Takeover Response Policy

Skellerup Holdings Limited

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Takeover Response Policy

Skellerup Holdings Limited ("Skellerup" or "the Company") has adopted this Takeover Response Policy ("Policy") to assist in guiding the Board and management in the event that Skellerup receives an offer or an approach by a potential acquirer for a controlling stake in Skellerup.

The purpose of this Policy is to ensure that Skellerup is well prepared for an approach and, therefore, will be better able to control the takeover response process and respond to any approach in a professional, timely and coordinated manner. This is to ensure that any approach is properly managed in the best interest of Skellerup and its shareholders.

Policy Outcomes

The overall objective of Skellerup's takeover response strategy is to maximise value for shareholders. The specific objectives of this strategy and the Policy are to ensure that:

- Skellerup is well prepared for any takeover or similar approach
- Skellerup is able to respond in a professional, timely and coordinated manner
- Skellerup has access to the best external advisers available
- Skellerup's shareholders are fully informed with respect to the value and prospects of Skellerup, the value of the offer and the offer process
- All credible alternatives are pursued and, if appropriate, made available to shareholders
- Skellerup complies with all of its legal, regulatory and NZX Listing Rules requirements

Policy Application

This Policy sets out specific obligations that apply to directors, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), as well as certain other employees who may be involved in the response process. In the event of an approach occurring, the material contained in the Policy would be supplemented by Skellerup's management and external advisers at the time.

Policy Detail

Included with this Policy are Response Protocols that contain a summary of the key practical and procedural steps which should be taken by Skellerup following an approach. In addition, the Policy and Response Protocols outline several key documents that will be required in the context of a takeover offer.

Response Protocols

1. Initial Considerations

Many of the legal procedural steps outlined in the Protocols will need to be followed or will apply in principle even if the approach is proposed in terms of a court-approved scheme of arrangement.

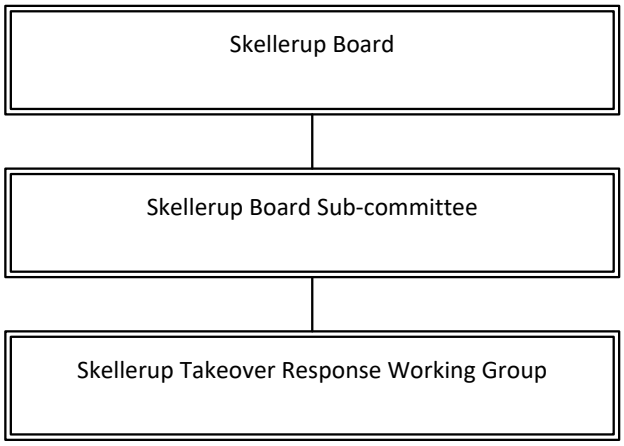
2. Takeover Response Team

Structure of takeover response team

It is envisaged that, upon an approach being received, Skellerup would immediately implement an organisational structure involving the appointment of a Subcommittee of the Board of Directors (which must be independent of the bidder and any substantial shareholder(s) where that shareholder(s) has signed a pre-bid agreement with the bidder) and a Skellerup takeover response working group (Skellerup Takeover Response Working Group). It is envisaged that the Skellerup Takeover Response Working Group would include Skellerup's key external advisers.

The Board's role is to provide independent, unbiased advice to shareholders without being affected by the personal interests of directors and management. The Board will continue to be subject to, and therefore must not act in a manner that contravenes directors' duties and obligations.

By way of example, this organisational structure can be illustrated as follows:



Roles of key groups in the Takeover Response Team

Skellerup Board and Board Sub-committee

The Skellerup Board ("the Board") has ultimate responsibility for the conduct of Skellerup's takeover response strategy. Key tasks for the Board include:

- Confirming the independence of the Board sub-committee from the bidder
- Delegating authority to the Board sub-committee
- Approving the appointment of advisers and experts
- Approving the takeover response strategy with an ongoing oversight role
- Approving response documentation, including the Target Company Statement
- Agreeing terms of any proposal that would be approved by the Board
- Where a scheme of arrangement is proposed, approve commencement of the Court process under Part 15 of the Companies Act 1993
- Making announcements and recommendations to shareholders

During the takeover response phase, the full Board would typically appoint and delegate to the members of the Board sub-committee and the Skellerup Takeover Response Working Group responsibility for the day-to-day management of Skellerup's takeover response strategy. The Board sub-committee must be independent of the bidder and any substantial shareholder(s) where that shareholder(s) has signed a pre-bid agreement with the bidder and would generally comprise the Chair and at least two non-executive Directors. The CEO, CFO and legal advisors would generally attend meetings of the sub-committee.

During this period, the full Board should also ensure that the management of Skellerup's day-to-day operations is re-delegated where necessary or appropriate support is provided, recognising that members of the Skellerup Takeover Response Working Group may have substantial takeover-related (i.e. non-operational) commitments.

Skellerup Takeover Response Working Group

The Skellerup Takeover Response Working Group will manage Skellerup's takeover response strategy on a daily basis and make recommendations to the Board sub-committee and full Board. Typically, the Skellerup Takeover Response Working Group would be chaired by the CFO. The Working Group will comprise the CEO, CFO, legal and communications advisers.

Advisers and Experts

Following an approach, Skellerup should move promptly to establish the Board sub-committee and the Skellerup Takeover Response Working Group, including recommending the appointment of external advisers and experts.

The following external advisers and experts have been identified for the key roles:

- Independent Expert (Valuer) – TBC
- Financial Adviser – TBC
- Legal – Chapman Tripp
- Accounting/Tax – Deloitte
- Communications – CEO
- Share Registrar – Computershare

Designers / Printers would also be engaged.

3. Takeovers Process and Timetable

The legal adviser would provide assistance in relation to the requirements of the NZ Takeovers Code.

4. First Steps on Receipt of Takeover Notice

Set out below is a list of key terms that Skellerup should consider for the first meeting of the Board subcommittee and the Skellerup Takeover Response Working Group. This also includes a list of first steps to be considered following receipt of a proposal or Takeover Notice.

- Consideration of the requirement to make any announcement, taking into consideration the continuous disclosure rules, including safe harbour in relation to incomplete proposals
- Confirmation of the sub-committee, including confirmation of the independence of members from the bidder
- Conduct of sub-committee meetings and deliberations
- Relationship with Takeover Response Working Group
- Appointment of advisers and experts
- Current status (including nature and identity of bidder, terms proposed and discussions/communications received)
- Overall approach proposed
- Skellerup market price
- Review recent trading in Skellerup shares
- Review of NZ Takeovers Code, NZX Listing Rules and other requirements (in particular, Skellerup's continuous disclosure obligation)
- Target Company Statement
- Inform NZX upon receipt of Takeover Notice
- Response strategies
- Contact list of sub-committee and Working Group members
- Formulate action plan, timetable and responsibilities

5. Communication between Skellerup and the Bidder

Where the bidder calls Skellerup's Chair or CEO, the following key details of the bid should be obtained:

- Consideration and form of consideration
- Conditionality
- Approach to any regulatory requirements (e.g. Commerce Act)
- Required due diligence (if any)
- Timing
- Status of financing approvals

These details should subsequently be communicated to the Board, Board sub-committee, CEO, CFO and Skellerup's legal adviser.

With the approval of the Board or the Board sub-committee, the CEO and/or Chair may approach the bidder to discuss the position of the bidder in relation to any takeover offer. This may be undertaken in consultation with Skellerup's external financial and legal advisers. The appropriate communication protocol is for Skellerup's Chair to communicate with the bidder's Chair and for Skellerup's CEO to communicate with the bidder's CEO.

No other Skellerup director or employee shall communicate with the bidder unless express approval to do so has been provided by the Board or Board subcommittee (the Chair of the subcommittee may need approval to communicate with the bidder).

6. Potential Takeover Response Strategies

Potential takeover response strategies will be developed by the Board in conjunction with the external advisers, taking into account the specific circumstances for the approach and the identity of the bidder.

Set out below is a range of possible response strategies:

- Provide full and updated information to the market on value enhancement strategies
- Maintain active dialogue with key shareholders and market commentators
- Explore alternatives to re-gear and distribute cash to shareholders and/or increase ordinary dividends, including bonus issues
- Seek alternative bidders to give shareholders a choice
- Generate negotiating leverage with the offeror
- Encourage key cornerstone shareholders
- Consider any regulatory issues

Defensive tactics

The New Zealand legal requirements that relate to defensive tactics should also be considered when deciding on a possible response strategy.

There is a broad prohibition against "defensive tactics" in relation to takeover under the Takeovers Code. In the event of an offer or approach, directors will not take, or permit, any action which could result in an offer being frustrated or shareholders being deprived of an opportunity to consider the merits of the offer.

In the context of an approach involving a scheme of arrangement, although it is generally not possible to execute a scheme on a hostile basis, the Board will still need to be mindful of its general duties to act in the best interests of the Company.

The Audit Committee will review this Policy at least annually and recommend any proposed changes to the Board for approval.

Next Review Date: December 2026