, detailed and personalised emissions estimates. Within the platform, farmers can also model the impact of methane and CO2-e abatement options, set and measure against individual emissions reduction targets, and create tailor-made, future-facing emissions reduction plans. So far, a low number of customers have baselined their emissions using the tool. Heartland is currently looking into ways to increase the number of customers who understand their emissions and the emission reduction plans they have in place.

5 EV Market Stats 2023, evdb.nz.

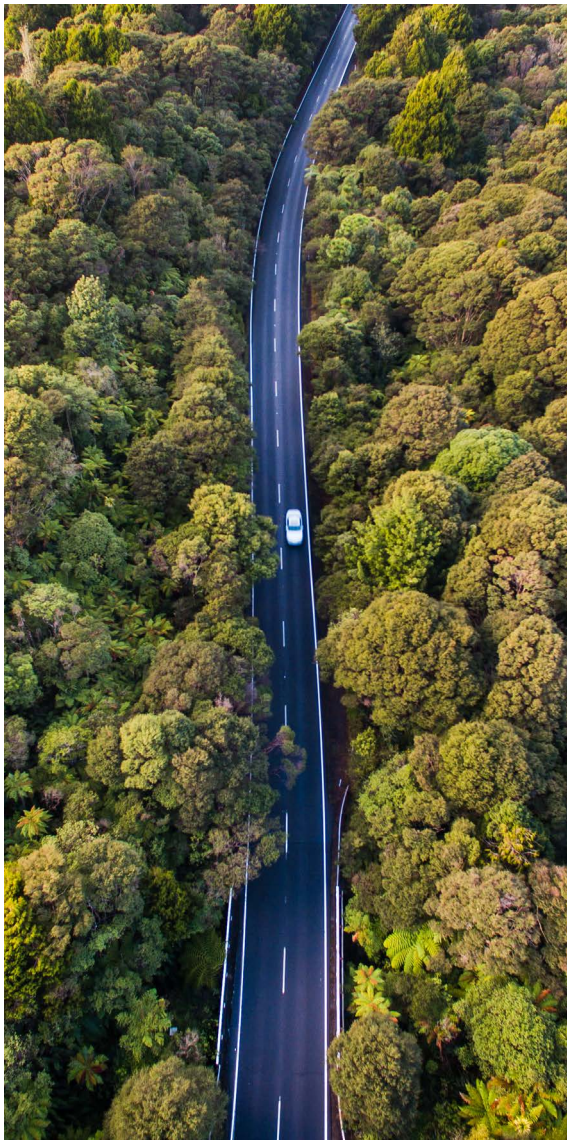
Ruminati has created a simple-to-use tool, simplifying a complex calculation and enabling farmers to measure their emissions – the first step in their emissions management. Ruminati's VISION Dashboard allows Heartland to track its customers' emission reductions in line with national and industry baselines including the Meat & Livestock Australia's (MLA's) Carbon Neutral by 2030 target.

Heartland's Fleet

In FY2024, Heartland continued the transition of its New Zealand fleet to new-generation vehicles. As at 30 June 2024, 91% of the fleet are new generation vehicles. Once the transition is complete, this is expected to reduce Heartland's Scope 1 emissions by over 60% from its FY2019 base year.

EV Rates

Funding low emission assets is one of Heartland's largest climate-related opportunities. In FY2024, Heartland continued to provide a discounted EV interest rate, which offers a lower interest rate than its standard rates for BEVs and PHEVs. In FY2024, Heartland provided $55.1 million to fund 606 EVs and 474 PHEVs.



Proportion of revenue, assets, or other business activities aligned with climate-related opportunities.	
New generation vehicle gross finance receivables (**Receivables**) (% of entire Motor portfolios) =	11%

Capital deployed towards climate-related risks and opportunities

The below breakdown defines capital deployment in FY2024 in relation to the climate-related risks and opportunities identified through scenario analysis, and other climate-commitments.

Capital deployment (amount of capital expenditure, financing or investment deployed toward climate-related risks and opportunities):	
Ruminati - Project and vision dashboard subscription	$0.01m
Purchasing of new-generation vehicles for Heartland's New Zealand fleet	$1.41m
Jupiter Intelligence Climate Global Services – Climate risk modelling tool	$0.14m
Certified Renewable Energy certificates for the power used at Heartland Bank offices[6]	$0.005m
Emissions accounting software and emission verification services	$0.05m
Professional development	$0.005m
Total	**$1.61m**

6 Excluding Fielding, Dunedin, Wellington and Havelock North office.

Assets vulnerable to transitional or physical risks

The industries that are most vulnerable to transitional risks, and the amount and percentage of assets vulnerable to those transitional risks, are monitored in Heartland's Climate Change Composite Assessment.

Amount or percentage of assets or business activities vulnerable to transitional risks (New Zealand)	
	Total Aggregate Exposure within sector (TAE) / % of Total Receivables
Agriculture, forestry and fishing	$758.9m / 14.9%
Mining	$10.6m / 0.2%
Manufacturing	$35.1m / 0.7%
Electricity, gas, water and waste services	$18.4m / 0.4%
Construction	$125.8m / 2.5%
Wholesale trade	$8.3m / 0.2%
Retail trade	$8.7m / 0.2%
Transport, postal and warehousing	$344.4m / 6.8%
Financial and Insurance Services	$88.6m / 1.7%
Total Receivables (total % at risk)	**$5,078m / 27.5%**
Amount or percentage of assets or business activities vulnerable to transition risks (Australia)	
Agriculture	$272m / 12.6%
Total Receivables (total % at risk)	**$2,163m / 12.6%**
Amount or percentage of assets or business activities vulnerable to transition risks (total)	
Total Receivables (total % at risk)	**$7,241m / 23.1%**

Understanding Heartland's GHG emissions

Heartland Group has been tracking and reporting its GHG emissions since FY2020 using the emissions generated during FY2019 as its baseline year. Heartland Group takes an operational control approach in consolidating its emissions. This means that it discloses the emissions referable to its own activity and:

- the emissions of Heartland Bank
- the emissions of Heartland Group's operations in Australia before 30 April 2024
- the emissions of Heartland's equity investments.

Both Heartland Group and Heartland Bank's inventories are prepared in accordance with the Greenhouse Gas Protocol and ISO 14064-1-2018. Scope 3 emissions under the Greenhouse Gas Protocol are caught under Category 3-5. Refer to Appendix 2 and 3 for more detail about the methodology used to calculate and split the emissions between Heartland Group and Heartland Bank.

Heartland initially measured its operational emissions[7] and committed to reduce them by 35% by FY2025, from the FY2019 base year. Since Heartland set this target, it has introduced an array of initiatives to reduce its emissions including transitioning diesel vehicles out of its fleet, switching the electricity used in most of Heartland's Bank's New Zealand offices to clean renewable energy, purchasing Renewable Energy Certificates (**RECs**) for the electricity used in these offices, and conducting waste audits to understand the amount of waste generated by Heartland and what can be diverted from landfill to reduce waste-related emissions.

7 Includes Scope 1, 2, and select scope 3 emissions that Heartland has operational control over including freight, flights, car rentals, taxi, working from home emissions, electricity transmission losses and waste generated in operations.

Since its FY2019 base year, Heartland has achieved its goal and delivered a 40% reduction in operational emissions (as shown in the table below).[8]

Source	FY19 (tCO2e)	FY20 (tCO2e)	FY21 (tCO2e)	FY22 (tCO2e)	FY23 (tCO2e)	FY24 (tCO2e)	% Change from FY2023	% Change from FY2019 base year
Category 1: Direct Emissions								
Company Vehicles (Diesel, Petrol, Hybrid)	489	406	427	296.39	361.67	286.74	-21%	-41%
Category 2: Indirect Emissions								
Electricity (Market-Based)	102	87.5	17.5	18.13	28.97	46.03	59%	-55%
Category 3: Indirect emissions from transport								
Printed Materials Sent to Clients	62	32.5	31.42	31.66	38.11	22.16	-42%	-64%
Business Travel (Flights, Rentals, Taxi)	283.04	160.1	73.81	56.4	445.36	314.43	-29%	11%
Employee Commuting (Work from home emissions)	N/A	N/A	5.08	41.64	25.66	11.10	-57%	N/A
Category 4: Indirect emissions from Products used by the organisation								
Energy/Electricity-related activities	8.3	8.5	9.9	9.55	9.6	7.61	-21%	-8%
Waste Generated in operations	212	258	234.1	6.7	15.39	9.54	-38%	-96%
Total Scope 3	565.34	459.1	354.31	145.95	534.12	364.84	-32%	-35%
Total	**1156.34**	**952.6**	**798.81**	**460.47**	**924.76**	**697.61**	**-25%**	**-40%**

In FY2023, Heartland started to take a more comprehensive approach to calculating its emissions by also measuring "downstream emissions" which includes a much wider range of emission categories, such as hotel accommodation, staff commuting emissions, emissions generated through purchased goods and services, and the emissions generated through customers that are enabled by finance provided by Heartland ("financed emissions"). In FY2025, Heartland will set new short-term emission reduction targets which will include Heartland's ambition to reduce emissions throughout its value chain. As a result, the FY19 base year will not be used, due to the limited emissions data collected at this date, and a more current year will be used as a base year.

Heartland Group

For FY2024, Heartland Group emitted a total of 933,262 tCO2e throughout its value chain, as detailed below.[8]

Category definition	ISO 14064-1-2018	Emissions per Category (tCO2e)
Direct emission sources: Direct emissions that occur from sources owned or controlled by Heartland Group.	Category 1[8]	287
Imported energy indirect emissions: Emissions associated with the generation of electricity that is purchased by Heartland Group.	Category 2 (Location-Based)[8]	105
Imported energy indirect emissions: Emissions associated with the generation of electricity that is purchased by Heartland Group.	Category 2 (Market based[9])[8]	46
Indirect emissions from transportation: Emissions that are a consequence of Heartland Group's activities that result in transportation being utilised.	Category 3	687
Indirect emissions from products used by an organisation: Emissions related to Heartland Group's purchasing goods and services from third parties, for use in their operations.	Category 4	1,776
Indirect Emissions associated with the use of products from an organisation: Indirect emissions that are a consequence of external users of a product or asset owned by Heartland Group.	Category 5	930,407
Total (Location based)		**933,262**
Total (Market based)		**933,203**

Heartland Group's emissions intensity for FY2024 was 3,214 tCO2e/$ million.[10]

Heartland Bank

Heartland Bank is responsible for the emissions generated throughout its operations (including emissions referable to its staff) and value chain. From 1 May 2024, this included the emissions generated through the operations of its subsidiary, Heartland Bank Australia. Refer to Appendix 2 for more detail about this methodology.

For FY2024, Heartland Bank emitted a total of 916,440 tCO2e throughout its value chain, as detailed below.

8 Category 1 and 2 (Market and location based) tCO2e absolute emissions of Heartland Group for the year ending 30 June 2024 are included in the scope of PwC's limited assurance engagement. No other amounts or calculations have been included in the assurance engagement and are not covered by the limited assurance report issued.
9 Market based takes into account renewable energy certificates purchased by Heartland Bank for all of its NZ offices except Fielding, Dunedin, Wellington, and Havelock North.
10 Total tCO2e / $ million of FY2024 net operating income.

Category definition	ISO 14064-1-2018	Emissions per Category (tCO2e)
Direct emission sources: Direct emissions that occur from sources owned or controlled by Heartland Bank.	Category 1[8]	241
Imported energy indirect emissions: Emissions associated with the generation of electricity that is purchased by Heartland Bank.	Category 2 (Location-Based)[8]	71
Imported energy indirect emissions: Emissions associated with the generation of electricity that is purchased by Heartland Group.	Category 2 (Location-Based)[8]	12
Indirect emissions from transportation: Emissions that are a consequence of Heartland Bank's activities that result in transportation being utilised.	Category 3	387
Indirect emissions from products used by an organisation: Emissions related to Heartland Bank purchasing goods and services from third parties, for use in their operations.	Category 4	1,162
Indirect Emissions associated with the use of products from an organisation: Indirect emissions that are a consequence of external users of a product or asset owned by Heartland Bank.	Category 5	914,579
Total (Location based)		**916,440**
Total (Market based)		**916,381**

Heartland Bank's emissions intensity for FY2024 was 3,992 tCO2e / $ million.[11]

Finance and leasing emissions

Financed emissions are the emissions that are generated by Heartland's customers and enabled by finance provided by Heartland. As a financial institution, Heartland's financed emissions are the source of most of its emissions and, therefore, where Heartland has the biggest potential to make positive climatic impacts. By measuring its financed emissions, Heartland can better inform its approach on how to assist its customers in the just transition to a low carbon economy.

In FY2023, Heartland developed its own in-house estimation model for calculating the emissions generated in its Motor Finance book. In FY2024, Heartland partnered with Australian agricultural emission baseline software company Ruminati to assist its Australian Livestock Finance customers to understand their on-farm emissions and enable Heartland to use actual emissions data from its customers to improve the data quality scores of Heartland's financed emissions.

Heartland intends to continue to improve the data quality score of its emissions, specifically in the Asset Finance, Business Relationship, Rural and Livestock Finance portfolios in New Zealand (as these make up most of Heartland's emissions). This will enable Heartland to make more informed finance and partnership decisions and allow better discussions between Heartland and its customers about transitioning to a low emission economy.

Heartland estimates its financed and leasing related emissions in FY2024 to be 930,407 tCO2e.[12] Heartland's Rural and Livestock finance (including StockCo AU) portfolios make up the majority (48%) of Heartland's financed emissions, with most of Heartland's remaining financed emissions being referable to our Business (Asset Finance, Business Relationship, and Open for Business) and Motor lending books.

Heartland's Financed emissions calculation methodology and how we estimate our emissions can be found in Appendix 2.

Internal emissions price

Heartland does not use an internal emissions price for business activity. However, where

11 Total tCO2e / $ millions of FY2024 Heartland Bank's net operating income.

Category 5 Activity	FY24 tCO2e	% of Category 5	Emissions Intensity (kg CO2e/$)	PCAF Score
Downstream Leased Assets				
Operating Leases Commercial	966	0.1%	0.11	-
Operating Leases Motor	868	0.1%	0.15	-
Livestock AU (Stock Co)	17,867	2%	0.07	-
Leased Livestock NZ	127,945	14%	9.59	-
Leased investment Properties	4,834	0.5%	-	-
Subtotal	**152,480**	-		
Financed Emissions				
Harmoney	25	<0.01%	0.17	-
Asset Finance	66,064	7%	0.05	4.87 (3b)
Motor Lending Loans	159,942	17%	0.10	3.05 (2b)
Business Relationship Loans	79,457	9%	0.21	5.00 (3b)
Livestock NZ	329,300	35%	1.65	5.00 (3b)
Residential AU	443	0.05%	0.01	5.00 (3)
Open for Business	13,002	1%	0.15	4.96 (3b)
Wholesale Finance NZ	21,268	2%	0.15	5.00 (3b)
Reverse Mortgages AU	10,951	1%	0.01	5.00 (3)
Personal Loans	3,543	0.4%	0.16	-
Reverse Mortgages NZ	1,341	0.1%	0.01	4.01 (2b)
Rural NZ	90,776	10%	0.18	5.00 (3b)
Online Home Loans NZ	289	0.03%	0.0009	4.01 (2b)
Residential NZ	280	0.03%	0.04	5.00 (3)
Listed Equity	1,357	0.2%	0.03	4.98 (3c)
Subtotal	**777,949**	-		
Total	**930,407**[12]	-		

needed, the current NZ Emission Trading Scheme (**ETS**) price per New Zealand Unit (**NZU**) is used (e.g., savings on potential carbon offsets when considering the cost between an EV and ICE vehicle or investing in carbon-related products).

Progress on transition plan development

In FY2023, Heartland reassessed its operational emissions reduction target of 35% by FY2026 from its FY2019 base year to a more ambitious FY2025 target. An emissions reduction action plan has been developed to set out how Heartland will meet this target. Key emission reduction initiatives include:

- replacing all of Heartland's fleet with new generation vehicles including BEVs by the end of FY2024
- using energy providers in Australian offices that generate power from clean, zero emission, renewable sources.

Heartland has also made investments to better understand its exposure to climate-related risks. These investments include the Jupiter Intelligence tool which will allow Heartland to make better informed decisions for its customers on a more granular level, as well as Ruminati as described on page 11.

In FY2025, Heartland will develop its plan to position itself as the global and domestic economy transitions to a low emission, climate-resilient future state. This transition plan will detail Heartland's emission reduction strategy to 2050, and include key assumptions and conditions required for Heartland and its customers to reach net zero.

12 Sum differs due to rounding numbers

02 | METRICS & TARGETS

Target		FY2024 status	Commentary
Build the capability to appropriately take climate change risks into consideration when making lending decisions	**Baseline Heartland's climate-related risk exposure** for New Zealand and Australian mortgage-backed lending (Reverse Mortgages, Online Home Loans[13] and Rural lending), Livestock Finance, and Wholesale Lending using a climate risk tool by the end of FY2024.	**Achieved**	Heartland has employed Jupiter Intelligence, a climate modelling software company, to provide a tool to baseline its climate hazard exposure.
	Limit Heartland's "high" climate-related risk exposure within its New Zealand Reverse Mortgage and Home Loan portfolios[13] to less than 4% of total exposures.	**Achieved** (exposure of 3.1%)	"High" risk is where the climate score assessed by the tool for an exposure exceeds 50.
	Set Heartland's risk appetite limit for "high" climate-related risk exposures within its Australian Reverse Mortgage portfolio during FY2025.[14]	**Underway**	Risk appetite recommendation is underway, for Risk Committee and Board review and approval.
	Extend Heartland's climate-related risk tool to the credit assessment process for new Reverse Mortgage, Online Home Loan, Livestock Finance and Rural exposures in New Zealand and Australia during FY2025.	**Not yet started**	
	Apply Heartland's Environmental Risk Screening Tool to all new Rural and Business customers[15] in New Zealand during FY2025 and require the provision of supporting information from FY2026.	19.31%[16]	
	Survey all Australian Livestock Finance customers in Australia, and all Rural and Livestock Finance customers in New Zealand, on their **awareness of biohazard risks, climate-related physical hazards, and climate-related transitional risks** by the end of FY2026.	**Not yet started**	Heartland will commence surveying all new Australian Livestock Finance customers, and all new Rural and Livestock Finance customers in New Zealand during FY2025.
	Select partner(s) to help **launch a portfolio-specific climate-related communication strategy** in FY2025.	**Not yet started**	
	Improve Heartland's financed emissions data quality by **understanding the on-farm emissions of its 100 largest Australian Livestock Finance borrowers, and 100 largest New Zealand Rural or Livestock Finance borrowers**, by the end of FY2025.	**Underway**	Heartland has launched a pilot with Ruminati to enable its Australian Livestock Finance borrowers to understand their on-farm emissions.

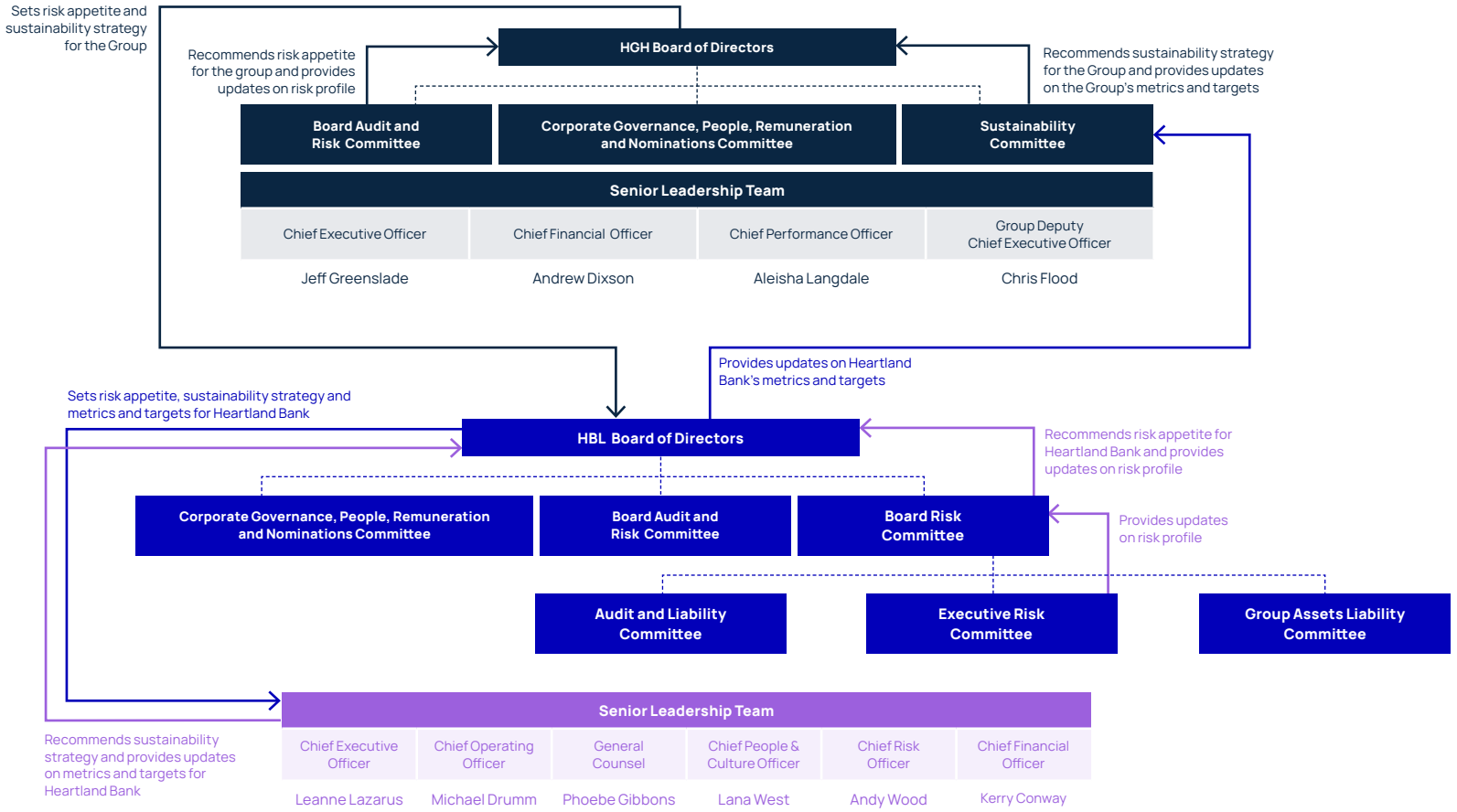
13 Does not include of Heartland's legacy residential home loan exposures, which are grandfathered.
14 Subject to the respective executive and Board risk committees relevant approval.
15 with a TAE of at least $1 million.
16 19.31% of Approvals since September 2024.

Target		FY2024 status	Commentary
Fund Heartland borrowers' transition to a net-zero economy	**Increase the percentage of new generation vehicles** funded in the New Zealand Motor Finance portfolio year on year (from a FY2024 base year) to 30% by FY2030.	**Established baseline** (of 15% new generation lending)	Heartland has continued to partner with new-generation vehicle distributors in FY24, with the announcement of Heartland' white labelled 'MG Finance' partnership with MG Motors NZ and becoming one of Tesla's preferred finance partners.
	Heartland's **market share of funding for new generation vehicles** will exceed the total market share of its New Zealand Motor Finance portfolio from FY2025.	**Commences in FY2025**	By continuing to partner with industry leading distributors in the new generation vehicle space, Heartland places itself well to reach its market share targets for new generation vehicles.
	Improve Heartland's financed emissions data quality by achieving an overall weighted average PCAF data quality score of less than 4 by the end of FY2027.	**Underway**	Heartland has onboarded Generate Zero, a financed emissions estimation tool, which allows Heartland to gain a PCAF data quality score of 4 for its New Zealand based property exposures. Heartland has also onboarded Ruminati which allows Heartland to gain a PCAF data quality score of 2 for customers who share their Ruminati data with Heartland. Heartland has built a proprietary in-house model for estimating the financed emissions of its Motor Finance portfolio which allows Heartland to gain a PCAF data quality score of 3 for the majority of its portfolio. *For further information on financed emissions calculation methodologies, refer to Appendix 2.*
Embed Sustainability into What Heartland Does	**Reduce Heartland's absolute gross operational emissions** by 35% by the end of FY2025 (from the FY2019 base year of 1156.34 tCO2e).	**Underway** (40% reduction on FY2019 base year)	Heartland has met it's FY2025 science-aligned target a year ahead of schedule (when using market-based methodology). Heartland will set a new target during FY25, as well as ensure that its emissions remain under 751.621 tCO2e.
	Develop an internal climate risk professional development course by FY2026 to upskill and establish climate knowledge within employees and encourage individual sustainable practices. The intention is for all Heartland employees to compete the course by FY2027.	**Not yet started**	
	Reduce Heartland's absolute operational emissions to **net-zero by FY2050 from a FY2023 baseline**, in line with the Paris Agreement.	**Underway** (25% reduction from FY2023 base year)	Heartland will develop its transition plan in FY2025 to set a path toward achieving this target. Heartland anticipates the transition plan will identify the extent to which Heartland will rely on offsets and other market based instruments like renewable energy procurement to meet this target.

03 | GOVERNANCE

OVERALL GOVERNANCE

The following diagram outlines the processes by which the governance bodies are informed about climate-related risks and opportunities, how they ensure that climate-related matters are considered when overseeing the implementation of strategy and how they govern climate risks and opportunities.



Heartland Group Governance

Heartland Group's Board is responsible for Heartland Group's corporate governance, strategy and risk appetite. This includes ensuring that Heartland Group's strategy and risk appetite takes into consideration climate-related risks and opportunities. The Board is supported in this work by its Board Committees.

Heartland Group's business is primarily conducted within Heartland Bank and Heartland Bank Australia, so assessment and management of climate-related risks and opportunities occurs most actively within these entities. Consequently, the Board oversees Group climate-related risks and opportunities but does rely on Heartland Bank and Heartland Bank Australia's management teams for assessing and managing climate-related risks and opportunities (and for reporting and information).

A description of how the Board oversees the Group's climate-related risks and opportunities is set out below, together with a description of management's role in assessing and managing climate-related risks and opportunities.

	Strategy metrics and targets	Risk	Climate reporting
Board	The Board oversees the Group's strategy, including its climate strategy. The Board approved Heartland's Sustainability Strategy (which includes its environmental strategy, and various initiatives related to that strategy) for FY2024.	The Board reviews the Group's risk appetite annually, including a specific risk appetite for climate-related risk. The Board receives a verbal update from the Chair of the Board Audit and Risk Committee at each meeting which covers all relevant risk matters.	Heartland's external financial reporting is approved by the Board upon the recommendation of the Board Audit and Risk Committee.
Board Committees	Heartland Group's **Sustainability Committee** was established in November 2023 and comprises directors of Heartland Group, Heartland Bank and Heartland Bank Australia. The Committee meets quarterly to consider climate-related risks and opportunities and provide updates, guidance, and leadership regarding climate initiatives. The Committee is now provided with a quarterly report from the Chief Operating Officer which addresses the Group's progress against the initiatives, metrics and targets as well as climate-related risks and opportunities. The Committee also receives reports from other Executives in respect of matters relevant to the Committee's purpose. Using those reports, the Committee monitors progress against the initiatives, metrics and targets, and makes recommendations to the Board to update and/or set new metrics and targets from time to time. The Committee also considers whether the appropriate climate-related skills and competencies exist across the Group (both at Board and Management levels).	The **Board Audit and Risk Committee** provides advice to the Board in relation to the formulation of its risk appetite. The Committee also provides the Board with guidance as to whether all relevant risks within the key risk categories (including climate-related risks) have been appropriately identified, managed, and reported to the Board. The Committee meets approximately 9 times annually and receives a verbal update at each meeting on the status of the Group's emerging risks, including climate risk from Heartland Bank's Chief Risk Officer.	The **Board Audit and Risk Committee** provides the Board with a recommendation regarding Heartland's external financial reporting and has oversight over external assurance engagements (including in relation to Heartland's climate-related disclosures).

Executive Committees	There are no Executive Committees at Heartland Group.		
Executive	The Chief Executive Officer is central to recommending and setting Group strategy, including climate strategy. Heartland Bank's Chief Operating Officer provides advice and information in relation to the strategy and initiatives in connection with the strategy.	The Chief Executive Officer is central to recommending and setting Group risk appetite, including climate risk appetite. Heartland Bank's Chief Risk Officer provides advice and information in relation to risk and risk appetite.	Heartland Bank's Chief Financial Officer provides advice and information in relation to financial reporting.

Heartland Bank and Heartland Bank Australia

As members of the Group, Heartland Bank and Heartland Bank Australia are closely aligned to the Group's strategy and risk appetite. They also benefit from the work carried out by Heartland Group's Sustainability Committee. However, Heartland Bank and Heartland Bank Australia are separate entities with their own Boards of Directors and management teams.

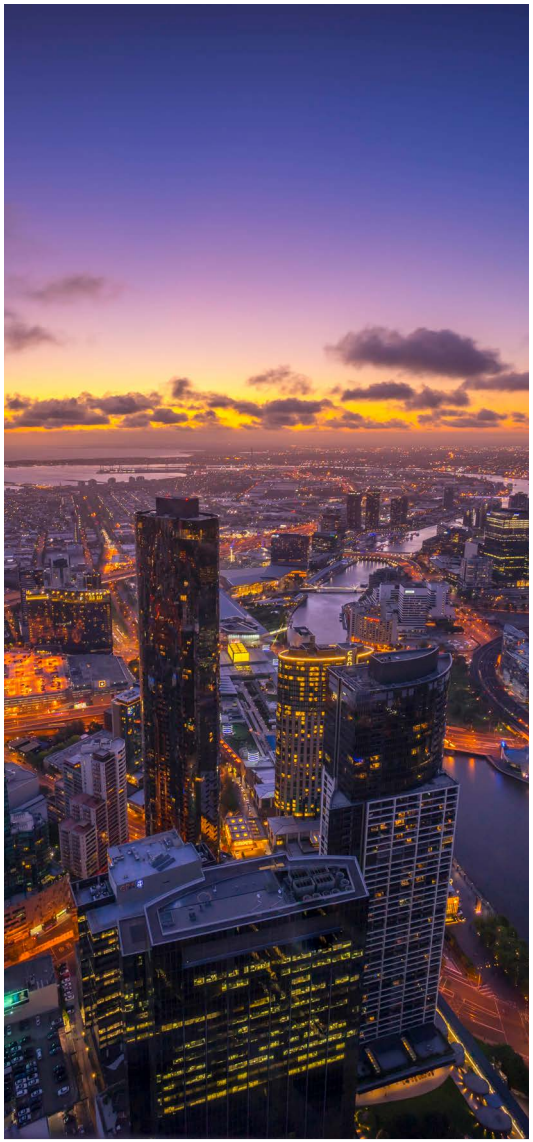
Heartland Bank

The Board of Heartland Bank is responsible for its corporate governance, strategy and risk appetite. This includes responsibility for ensuring that its strategy and risk appetite takes into consideration climate-related risks and opportunities. The Board is supported in its work by its Board Committees.

A description of how the Board oversees climate-related risks and opportunities is set out below, together with a description of management's role in assessing and managing climate-related risks and opportunities.

	Strategy metrics and targets	Risk	Climate reporting
Board	The Heartland Bank Board oversees Heartland Bank's strategy, including its climate strategy, considering the Group strategy set by its parent, Heartland Group. The Board approved Heartland's Sustainability Strategy (which includes its environmental strategy, and various initiatives related to that strategy) for FY2024, in as far as it applies to Heartland Bank. The Board is now provided with a quarterly report from the Chief Operating Officer which addresses Heartland Bank's progress against the initiatives, metrics and targets, allocated to it. This report also covers climate-related risks and opportunities. Using this report, the Board monitors progress against the initiatives, metrics and targets, and may update and/or set new metrics and targets from time to time.	The Board reviews Heartland Bank's risk appetite annually, considering the Group strategy set by its parent, Heartland Group. This includes a specific risk appetite for climate-related risks. The Board meets approximately every 2 months and receives an update at each meeting on the status of its risks from the Chief Risk Officer. The Board also receives a verbal update from the Chair of the Board Risk Committee at each meeting which covers all relevant risk matters.	Heartland Bank's external financial reporting, including its climate-related disclosures, are approved by the Board upon recommendation of the Board Audit Committee. The Board Audit Committee meets approximately 9 times annually.

Board Committees	N/A	Heartland Bank's Board Risk Committee provides advice to the Board in relation to the formulation of its risk appetite, including the annual review of risk appetite. The Board Risk Committee also provides the Board with guidance as to whether all relevant risks within the key risk categories (including climate-related risks) have been appropriately identified, managed, and reported to the Board. The Board Risk Committee meets approximately every two months and receives reporting from the Chief Risk Officer at each meeting, including climate risk. The Committee provided input on the structure of the quarterly Climate Change Composite Assessment which reports on the status of the Group's climate-related risks, which is reviewed by the Executive Risk Committee.	The Board Audit Committee provides the Board with a recommendation regarding Heartland Bank's external financial reporting and has oversight over external assurance engagements (including in relation to Heartland's climate-related disclosures).
Executive Committees	Heartland Bank's executive leadership team is responsible for executing the initiatives, and the metrics and targets, allocated to it. The team meets regularly and is provided with an update on any relevant sustainability matters by the Chief Operating Officer.	The Executive Risk Committee meets approximately every month and receives reporting on risk status, including the status of climate-related risks. The Committee receives reporting on risk appetite at each meeting, and the Climate Change Composite Assessment on a quarterly basis.	N/A
Executive	Heartland Bank's Chief Executive Officer is central to recommending and setting its strategy, including climate strategy. Accountability for achieving the initiatives, metrics and targets for Heartland Bank is attributed to members of Executive who are accountable for the relevant area. The Chief Operating Officer provides advice and information in relation to strategy and initiatives in connection with the strategy.	Heartland Bank's Chief Risk Officer provides advice and information in relation to risk and risk appetite.	The Bank's Chief Financial Officer is responsible for oversight of the delivery of the climate disclosures and ensuring that the Aotearoa NZ Climate Standards have been met. This includes co-accountability for Heartland's annual climate-related disclosures and the assurance over required statements, as well as ensuring that disclosures are accounted for in financial reports. The Bank's Chief Financial Officer is responsible for engaging with respective Audit Committees of Heartland Bank and Heartland Group Holdings regarding the approval of disclosures. The Bank's Chief Financial Officer is also responsible for the integrity, and reporting of the financial information used for reporting emissions (emissions which are linked to financial spend such as purchased goods and services, and financed emissions.), and capital deployment towards climate-related activities.



Heartland Australia

With the acquisition of Challenger Bank (subsequently rebranded to Heartland Bank Australia), responsibility for corporate governance, strategy and risk appetite transitioned to the Board of Heartland Bank Australia. This includes responsibility for ensuring that Heartland Bank Australia's strategy and risk appetite takes into consideration climate-related risks and opportunities. The Board is supported in this work by its Board Committees.

As set out at the beginning of this report, due to the short period of time between completing the acquisition of Challenger Bank and the end of FY2024, Heartland has been unable to take Heartland Bank Australia comprehensively into account when preparing this Climate Report. The climate-related activities of Heartland Bank Australia will be reflected in Heartland's 2025 Climate Report.

Skills and competencies

The Boards of Heartland Group and Heartland Bank each undertake a regular review of their performance to ensure they have the right composition and appropriate skills, qualifications, experience and background to effectively govern Heartland. This review uses a skills matrix, assessing each of the directors against the various skills required to govern Heartland. This skills matrix is reviewed regularly and, for FY2024, "Environment and Social" was added as a skill category.

The FY2024 assessment revealed that there are individual directors with capabilities in this area.

- In FY2024, Heartland Group established a Board Sustainability Committee, comprising directors from each of the Group entities. Each of these directors has prior experience in overseeing sustainability issues.
- Certain Heartland Group and Heartland Bank directors participated in intensive climate reporting masterclasses and other continuous professional development forums, including Chapter Zero New Zealand (the national chapter of the Climate Governance Initiative) and the Australian Climate Governance Initiative.

However, the aggregate Board scores for "Environment and Social" skills were lower than the average score for other skills, revealing an opportunity for uplift. Heartland will consider this as part of its learning and development strategy and succession planning activity.

Members of Heartland's management team also participated in various continuous professional development forums. Those with a responsibility for producing this Climate Report have attended several climate-related disclosure masterclasses and participate in a range of relevant climate change and sustainability industry groups.

During FY2025, Heartland intends to undertake a programme of education for the Boards delivered by subject matter experts.

Remuneration

Performance against climate-related risks and opportunities metrics where not linked to remuneration in FY2024. Heartland is currently finalising its executive remuneration framework for FY2025, which will include linking the execution of its climate targets to remuneration outcomes where appropriate.

04 | RISK MANAGEMENT

Heartland Group's processes for identifying, assessing and managing climate-related risks

Climate-related risks are considered and integrated into the Group's overall risk management processes.

In summary:

- Heartland Group and Heartland Bank each have a defined risk tolerance for climate-related risk, which is monitored as part of Heartland Group and Heartland Bank's respective Risk Appetite Statements.
- Climate-related risks primarily manifest for Heartland Bank as credit risk. Heartland Bank's business writing strategy sets out its credit appetite for Business lending and is reviewed at least annually including the consideration of climate-related risks.
- Heartland Bank's credit risk management processes incorporate consideration of climate-related risks for Heartland's large customers, both initially at onboarding and subsequently during annual reviews. Climate-related risks for its portfolio managed exposures are continually monitored.
- Heartland Bank has an annual Internal Capital Adequacy Assessment Process (**ICAAP**) that enables it to ensure it has adequate capital in relation to its risk profile. Climate-related risks are considered during the ICAAP.
- Heartland Bank Australia's credit risk management processes incorporate consideration of climate-related risks.
- Heartland's Enterprise Operational Risk Assessment identifies and assists proactive management of Heartland's most critical operational risks, including climate-related risks, by establishing an inherent risk rating and residual risk rating to assist with monitoring of the risk exposure.
- Each team at Heartland is required to review its risk and control self-assessment (RCSA) at least annually. The RCSA focusses primarily on key operational risks and takes climate-related risks into account where relevant.

Heartland's Enterprise Risk Management Framework

Heartland's Enterprise Risk Management Framework (**ERMF**) is its overarching risk governance document and applies to Heartland Group and Heartland Bank. The principles outlined in the ERMF are incorporated into risk-management policies, procedures and processes for each of Heartland's key risk types (refer below). Together these create individual risk management frameworks for each of these risk types, ensuring risk management is embedded into day-to-day management activities. Through this, Heartland is equipped to identify events affecting its business objectives and to manage risks in ways that are consistent with the stated risk appetite.

Heartland's key risk types

Heartland identifies and manages risk across the following key risk types.

- **Funding and liquidity risk:** Heartland needs to ensure it has adequate and diverse sources of funding and liquidity of sufficient quality.
- **Profitability risk:** Minimising profitability risk provides Heartland with financial strength which aids in providing access to capital and represents a buffer, should any unexpected costs or losses arise.
- **Continuity risk:** Heartland needs to maintain continuity of service, considering conduct, regulatory, fraud, systems stability, third party risk, cyber security, occupational health and safety, and other factors that could cause loss or, in an extreme situation, interrupt business continuity.
- **Balance sheet risk:** Heartland must be able to absorb and respond to business shocks, such as economic downturn due to unemployment rates increasing. Balance sheet strength encapsulates the strength and quality of capital and the quality of the credit portfolios and other assets held.

Climate-related risk occurs primarily within the credit risk category (as part of balance sheet risk), and continuity risk, which could then manifest in profitability risk and strategic risk.

Heartland also monitors and reports on strategic risk, being risks to the achievement of our strategic objectives. Strategic risk does not form part of regular risk reporting to Boards or Board Committees and is considered directly by the Heartland Bank Board and Heartland Group Board.

Climate-related risk occurs primarily within the credit risk category, as part of balance sheet risk and continuity risk, which could then manifest in profitability risk and strategic risk.

Risk Appetite Statement

Heartland Group and Heartland Bank each have a Risk Appetite Statement (**RAS**) which enables management to determine the appropriate level of risk it can assume to achieve Heartland's objectives. Each RAS is reviewed and updated at least annually, to make any necessary changes andto include any new material emerging risks.

Risks set out within the RAS are actively measured and monitored by management to ensure they are maintained within the approved tolerances. Within each RAS, a risk appetite tolerance is established for the key risks considered most important to support the achievement of Heartland's strategy.

A risk tolerance for climate risk has been set within each RAS and climate-related risks are formally assessed against risk appetite tolerance alongside other key risks (outlined below) considered most important to Heartland's strategy. Climate-related risks are formally assessed against risk appetite tolerance on a quarterly basis in the Climate Change Composite Assessment, which takes into consideration:

- physical impacts experienced in the past (particularly the prior quarter), and expected physical impacts in the near future
- transitional impacts experienced in the past (particularly the prior quarter), and expected transitional impacts in the near future
- changes in the carbon price and implications for Heartland
- total aggregate exposure to sectors which are most vulnerable to climate-related risks, and recent credit performance of borrowers in those sectors
- operational risk impacts experienced in the past (particularly the prior quarter)
- whether Heartland is meeting all relevant regulatory expectations and requirements
- Heartland's corporate sustainability and GHG emissions
- status of Heartland's progress on relevant metrics and targets.

The Climate Change Composite Assessment is discussed at Heartland Bank's Executive Risk Committee.

Credit Risk

Climate change is likely to impact Heartland's lending portfolios over the medium to longer term.

Heartland Bank's current Business Writing Strategy sets out Heartland Bank's appetite for business lending. This strategy identifies sectors that Heartland Bank will either actively target, not enter into and an 'in between zone' where caution is required, and judgement needs to be applied. The Business Writing Strategy is reviewed and updated annually and includes consideration of climate-related risks. For example, the Business Writing Strategy details that Heartland Bank has no appetite for providing funding to higher risk sectors such as mining, and energy intensive sectors such as industrial metal smelting.

The climate-related exposure of Heartland Bank's large customers is assessed initially at onboarding and subsequently during annual reviews.

Heartland Bank uses an Environmental Risk Screening and Sustainability tool to inform this assessment. Heartland Bank also uses an external database, provided by Jupiter Intelligence, to analyse climate-related risks for the property security used for lending across its Online Home Loans, Reverse Mortgage and Rural portfolios. The property climate-related risks are based on location and include the risk of flooding, wind and storm damage, increased temperature, fire risk and frost risk. The Jupiter database tool uses scientific data inputs and different climate scenarios to determine the climate-related risks of each property. To facilitate credit risk monitoring of climate-related risks, property security identified as high risk by the Jupiter database tool will be incorporated into the Climate Change Risk Composite Assessment in FY2025 and presented regularly to the Executive Risk Committee.

Credit policy settings are expected to remain dynamic and evolve within Heartland Bank's lending portfolios, where necessary, in response to future changes in climate-related credit risks including the availability of insurance.

Balance Sheet risk

Heartland Bank has an ICAAP which is the mechanism developed and used to assess and manage Heartland Bank's capital adequacy commensurate with the overall risk profile of the business, such that Heartland Bank can meet its obligations under a wide range of circumstances.

The results of the ICAAP process are documented in the ICAAP report which is a key document that is approved annually by the Heartland Bank Board.

Climate-related risks are considered during the ICAAP, but a separate capital buffer is not currently provided for climate-related risks. This is because the effect of climate change on Heartland Bank's operational risk, credit risk, strategic risk and profitability risk is currently assessed as part of the adequacy of capital held against those risk types.[16]

In assessing the adequacy of capital held in respect of operational risk, Heartland Bank has considered a scenario for physical climate-related risks. The scenario is an extreme but plausible climate-related event relating to severe flooding and storm damage within the Auckland region.

Continuity risk

Heartland has a small physical infrastructure and primarily transacts business with customers though online channels. Climate-related physical risk impacts continuity risk (and hence profitability risk) because of temperature rise, flooding and storm damage – however the risk is low given Heartland's small physical infrastructure.

The governance, processes and assurance controls that direct the identification and management of continuity risk are contained in Heartland's Operational Risk Management Framework (**ORMF**), which applies to Heartland Group and Heartland Bank.

Heartland's Enterprise Operational Risk Assessment process (**EORA**) identifies and assists proactive management of Heartland's most critical operational risks. The EORA process is conducted every two years by the Line 2 Risk team. This process considers external risk information, including customer complaints and fraud data, and internal risk information, including individual team RCSAs, operational risk incidents and any issues raised due to the need for internal controls to be strengthened. For these critical operational risks, the EORA establishes inherent risk ratings, indicating which risk areas Heartland most needs to manage using controls, and residual risk ratings indicating what level of risk Heartland currently faces, taking controls into account. Climate-related risks are identified as a critical operational risk within the EORA process. The EORA is also used to help identify relevant operational risk scenarios that are used within the ICAAP (refer to the section below).

All relevant teams maintain a RCSA, which is a register of their risks specifying the risk description, an inherent risk rating and a residual risk rating, which includes the mitigating effect of controls in place. All relevant teams include climate change risks within their RCSA. Each team presents its RCSA annually at the Executive Risk Committee, as an "Operational Risk Deep Dive", which is subject to review and challenge by the Executive Risk Committee.

16 The Reserve Bank of New Zealand (RBNZ has published guidance in climate-related risks, which is considered when evaluating a capital buffer for climate-related risks.

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APPENDIX 1

Modelling used for scenario analysis

No modelling has been undertaken for New Zealand other than using the Climate Change commission dataset. Some modelling occurred for Australia due to a lack of available transition forecast data for Too Little, Too Late and Hot house. As a result, the same percentage change in certain transitional changes such as EV take up, new technology (EV Trucks, methane vaccines etc), have been used with relation to Australian populations.

Orderly scenario description (NZ/AU)

This scenario describes an economy where collective action is taken toward a low-carbon global economy. As a result, there are steady and constant societal changes related to technology, policy, and behaviour which support the transition to a low emission economy enabling New Zealand to keep temperatures below 1.5 degrees Celsius. This is matched by an increasing carbon price that incentivises the adoption of low emission alternatives such as electronic/low emission forms of transport driven by government subsidies and funding, as well as a decreasing price for lithium batteries. The extension of the safeguard mechanism to the agricultural sector and on-farm emission pricing in New Zealand also encourages farmers to decarbonise their farm to net zero by 2030 through on farm sequestration and better herd management, as well as the introduction of a methane inhibiting vaccine.

Renewable energy becomes the primary source of power generation domestically and internationally as fossil fuels slowly get phased out. Despite the severity of the climate-related risks being quite minimal, the transitional risks as the economy moves towards net zero come rapidly and cause disruption across the economy.

Too Little, Too Late (NZ)

This scenario describes a misaligned and delayed transition to a low-carbon economy between New Zealand and the rest of the world.

In this scenario, New Zealand is one of the first movers on the transition to a low emissions economy, introducing policies that bring about net zero emissions by 2050. However, there is very limited global action towards a low emissions future, with fossil-fuelled development continuing throughout much of the remaining first half of the century.

In the long term, global efforts to address climate change begin to align and may even exceed those in New Zealand. Large increases in carbon prices drive a rapid improvement in low emissions technology efficacy and uptake. This shift is partly driven by the increasing evidence and awareness of the social, economic, and environmental degradation caused by a continued increase in fossil-fuelled development. Despite the global economy starting to make a concerted effort to reduce emissions and move to a low emissions economy in the long term, the changes come too late to prevent wide-ranging acute and chronic physical climate impacts. Due to the increased Carbon Price, many landowners turn to carbon farming activities of exotic species reducing the livestock population of NZ, alongside the extension of the ETS to the agriculture sector. Large emission reductions occur through the decarbonisation of New Zealand's fleet accelerated through large clean car rebates in 2040's.

Too Little, Too Late (AU)

This scenario describes a misaligned and delayed transition to a low-carbon economy.

In this scenario, Australia's transition to a low emissions economy starts strongly, but economic pressures in the 2030s put environmental initiatives on hold. However, a change in direction occurs after a multitude of severe physical climatic events over the 2030s occur due to global levels of GHG in the atmosphere increasing, and further progress towards transition occurs from 2040 onwards.

Very little progress is made globally, with fossil-fuelled development continuing throughout much of the first half of the century. Global efforts to address climate change only really commence around 2050. Large increases in carbon prices drive a rapid improvement in low emissions technology efficacy and uptake thereafter. This shift is driven by the increasing evidence and awareness of the

social, economic, and environmental degradation caused by a continued increase in fossil-fuelled development and the resulting severe weather events.

However, the changes come too late to prevent wide-ranging acute and chronic physical climate impacts such as nearly yearlong droughts, temperatures which pose risks to fatalities, and floods.

Hot House (NZ)

In this scenario there is minimal ambition to transition to a low-carbon economy. Fossil fuels remain the primary source of power generation throughout the global economy despite its impact on the environment. As a result, there is minimal transitional risk, but emissions continue to increase unabated resulting in the manifestation of severe physical climatic risks. These include drought in key rural agricultural areas of New Zealand, a vulnerable energy sector due to dry-years, and severe flooding in certain areas of New Zealand causing the population to move to new safe areas. Sea levels also rise leading to inundation of low-lying houses and river-floods, forcing insurance companies to retreat from high-risk areas.

Hot house (AU)

This scenario describes an economy where there is minimal ambition to transition to a low-carbon economy. As a result, emissions continue to increase unabated resulting in the manifestation of extremely severe climatic events including wide-ranging acute and chronic physical climate impacts. These include nearly yearlong droughts, temperatures which pose risks to fatalities, cyclones, biodiversity loss and floods.

Fossil fuels remain the primary source of power generation throughout the global and domestic economy despite its effects on the declining environment throughout the century, and rising costs. There is minimal ambition to change 'business as usual' across the entire economy resulting in minimal transitional risks throughout the long term.

APPENDIX 2

GHG Emissions Calculations

Emissions generated through Heartland's operations within Australia were captured under the Group until April 30, 2024. From May onwards, these emissions were caught under Heartland Bank New Zealand.

Category 1 emissions

Category 1 emissions are the direct emissions that occur from sources owned or controlled by Heartland Bank. The category 1 activities captured in this report were fuel usage (petrol and diesel) from Mobile and Stationary Combustion.

Mobile Fuel Combustion (Fleet):
HBL uses fuel, both petrol and diesel, in its vehicle fleet, across their sites in NZ and Australia. Most Mobile Fuel Combustion data came from primary data (GoFuel for Heartland Bank, Fleetpartners for StockCo). Estimations were calculated for fuel purchased on personal cards of employees at HBL (p-card), assuming that all fuel purchased for fleet vehicles on P-cards was for 91 unleaded. Emissions were split between the Bank and the Group based on the staff member that topped up the fuel.

The primary data from GoFuel and Fleetpartners has low uncertainty, as it is technologically representative of the emissions activity. However, there are limitations with using fuel expenditure from p-card, as it is not technologically representative of the actual emissions activity of fuel combustion. It can also be difficult to meaningfully compare fuel expenditure and emissions between years, due to the volatility of fuel prices.

The emission factors from MfE (2024) have a low degree of uncertainty, as the transport fuel emission factors are derived from the calorific values and incorporate relevant oxidation factors. DCCEEW (2024) emission factors were used for the Australian fleet per GJ. Fuel data was given in litres, and was converted to GJ using a conversion factor of 38.6 GJ per kL.

Stationary Combustion (Generator):

In FY24, the stationary diesel backup generator was identified as an emission source for Heartland Bank. The amount of fuel topped up to this generator was supplied by Generator Services Limited, as a yearly top-up figure. This was captured under the Bank, due to the Bank being responsible for the servicing and maintenance of the generator in one of its Auckland offices.

There is little degree of uncertainty with this emissions activity, as the fuel topped up to the generator is representative of the emissions activity, and the MfE (2024) emission factors have a low degree of uncertainty, as the transport fuel emission factors are derived from the calorific values and incorporate relevant oxidation factors.

Category 2 emissions

Category 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Category 2 emissions physically occur at the facility where they are generated, they are accounted for in an organisation's GHG inventory because they are a result of the organisation's energy use. For Heartland this includes category 2 emissions from purchased electricity. Heartland's category 2 emissions are calculated using both a market-based and location-based approach. Market-based reflects the renewable electricity certificates that ensures 100% of electricity purchased for sites occupied by Heartland Bank in New Zealand excluding Havelock North, Wellington, Dunedin, and Fielding is renewable. The difference between market-based and location-based approaches is 59 tCO2e. Location-based uses grid-based electricity emission factors.

Purchased Electricity:
Electricity is used at all Heartland sites. Electricity consumption data is provided by different electricity providers depending on the location and subsidiary of Heartland Group Holdings.

Under a location-based approach, emissions from this category were calculated using a mix of MfE (2024) quarterly emission factors for New Zealand based sites, and DCCEEW (2023) emission factors for Australian based sites. However, under a market-based approach, residual supply mix emission factors from BraveTrace (2024) were used for Havelock North, Wellington, Dunedin, and Fielding, as these factors are representative of the emissions that occur when the renewable energy generation used in renewable energy certifications are taken from the national grid.

On-Site Electric Vehicle Charging
On-Site Electric Vehicle Charging data was provided by Heartland. The on-site charger electricity consumption is reflected in the regular electricity invoices; therefore, it has been subtracted from Purchased Electricity and reported separately.

The same uncertainties that are present under 4.5.1 are also present for this emission activity.

Off-Site Electric Vehicle Charging
Chargenet is HGH's provider for off-site EV charging in New Zealand. HGH began using the service in 2023, so the consumption increased as the rollout progressed -during the reporting period. Chargenet provided the activity data in Watt-hours, the data was split by quarter, and the appropriate MfE emission factor was applied.

Using quarterly emission factors comes with a certain level of limitations and inaccuracy, as it is based off a national average for New Zealand. This means the emission factor does not capture the variation in generation mix of renewables against non-renewables, nor variables surrounding geographical location, time of day and time of year.

There is also uncertainty with the temporal representativeness of the MfE (2024) emission factors for this study, as the quarterly emission factors cover up to December 2023.

These uncertainties are more present for the emission factors used from DCCEEW (2023) and BraveTrace (2024), due to geographic and temporal factors that would result in variations in the renewable generation during the reporting period.

Category 3 emissions

Category 3 emissions are indirect emissions from transportation. These are activities such as business travel, employee commuting, and freight transportation and distribution.

Employee commuting and working from home
HGH/HBL's employee commuting data was taken from an employee commuting survey, taken by HGH/HBL. Employees were asked what their primary mode of transport is; an estimated round-trip distance; and the number of days worked in the office. Total kilometres and work-from-home days were then calculated using this data.

The survey presents some uncertainty surrounding data completeness, as there is a human element to the data. Data completeness also applies to employee commutes where multiple modes of transport are used, as this can vary due to weather, or employee habits. There is some uncertainty surrounding the completeness of the data, as swipe card data was unavailable for some of the sites.

There is only some uncertainty surround the emission factors, as calculating emissions per km travelled is less technologically representative of the emissions activity than calculating the emissions against the fuel consumed in each mode of transport.

Upstream emissions from fuel production and distribution
When an organisation uses fuel, there are emissions associated with the production and distribution of fuel, as well as the direct emissions from combusting the fuel itself. Therefore, an organisation is responsible for these upstream emissions from the fuel it has purchased. Source data is the same as discussed in category 1 emissions. With different emission factors being applied with the same split between reporting entities used.

Business travel and accommodation
Some HGH/HBL staff are required travel as part of their role. Most activity data used was primary data supplied by Fortis and Corporate Travel corporate travel cards. However, some data was supplied directly by suppliers, such as Hertz, Corporate Cabs and Envirofleet. However, business travel is occasionally reimbursed by HBL and HGH to employee's personal cards.

Person-kilometre data was used for most HGH/HBL air travel emissions. Where possible, person-kilometre values were calculated for p-card air travel reimbursements by calculating the distance travelled between airports mentioned in the cost description. As with employee commuting data, there is some uncertainty surrounding the technological representativeness of this data, as there is less certainty in the emissions than calculating emissions against the number of litres of fuel used by aircraft. The same reason can be cited for the technological representativeness of the MfE (2024) emission factors used.

Primary room-night data was supplied for the number of nights HGH/HBL staff stayed in hotels. Emissions for this activity were calculated using the relevant MfE (2024) hotel stay emission factors. There is technological uncertainty with the activity data and emission factors for this emissions activity, as there would be greater certainty in calculating emissions from the energy consumption of the hotels themselves.

There is also uncertainty due to the large variation in energy consumption between different hotels at a national and international level. Taxi emissions were calculated against expenditure using the MfE (2024) factor for taxi travel, with associated uncertainty surrounding the use of expenditure-based data.

Business travel in personal vehicles activity data was calculated by converting the amount reimbursed back to the original fuel in litres data using the rates given by IRD (2024). There is uncertainty in the activity data, due to the volatility of fuel prices during the reporting period.

As with all emissions calculated against expenditure, there are uncertainties surrounding the technological representativeness of the data, as the amount spent is less representative than the number of kilometres travelled.

Downstream transportation and distribution
Heartland Bank's print materials supplier for FY2024 was New Zealand Mail. The emissions from this activity are due to print materials being sent to customers, such as envelopes and parcels, with data being provided by NZ Post. Australian data is provided by Australian Post. These emissions are split between reporting entities based on the cost centre that paid for the postage of the material. Additional data related to postal services was retrieved from expenditure and purchase card sources.

Category 4 emissions

Category 4 emissions are indirect emissions from products used by an organisation. These include services an organisation pays for, through the course of undertaking its own activities. This category also includes waste generated by the organisation and upstream transmission and distribution losses from purchased electricity/natural gas.

Purchased goods and services:
Purchased goods and services describes financial transactions relating to the day-to-day operations of Heartland. These transactions are also referred to as operational expenditure (**OPEX**) and include all goods and services purchased by Heartland. Examples of purchased goods include technology printing and stationery, while examples of services include insurance and legal and consulting services. This emissions category excludes any expenditure related to other emissions activities in the GHG inventory (e.g. business travel expense and utilities payments) and excludes irrelevant expenses for the GHG inventory (e.g. salaries and wages and KiwiSaver contributions).

In FY2024, Heartland engaged with its top 10 suppliers that make up approximately 50% of Heartland's OPEX to understand their emissions which are attributable to Heartland, using emission intensity and other estimations for more granular data. This resulted in a higher quality of emissions

data for five of HBL suppliers, as the emissions were specific to the services that they provide. Where possible, supplier specific emission factors are used. Financial data was provided by HGH/HBL. Emissions against this data were calculated using appropriate emission factors from Market Economics (2023). Emissions from HGH/HBL's water supply were calculated using the MfE (2023) emission factor for water supply per capita. This is split between reporting entities based on which organisation made the purchase of the goods and/or services. Lastly, there is uncertainty surrounding the technological representation of operational expenditure data, as it does not represent the embodied carbon in purchased goods, nor the actual emissions activities occurring in purchased services.

As for the expenditure-based emission factors from Market Economics (2023), there is also a degree of uncertainty as the emission factor is not technologically representative of the emissions activity.

Waste generated in operations

HGH/HBL generate waste through operations, including office waste. HBL conducted a waste audit with Reclaim during the period 28/04/2023 – 05/05/2023, which measured the waste composition of general waste across two locations. The waste breakdown was then adjusted for the number of working days and the total FTE for HBL in 2024. Waste data was also obtained for Heartland's Brisbane and Melbourne offices via supplier reports.

This activity also captures HGH/HBL's office wastewater emissions, which were calculated using their total FTE. Where data is readily available, Heartland uses water meter readings to report on the water usage and resultant wastewater related emissions. Where data is not readily available for water usage, an FTE average emission factor is used, and split by which entity employs the FTE.

There is temporal uncertainty surrounding the waste audit emissions adjusted by FTE, as the amount of waste and the resulting emissions are based on the previous reporting period. There is also uncertainty surrounding the emission factors used from MfE (2024) and David A. Turner, Ian D. Williams, Simon Kemp (2015), due the inherent uncertainties used in methane emissions from landfills.

There is also temporal uncertainty with the emission factors used for recycled materials from David A. Turner, Ian D. Williams, Simon Kemp (2015), as the study is from 2015.

Imported energy transmissions and distribution loss

When an organisation uses imported energy, such as purchased electricity, there are emissions associated with the transmission and distribution losses from the point of generation to the point of consumption. Therefore, an organisation is responsible for these upstream emissions from the imported energy it has purchased, as measurements are taken from the point of consumption. Source data is the same as discussed in category 2 emissions, with different emission factors being applied.

Category 5 emissions

Category 5 emissions are the indirect emissions associated with the use of products from an organisation. For Heartland this includes the emissions of its customers enabled through Heartland's finance. This captures the emissions from downstream leased assets and the emissions from Heartland's lending products and investments. Of Heartland Group's overall emissions, 99.72% can be attributed to Category 5 alone.

Downstream leased assets

Downstream leased assets describe deals between Heartland and a lessee, where the lessee pays a set amount for the right to use an asset owned by Heartland Group. Heartland has multiple lending books that fall under this emission activity: commercial, motor, StockCo Australia, and Livestock New Zealand. Downstream leased assets also cover the assets owned by VPS Properties.

HBL own and lease apartments to some of their clientele. Emissions from energy consumption were estimated against the total floor area, in absence of primary energy consumption data. Heartland also owns some farms which are managed/leased by a third party these emissions were estimated using precalculated emission reports or using forecasted cash receipts in absence of any primary data.

Operating Leases Commercial describes leases made with commercial assets. These assets include tractors and forklifts. Emissions were calculated using the fuel efficiency of the assets (unit per hour) then multiplying this by the industry average number of hours the asset is used in a

working year to get the amount of fuel consumed. Where fuel is not listed, it is assumed that the asset runs on diesel.

Operating Leases Motor describes leases made with motor vehicles. Emissions were calculated based on the efficiency of each individual registered vehicle (unit per km), then multiplied by the average km driven per capita in New Zealand to get the amount of fuel consumed. This does not include vehicles leased to employees, as this is captured in Heartland's category 1 emissions.

Leased Livestock AU
Leased Livestock AU describes the service that StockCo provide to their clientele, involving the lease of livestock. Emissions are calculated against the headcount of the leased livestock, using emissions from DCCEEW (2023) for cattle and sheep.

Leased Livestock NZ
Emissions from these portfolios were largely calculated by assigning the most appropriate Market Economics emission factor against each account, based on high-level ANSZIC codes and industry descriptions.

Financial Services
Category 5 emissions are the indirect emissions associated with the use of products from an organisation. For HGH/HBL, this captures the emissions from their finance services and downstream leased assets.

The methodology for category 5 emissions calculation was heavily informed by the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard Part A on financed emissions.

As per the GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard, GHG emissions from loans and investments should be allocated to the reporting financial institutions based on the proportional share of lending or investment in the borrower or investee. Attribution is based on the annual emissions of the borrower and investee.

Heartland continues to find ways of improving its financed emissions data quality scores through partnerships and system improvements. However, in some cases Heartland is unable to obtain the right data to calculate this due to lack of availability, time restrictions, or the financial reporting period of its customers not aligning with Heartland's financial year. Where possible, Heartland aims to get the best PCAF data quality score it can with the data available. Where this information is not possible to source, Heartland will use lower data scoring methods of calculating these emissions with the next best option Heartland has available to it. In some instances where data is unavailable, Heartland will use a 'default' emission factor based on the sector/asset that is being funded.

Heartland's Financed Emission Methodology is set out over the next page:

Financed Emissions Methodology:

The general approach to calculating financed emissions is detailed in the equation below.

$$\text{Financed Emissions} = \sum_i \text{Attribution factor}_i \times \text{Emissions}_i$$

Where:

- $\text{Attribution factor}_i = \dfrac{\text{Outstanding amount}_i}{(\text{Initial Financed amount}) \text{ or } (\text{Total equity+debt})_i}$
- Emissions_i = The emissions of the borrower or investee
- i = Borrower or investee

Rural and Livestock NZ and StockCo AU Emissions

Method	Data Quality Score	Option to estimate financed emissions (PCAF)	Calculation	Notes
Best Case	2 (Business Loan Methodology)	1b	Attribution Factor[17] x On-Farm Emissions[18]	Utilising software and customers who can share their (unverified) on-farm emissions with Heartland. On farm emissions recorded are scope 1, 2, and selected scope 3 emissions classified as 'pre-farm' emissions such as livestock purchases and transport to the farm.
2nd Best Case Scenario (StockCo AU & Livestock Leasing/term-loans NZ Only)	N/A	N/A		Where on-farm emissions are not available for Heartland's livestock leasing products in AU and NZ – the annual emissions of the livestock are divided by the number of months spent on farm.
2nd Best Case Scenario (Rural)	4 (Business Loan Methodology)	3a	$\frac{\text{Outstanding amount}}{\text{(Total Equity + Debt)}}$ x Company Revenue x $\frac{\text{Total GHG Emissions of the sector}}{\text{Revenue of the Sector}}$	
Default	5 (Business Loan Methodology)	3b	Outstanding Amount x (total emissions of the sector/Total Revenue of the sector)	Based on ANZSIC Code of the customer and relevant ME codes.

Motor Vehicle Loans

Method	Data Quality Score	Option to estimate financed emissions (PCAF)	Calculation	Notes
Best Case	2 (Motor vehicle loans methodology)	2a	Attribution Factor[19] x Vehicle Emissions[20]	Covers the scope 1 and 2 emissions of the vehicles funded. Uses local distance driven statistics.
2nd Best Case Scenario	3 (Motor Vehicle loans methodology)	2b	Attribution Factor[21] x Vehicle Emissions[22]	Covers the scope 1 and 2 emissions of the vehicles funded. Uses regional distance driven statistics
Default	5 (Motor Vehicle Loans Methodology)	3b	$\frac{\text{Oustanding amount}}{\text{(Total value at origination)}}$ x Average Distance Travelled regional data x Average Efficiency of the fleet Emission Factor	

17 Attribution Factor = Heartland's Outstanding debt to the customer /(Total Equity + Debt)
18 On Farm Emissions are classified as Scope 1, 2, and Pre-farm emissions for the transport of cattle and feed to the farm.
19&21 Debt outstanding divided by the Total Value of the vehicle at origination
20&22 Vehicle Efficiency from NZTA based of registration (Known make and model), multiplied by estimated distance driven based off average distance driven per annum based on area that the customer lives within (local data – Data Quality Score 2, Regional data – Data quality score of 3).

Asset Finance/Open for Business/ Business Relationship/ Business Wholesale

Method	Data Quality Score	Option to estimate financed emissions (PCAF)	Calculation	Notes
Best Case	2 (Motor Vehicle loans Methodology)	2a	Attribution Factor[24] x Vehicle Emissions[25]	Covers the scope 1 and 2 emissions of the assets financed. Uses either local distance driven statistics, estimated annual km driven per contract, or estimated operating hours per year.
2nd Best Case Scenario	2 (Business Loans and unlisted Equity)	1b	$\frac{\text{Oustanding amount}}{\text{(Total Equity + Debt)}}$ x unverified emissions	Where individual asset data is unavailable but total emissions are available.
2nd Best Case Scenario (Where individual Asset data is available)	3 (Motor Vehicle loans Methodology)	2b	Attribution Factor[26] x Vehicle Emissions[27]	Covers the scope 1 and 2 emissions of the vehicles funded. Uses either regional distance driven statistics, estimated annual km driven per contract, or estimated operating hours per year.
2nd Best Case Scenario	4 (Business Loan Methodology)	3a	$\frac{\text{Oustanding amount}}{\text{(Total Equity + Debt)}}$ x Company Revenue x $\frac{\text{Total GHG Emissions of the sector}}{\text{Revenue of the Sector}}$	Sector is based off the customers ANZSIC code. Used for all loans where asset information is not available.
Default	5 (Business Loan Methodology)	3b	$\frac{\text{Oustanding amount}}{\text{Total value at origination}}$ x $\frac{\text{Total GHG emissions of the sector}}{\text{Revenue of the sector}}$	Based on ANZSIC Code of the customer and relevant ME codes.

Heartland's Asset Finance and Business Relationship lending portfolios consist largely of term loans for the purchase of business assets including trucks, trailers, machinery, diggers, yellow goods, and motor vehicles. Open for Business consists largely of unsecured lending to SME's. Business Wholesale provides funding for retailers of trucks, motor vehicles, and agricultural equipment.

Emissions from these portfolios were largely calculated by assigning the most appropriate Market Economics emission factor against each account, based on high-level ANZIC codes and industry descriptions. Where vehicle type is available, emissions are calculated based on the efficiency of each individual registered vehicle (unit per km), then multiplying this by average km driven per capita in NZ to get the amount of fuel consumed.

24&26 Debt outstanding divided by the Total Value of the vehicle at origination

25&27 Vehicle Efficiency from NZTA (Or directly from the producer of the good) based of Known make and model, multiplied by estimated distance driven based off average distance driven per annum based on area that the customer lives within (local data – Data Quality Score 2, Regional data – Data quality score of 3), or for Assets funded estimated operating hours are used based on information provided at onboarding.

Online Home Loans/ Reverse Mortgages/Residential home loans

Home Loans encompasses loans that are provided for the purchase or refinancing of property, through Heartland's Online Home Loans and Legacy channels. With known use of proceeds, Heartland must calculate household emissions for these exposures. Reverse Mortgages PCAF guidance states that home equity loans and home equity lines of credit are not required under the methodology as of 1/10/2023 due to the reporting requirement for consumer loans with unknown purposes not yet being developed by PCAF. Due to Heartland's reverse mortgages making up a material amount of Heartland's exposure, Heartland has decided to include these in its financed emissions. The home loans methodology has been used as a proxy to calculate financed emissions for NZ and AU Reverse Mortgages.

Method	Data Quality Score	Option to estimate financed emissions (PCAF)	Calculation	Notes
Best Case	4 (Mortgages)	2b	$\frac{\text{Oustanding amount}}{\text{Property value at origination}}$ x Estimated energy consumption from statistics x Floor Area x Average emission Factor for the national grid.	Property Value reflects the valuation Heartland has on file, and for Reverse Mortgage customers also includes updated valuations where further credit reviews have occurred.
2nd Best Case Scenario	5	3	$\frac{\text{Oustanding amount}}{\text{Property value at origination}}$ x Estimated energy consumption local data x Average emission Factor for the national grid	

Listed Equity

Method	Data Quality Score	Option to estimate financed emissions (PCAF)	Calculation	Notes
Best Case	1 (Listed Equity)	1a	$\frac{\text{Value of HGH outstanding shares}}{\text{Enterprise Value Including Cash}}$ x Verified Company's Emissions	
2nd Best Case Scenario	2 Listed Equity)	1b	$\frac{\text{Value of HGH outstanding shares}}{\text{Enterprise Value Including Cash}}$ x Company's Emissions	
Default	3 (Listed Equity)	3b	Oustanding amount x $\frac{\text{Total GHG emissions of the sector}}{\text{Revenue of the sector}}$	Based on ANZSIC Code of the customer and relevant ME codes.

APPENDIX 3

Table 1: Emissions by greenhouse gas in tCO_2e. * gas broken down as tCO_2e where no breakdown on the emissions factor by gas is available.

Emissions Category	CO2		CH4		N2O		Total tCO2e	
Organisation	**HGH**	**HBL**	**HGH**	**HBL**	**HGH**	**HBL**	**HGH**	**HBL**
Category 1	45	23	0.01	3	0.3	7	46	241
Category 2	2	60	0.06	2	0.002	0.1	34.42	71
Category 3	241	285	0.4	2	2	6	300	387
Category 4	2	8	1	5	0.03	0.3	615	1,162
Category 5	-	912	-	1537	-	398	15,827	914,579
Total	**290**	**1,295**	**1**	**1,545**	**2**	**411**	**16,822.36**	**916,440**

Key Limitations and Uncertainties:

Uncertainties related to climate risk drivers: The speed in which climate-related impacts are evolving are unprecedented and little reliance can be placed on historical experience to assess both magnitude and patterns. This gives rise to a higher level of uncertainty for banks when assessing the magnitude and timing of climate risk drivers. These drivers are also subject to tipping points that exacerbate uncertainty, particularly given geographic diversity of physical and transitional impacts across New Zealand, Australia, and the rest of the world.

Considerations of the financial impact of physical climate impacts on GDP figures: At a high level, the impact of climate change on GDP under a Hot House scenario is likely to generate a significant contraction in global GDP growth potential, particularly in the latter half of the century. Conversely, the curbing of emissions under an Orderly scenario has the potential to positively impact GDP figures going forward, however increased levels of spend is required in the short term. Quantifying the impact of physical climate and transitional risks is a complex process, and figures used to capture this should be used with the acceptance that a degree of uncertainty is unavoidably embedded within the produced values.

Variances between global and domestic climate outcomes for similar scenario narratives: The scenarios used maps out different global and domestic climate, socio-economic, policy and technology outcomes to each scenario narrative. An inherent limitation of this is a variance that occurs between global and domestic outcomes driven by the differences in modelling approaches used to calculate the scenario parameters, alongside variances in the way New Zealand and Australia are predicted to react to climate change versus the rest of the world.

Climate-Related Opportunities: The climate-related opportunities that Heartland has identified are associated with challenging but

plausible scenarios based off emission forecasts, anticipated climate-related impacts and flow on effects, and changing behaviour and technology. Most of the risks and opportunities identified are expected, however, the severity of the risks and actual take up of the opportunities is difficult to forecast exactly, and as a result, some historical data and forward-looking data has been used and should not be taken as exact claims, as the future is impossible to predict.

Financed Emissions: Heartland has used information readily available for its financed emissions and leased assets calculations. These primarily rely on assumptions and averages within Australia and New Zealand. Heartland is restricted on available and reliable data, and as a result may have understated or overstated some of its customers emissions. Where possible, Heartland has taken a conservative approach and estimated on the higher end until more customer-specific data is available. For customers who have available emissions data, Heartland has used their most current emissions data available to Heartland at the time of reporting, although these may not completely align with Heartlands reporting period.

RMNZ/RMAU/ONHL Financed Emissions:
Heartland has assumed that the properties are residential.

Motor/Asset Finance/ Business Relationship/ Business Wholesale:

- Heartland assumes that the security on file is being utilised and has not considered whether this was used for a cash raise or other purposes.
- Heartland assumes that the ANZSIC code it has on file is correct.
- Heartland assumes that the emission inventories received are compliant with the Greenhouse Gas Protocol and ISO 14064-1-2018 and that the customer has completed these reports diligently where they have not been verified.

ISO 14064-1-2018, 9.3.1 (p, q) The process of preparing a GHG inventory involves a certain level of uncertainty. To reduce this uncertainty, verifiable source data has been chosen. In situations where data uncertainty persists, a cautious estimation method has been used to ensure that emissions are overestimated rather than underestimated. The impact of uncertainty has been considered when assessing data quality. This process is qualitative and is explained further in *Appendix 2*.

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06 | GLOSSARY

Carbon Dioxide Equivalent (CO2e): A standard unit for measuring carbon footprints. The impact of each different GHG is expressed in terms of the global warming potential (GWP) of one unit of CO2. Standard ratios are used to convert gases into equivalent amounts of CO2; these are based on each gas's GWP over a 100-year timeframe.

Carbon Footprint: A measure of the amount of GHGs emitted by an organisation. Typically expressed in terms of CO2e, and for a 12-month reporting period.

Emission Factor: A metric that converts a specific emission source - such as a litre of diesel - into terms of CO2 or CO2e.

Global Warming Potential: A measure of a gas's ability to cause radiative forcing in the atmosphere (or global warming) relative to the ability of CO2. For example, sulphur hexafluoride has 23,900 times the GWP of CO2, thus is 23,900 times more potent at contributing to global warming than CO2 over a 100-year timeframe.

Greenhouse Gas (GHG) - Greenhouse gases are gases that influence the way in which the Earth's atmosphere traps heat. Increasing levels of GHGs in the atmosphere are causing the phenomenon of climate change.

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Independent Assurance Report

To the Directors of Heartland Group Holdings Limited

Limited Assurance Report on Heartland Group Holdings Limited's Scope 1 and Scope 2 Greenhouse Gas (GHG) Emissions

Our conclusion

We have undertaken a limited assurance engagement of the accompanying Scope 1 and Scope 2 Greenhouse Gas Emissions for Heartland Group Holdings Limited and its subsidiaries (the Group). The Scope 1 and Scope 2 emissions comprise the Category 1 and Category 2 Emissions Inventory (tonnes of CO2e by scope) disclosed on page 15 and the related explanatory notes in *Understanding Heartland's GHG emissions* on page 13 and in Appendix 2 on pages 34 and 35 (the Subject Matter Information) of Heartland Group Holdings Limited's Climate Statement (the Climate Statement) for the year ended 30 June 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's Subject Matter Information for the year ended 30 June 2024 is not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board (XRB) (the Criteria) applied as explained in *Understanding Heartland's GHG emissions* on page 13 and in Appendix 2 on pages 34 and 35 of the Climate Report.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Report. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410 *Assurance Engagements on Greenhouse Gas Statements* (ISAE (NZ) 3410), issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria.

Directors' responsibilities

The Directors are responsible on behalf of Heartland Group Holdings Limited for the preparation of the Climate Report in accordance with the Criteria, applied as explained in *Understanding Heartland's GHG emissions* on page 13 and in Appendix 2 on pages 34 and 35 of the Climate Report. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires

our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of the Group. In addition to our role as assurance practitioners, our firm carries out other audit and assurance services for the Group comprising: assurance over insurance solvency, supervisor reporting and registry audits. Other services include the provision of an executive reward survey report. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and these relationships have not impaired our independence.

Assurance practitioner's responsibilities
Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with ISAE (NZ) 3410, issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Group's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Our limited assurance procedures included the following:

- Enquiries of management to obtain an understanding of the overall governance and internal control environment, risk management processes and procedures relevant to the Subject Matter Information;
- Evaluation of the appropriateness of the Criteria, quantification methodology and reporting policies used, and the appropriateness of estimates made by the Group;
- Analytical review and trend analysis of the Subject Matter Information;
- Recalculation of the Subject Matter Information;
- Sample testing the underlying source data to supportive evidence; and
- Evaluation of the overall presentation of the Subject Matter Information and its Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Group's Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria applied as explained on page 13 and the explanatory notes in Appendix 2 of the Climate Report.

Inherent limitations
Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected.

Greenhouse Gas Emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Use of Report
This report, including our conclusions, has been prepared solely for the Directors of Heartland Group Holdings Limited.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of Heartland Group Holdings Limited, as a body, or for any purpose other than that for which it was prepared.

PricewaterhouseCoopers
30 September 2024 Wellington, New Zealand