



Takeover Response Policy - Z Energy Limited

Z Energy Limited (**Z Energy**) has adopted this Takeover Response Policy (**Policy**) to assist in guiding the Board and management in the event that Z Energy receives an offer or an approach by a potential acquirer for a controlling stake in Z Energy. In addition, the Interested Director Protocol set out in **Appendix A** shall apply to any directors involved with, or otherwise associated with, a bidder (or likely bidder).

The purpose of this Policy is to ensure that Z Energy 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 co-ordinated manner. Such a response will ensure that any approach is properly managed in the best interests of Z Energy and its shareholders.

OBJECTIVES

1. The overall objective of Z Energy's takeover response strategy is to maximise value for shareholders. The specific objectives of this strategy and the Policy are to ensure that:
 - Z Energy is well prepared for any takeover or similar approach;
 - Z Energy is able to respond in a professional, timely and coordinated manner;
 - Z Energy's shareholders are fully informed with respect to the value and prospects of Z Energy, the value of the offer and the offer process;
 - all credible alternatives are pursued and, if appropriate, made available to shareholders; and
 - Z Energy complies with all of its legal, regulatory and NZX Main Board Listing Rules requirements.

POLICY APPLICATION

2. 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 offer or approach occurring, the material contained in the Policy would be supplemented by Z Energy's management and external advisers at the time.

POLICY DETAIL

Notify directors / executives and legal advisors

3. If Z Energy receives a takeover notice or any director becomes aware that a takeover notice or scheme of arrangement proposal is imminent (each a **Proposal**):
 - all directors, the CEO, CFO and General Counsel should be advised immediately in confidence; and

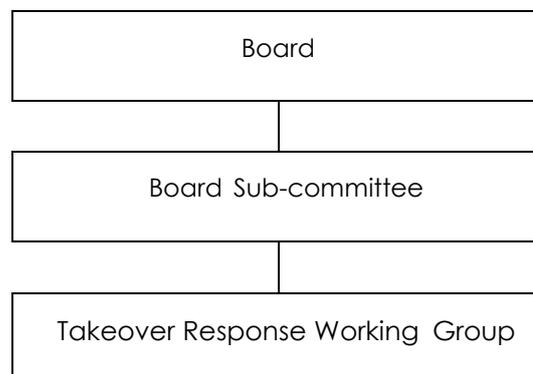
- Z should promptly contact external lawyers to provide advice on managing the response to the Proposal.

Takeover Response Team

Structure of the Takeover Response Team

4. Having notified the key employees, directors, and external lawyers, Z Energy should immediately implement an organisational structure involving the appointment of:
 - a) a Sub-committee of the Board, comprising directors who are independent of:
 - the bidder; and
 - any substantial shareholder(s) where that shareholder(s) has signed a pre-bid agreement (or similar) with the bidder; and
 - b) a Takeover Response Working Group, which includes selected employees (typically the CEO and CFO) and Z Energy's key external advisers (typically legal and financial advisers).

This organisational structure can be illustrated as follows:



Roles of key groups in the Takeover Response Team

5. **Board** – the Board has ultimate responsibility for the conduct of Z Energy's takeover response strategy. Key tasks include (unless delegated to the Board Sub-committee):
 - 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, if applicable, the Target Company Statement;

- agreeing terms of the Proposal that would be approved by the Board;
 - via the Chair (or their nominee), being the only person to speak publicly on behalf of Z Energy in relation to the Proposal;
 - where the Proposal is a scheme of arrangement, approve commencement of the Court process under Part 15 of the Companies Act 1993; and
 - engaging in full communication with all shareholders, with updated information provided as soon as practical and in accordance with Z Energy's Market Disclosure and Investor Communications Policies.
6. **Board Sub-committee** – the Board Sub-committee's key tasks will be delegated by the Board and should include all Board responsibilities in relation to the Proposal.
7. **Takeover Response Working Group** – the Takeover Response Working Group is delegated responsibility and tasks by the Board. Key tasks include:
- managing Z Energy's day-to-day response to the Proposal;
 - making recommendations to the Board and the Board Sub-committee on the Proposal;
 - monitoring the media and the market; and
 - responding to any leaks and/or inquiries.

Advisers and Experts

8. Upon receipt of a Proposal, Z Energy should move promptly to contact its external advisers and experts. The following external advisers and experts have been identified, noting alternates may be used in the event of conflict and/or the particular circumstances arising:
- Independent Expert (valuer)
 - Financial Adviser
 - Legal Adviser
 - Accounting / Tax
 - Communications / PR – Z team and external adviser(s)/crisis management adviser(s) as considered appropriate
 - Share Registrar

First Meeting of Board / Sub-Committee / Takeover Response Working Group

9. The Board (or Board Sub-committee) and Takeover Response Working Group should consider the following at the first meeting upon receipt of a Proposal:

- a) the prompt release to NZX and ASX of an appropriate announcement reflecting the circumstances. The Board will consider seeking a trading halt to ensure an orderly market pending release of an announcement, if necessary;
- b) conduct of the meetings and deliberations;
- c) the current status of the Proposal, including the:
 - i. nature and identity of the bidder;
 - ii. terms of the Proposal; and
 - iii. directions / communications received in respect of the Proposal;
- d) whether the Board has necessary information from the bidder on process (e.g. the extent of diligence, pricing, timetable);
- e) whether the Board has sufficient information about value of Z Energy (i.e. from internal modelling and/or advisers) to assess the potential 'upside' of the Proposal (including the pricing structure);
- f) whether the Board has sufficient information about risks / costs (e.g. seeking Commerce Commission and Overseas Investment Office approval, bandwidth) to assess the potential 'downside' of the Proposal;
- g) the relationship between the Board Sub-committee and the Takeover Response Working Group;
- h) appointment of advisers and experts;
- i) the overall strategy for responding to the Proposal;
- j) Z Energy's market price, and recent trading history;
- k) avoiding "defensive tactics" (that is, in response to a Proposal, avoiding any action which could result in the Proposal being frustrated or shareholders being deprived of an opportunity to consider the merits of the Proposal); and
- l) the requirements of the Takeovers Code, NZX Main Board Listing Rules, the Companies Act 1993, and the Financial Markets Conduct Act 2013 and other requirements (in particular, Z Energy's continuous disclosure obligations).

Other initial actions

- 10. Before engaging with any interested party or bidder, Z Energy should enter into a confidentiality agreement with that party.
- 11. Z Energy shall ensure that any internal valuation model is refreshed, and that external company research is monitored.



12. Any market announcement in relation to Z Energy's financial performance, financial position, or prospective financial performance or financial position, shall be approved by the full Board, but if necessary on short notice, which may mean that certain directors do not have the opportunity to participate in the decision.
13. Z Energy and each director will keep a record of all expenses incurred in response to a Proposal, to enable Z Energy to seek recovery from the offeror under section 49 of the Takeovers Act 1993 (if applicable).

OWNERSHIP AND REVIEW

14. This Policy is the property of Z Energy and the responsibility of Z Energy's General Counsel. This Policy should be reviewed every three years from the date of approval.

Approver: Z Energy Board

Ownership: General Counsel

Review: Every 3 years or as needed

APPENDIX A: “INTERESTED DIRECTOR” PROTOCOL

This appendix sets out a protocol for any directors involved with, or otherwise associated with (such as a potential party to a lock-up agreement with), a bidder (or likely bidder) in the event of a takeover offer for Z Energy.

Directors have various obligations (including both disclosure and confidentiality obligations) under the Companies Act 1993 and the NZX Main Board listing rules. This protocol sets out additional principles for regulating the role of, and flow of information to, interested directors.

- Any director who is involved with, or who is associated in any other way with, a bidder (or a person likely to become a bidder), subject to any legal restrictions, must make prompt disclosure to the Board (initially via the chair) as soon as he or she becomes aware of a potential bid.
- This disclosure should be sufficient to ensure that the directors not associated with any bidder (“non-interested directors”) can satisfy their legal obligations and properly assess what steps to take to prevent (or minimise) any prejudice to Z Energy and non-bidding shareholders as a result of the conflict.
- The non-interested directors, after consulting Z Energy's legal advisers (if required), will:
 - confirm whether that director should be regarded as interested, and
 - take such steps as they shall reasonably consider necessary or desirable to prevent (or minimise) any prejudice to Z Energy and non-bidding shareholders as a result of the conflict.
- Any interested director will not be entitled to receive any information, report or other material provided to, or prepared by, the non-interested directors concerning the bid, Z Energy's response to the bid, or any other matter the non-interested directors consider should not, in the circumstances, be disclosed to that director in view of his or her conflict, except to the extent that access is necessary for a interested director to fulfil their obligations under applicable law in respect of the offer. Z Energy management will be instructed accordingly.
- No interested director will make any request or demand for any bid response materials to any person other than the non-interested directors, who will be entitled to refuse access to that information or grant access on such terms and conditions as they consider appropriate. Z Energy management will be instructed accordingly.
- An interested director will not be entitled to attend meetings of the Board (or committees of the Board) called to discuss the bid, any related issues, or any other matters the non-interested directors consider should not be discussed with the interested director in view of that director's conflict. An interested director will leave any meeting at which any such matter is discussed, unless the non-interested directors agree to the interested director remaining.
- At the request of any interested director, or at any other time the non-interested directors consider appropriate, the non-interested directors will consider whether



circumstances have altered sufficiently (e.g. a bidder has withdrawn) for an interested director to no longer be regarded as interested.