2016 Annual Report

Let's Go

Keep on moving New Zealand

Do you have feedback?

We are committed to communicating clearly about our business and our activities through our reporting. To that end, we welcome your comments and feedback on this report. Please email us at yourviews@z.co.nz.

Visit **z.co.nz/AR16** to download an interactive PDF where you can click on bold text to view additional content.

We're known for selling fuel and petroleum products across the country. But there's more to Z[1] than that. What gets us up in the morning is helping New Zealanders figure out how to get them, their people and the things they buy, sell and create from one place to another, from one task to another, from one job to another as quickly and as hassle-free as we can, in whatever ways we can. And when you understand that about us, everything we'll talk about in this report makes plenty of sense.

We're great believers in non-financial, values-based reporting in addition to reporting our financial performance. We think there's room for significant change to the reporting of New Zealand listed companies. We believe investors have the right to understand how we operate and why, and how we plan to create economic, environmental and social value over the long term. Such reporting is commonplace overseas.

We don't see why New Zealand should be different. Business has widespread impact on people's lives. We think business needs to be held to account for more than just financials. It's about striking the right balance between what gets achieved quarter by quarter and what happens over, and for, the longer term.

From how we think about the environment to how we work in communities, to the fuel service revolution we've driven in retail, to the new levels of relationships we're building with businesses of all sizes, to the biodiesel plant we've built, to our acquisition of Chevron's assets in New Zealand, Z's not just a fast mover; we're a first mover.

Last year, we brought you our first Annual Report in accordance with the Global Reporting Initiative (GRI) international sustainability reporting framework. This year, we've moved even closer still to a fully integrated view of our business activities targeting four particular Integrated Reporting[2] principles: strategic focus and future orientation; connectivity of information; conciseness; and risks and opportunities. Next year, we intend to deliver a fully integrated report.

We're a company with nothing to hide. This is our report dated 12 May 2016.

Signed on behalf of the Board of Z Energy Limited.

Peter Griffiths
Chair, Z Energy

Abigail Foote
Chair, Audit and Risk Committee

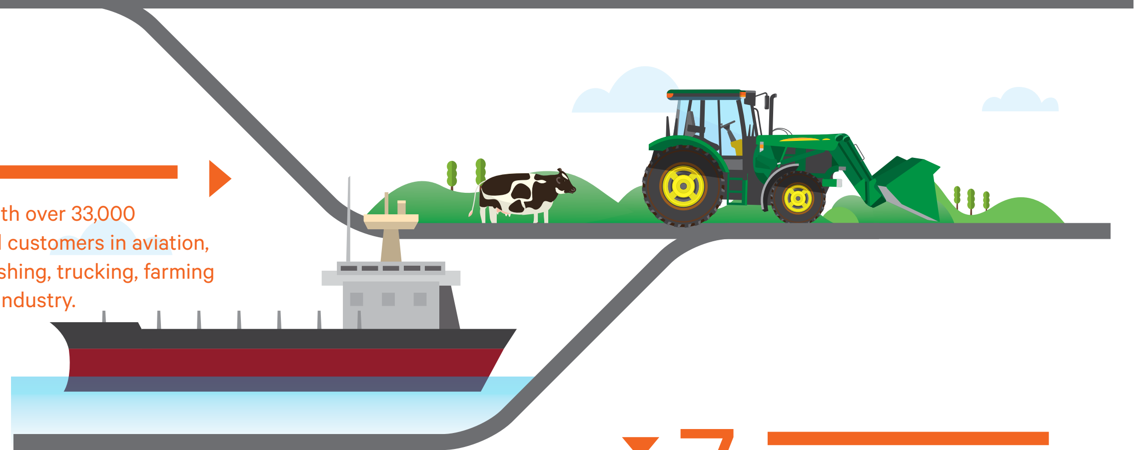
[1] Z is a New Zealand incorporated company, operating only in New Zealand.

[2] <IR> principles 3.3, 3.6, 3.36 and 4.23 found at http://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf

Z at a glance

1

With the recent acquisition of Chevron's New Zealand assets we will be selling around 48% of New Zealand's total transport fuel once we settle the transaction.

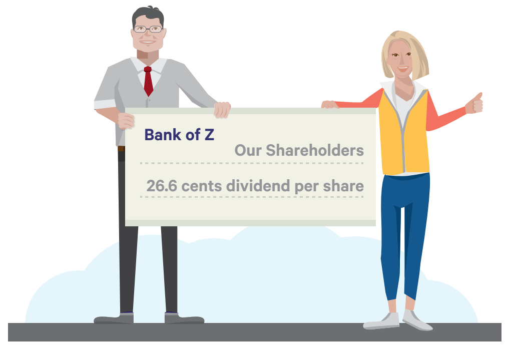


6

We work with over 33,000 commercial customers in aviation, shipping, fishing, trucking, farming and heavy industry.

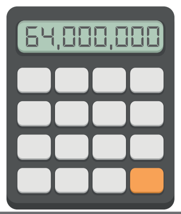
7

We're a top 20 publicly listed company, with around 9,000 shareholders and nearly 9,000 bondholders.



2

We've paid over $64M in corporate taxes and GST in FY16.

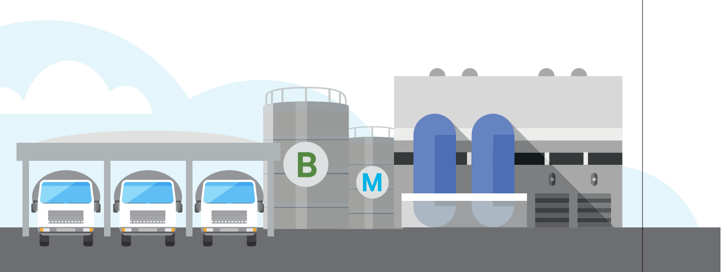


3

We own a stake in New Zealand's only refinery at Marsden Point.

8

We serve over 156,000 customers every day at our retail service stations.



4

We directly employ over 300 people and indirectly a further 2,200 through our retail network.

5

We have built New Zealand's first, commercial-scale biodiesel plant.

9

We're listed on the New Zealand (NZX) and Australian (ASX) stock exchanges.

10

We're still only six years old.

Please note: Z Energy Limited is incorporated in New Zealand and is not subject to chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001. The acquisition of securities in Z Energy may be limited under New Zealand law by the Takeovers Code (which restricts the acquisition of control rights of more than 20% of Z Energy other than via a takeover offer under the Code) or the effect of the Overseas Investment Act 2005 (which restricts the acquisition of New Zealand assets by overseas persons).

Find what you're looking for

Click the headings below to take you directly to that section of the report.

"For the first time, many Kiwi motorists and businesses will have the choice to use a more sustainable fuel."

Page 13

"Z continues to benefit from its supply chain optimisation strategy."

Page 12

Small steps lead to giant strides

Progressing matters on four key fronts: our people; our communities; our environment; and our finances.

We pride ourselves on thinking and acting differently. These are some of the things we believe set Z apart.

Celebrating Z's differences

New Zealand based and New Zealand focused - we pride ourselves on being a world class Kiwi company. We make decisions in New Zealand to help our business better serve New Zealanders.

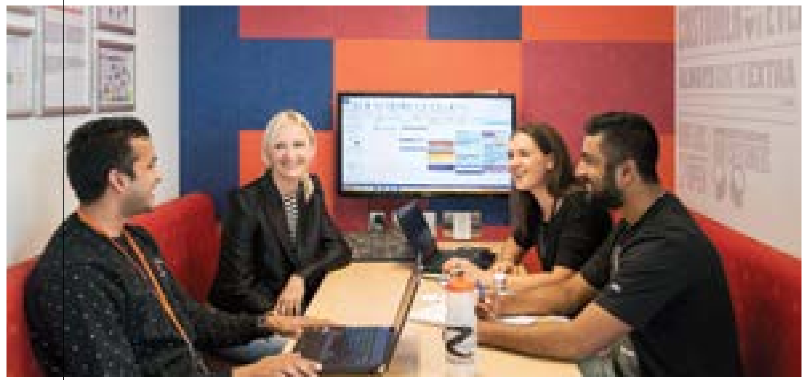
We innovate effectively - Z is pioneering greater use of biofuels by investing in its own biodiesel plant and has encouraged major fuel users such as Fonterra to adopt use of our blended B5 biodiesel product.

We've lifted service expectations - service is how Z looks to add value. We're committed to lifting the service levels for commercial customers. Within our retail network, we've added new choices and ideas to give more people more reasons to head our way.

We support communities - Z's Good in the Hood has been a runaway success because New Zealanders love the way we encourage change for the better in communities across the country.

We're doing more to keep people safe and healthy - from our commitment to no harm to people and the environment through to the changes we've made this year to raise awareness of, and action on, health and safety, no one's worked as hard as us in this industry to shift health and safety expectations and culture in New Zealand.

We've spoken out - if something bugs us, and we think it's in New Zealanders' interest for us to draw attention to what's going on, we won't hesitate to speak out. From diversity to climate change, we're a company with opinions.



Our people

At Z, we do more than employ people. We are committed to our employees' growth and personal development. We aspire to be a company that is healthier, safer and that leads by example through its culture. We want to continue our extraordinary journey and we know it's our people who are going to get us there. More on this can be found on page 21 and from 69.

Our communities

We're stepping up in communities. In last year's report, we said we'd reduce inequality and create opportunity, lead on healthier lifestyles and safer roads, and support more of what matters in Z's neighbourhoods year round. We continue to work towards that.

For us that means being seen as part of the community and taking the time to listen carefully and do what we can to help communities with the things they care about. More on this can be found in our Communities section starting on page 34.

Our environment

Our new biodiesel plant is an important step in the right direction, not just for what it does but also for the signal that it sends. Think that's daring? Try this. Can you think of another fuel supplier that has stated publicly that their goal is to leave more and more fossil fuel in the ground? We did. In this ad: **z.co.nz/tvc**. More on our environment can be found from page 30.

Our finances

Z is for New Zealanders, as customers, communities and as investors. We need to deliver value for our customers and we need to generate it through our operations in order to deliver the returns that investors deserve. Our goal is to invest wisely, to think long term and to be a consistent high performer in what we do and what we earn. You can find our Financial Statements section starting on page 38.

Continuing to talk and listen

It's in our nature to be proactive, direct and straight up, and relationships are a critical part of that. This year, we continued talking with all sorts of people about all sorts of things that mattered to them.

Some of the actions we took

Chevron

We talked with Chevron and agreed to buy the Chevron New Zealand business including (Caltex branded) service stations and associated assets for $785 million. The sale was referred to the Commerce Commission which investigated the proposed sale rigorously. They subsequently decided to approve the sale, on the basis that it would not substantially lessen competition for New Zealand consumers and businesses.

Central government

We talked with a number of central government ministries, authorities, agencies and political parties about the macro-environment in which we operate and compete. Discussions ranged across oil prices, alternative fuels, health and safety, sustainability, climate change policy, security of energy supply, the competitive environment and creating jobs.

Local government, community organisations, NGOs

We talked with local and community groups as well as not-for-profit organisations about many of the same issues, with perhaps more of a focus on sustainability, environmental issues and the best ways that we could make a difference in our local communities. You can find out about what we did on page 34.

Customers

We talked with our customers too, of course, through advertising and about initiatives such as Good in the Hood. You can read about how they responded on pages 26 to 29.

Sustainability sector

We met with wide-ranging groups – non-governmental organisations, business groups, policy advisers and many others – to talk about how we could make an environmental and social difference and where we could do with their help and guidance. You can learn more about what happened as a result on page 30.

Media

We are known for being totally accessible and straight up. Our hope is that by actively talking publicly, including through the media, we can get more New Zealanders talking openly and frankly about what's good for New Zealand. Here's an example of that: **z.co.nz/radionz**

Right now, we're here

Here's our Z performance snapshot for the year ended 31 March 2016.

$64 million
Historical cost net profit after tax (Net Profit)

$785 million
Cost of purchase for Chevron New Zealand (payable 1 June 2016)

$123 million
Replacement cost net profit after tax

2,248 million litres
Total fuel volume (retail and commercial)

$263 million
Replacement cost operating EBITDAF profit ($238m including Chevron New Zealand expenses).

36.8 million
Vehicle traffic across our retail sites

26.6 cents
Total dividend per share

56.8 million
People transacting on our retail sites

30.8 cents
Replacement cost earnings per share

7
Electric vehicle charging stations in the Z network

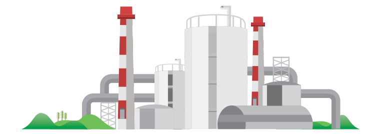
5.5 cents
Replacement cost earnings per litre

92
Truck stops in the Z network

$70 million
Capital expenditure

100%
Health, safety, security and environment actions close-out rate

Big stories of the year



Te Mahi Hou – Refining NZ continued to improve performance, with strong refining margins. A $365 million upgrade programme of Te Mahi Hou introduced new efficiencies that helped lift volumes and refining margins, while cutting carbon emissions. We benefit from these efficiencies as both a shareholder and a customer.

Integrity – we act with integrity, no matter how big or small the action is. When we made a mistake with the product sourcing for our vegan pies, we told people straight away, recalled all our stock and gave those affected pies away to people in need. Then we changed the mixture to make sure the mistake wasn't repeated.

Market reporting – we continue to look towards a more integrated way of reporting not just our financial results but also our social, commercial and environmental impacts.

New health and safety legislation – HSSE is always on our minds. We've now added specific health and safety expertise at executive level. We welcome and are ready for the new legislation.

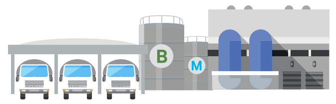
ZORM (our operational risk management system) – we've kicked off the most integrated view we've ever had of operational risk in our business and how we need to manage it.

Generative culture – we started work on a "Just Culture" to encourage people to speak up when things go wrong, learning when things go right and to help us continue to improve. These are small steps in our new HSSE strategy to build a generative culture by 2020. We've called it giving our people a Fair Go.

Best employer – we continued building our values and performance based culture. We are now recognised as a 2015 Aon Hewitt Best Employer with 77% of our people engaged.

Leadership – at Z, everyone is a leader, regardless of role. We have been recognised for this as an Aon Hewitt Top Company for Leaders.

Biodiesel – Fonterra, New Zealand's largest company, became a foundation customer for our new biodiesel, along with New Zealand Post, Fulton Hogan, Air New Zealand and Downer.



Non-fossil fuel alternatives – our philosophy of starting small and working our way up to significant change was exemplified in projects like our new biodiesel plant. There is 5% biofuel in the mix to start, and that saves the country tens of thousands of tonnes in carbon emissions. We think that's a great beginning.

Environmental planning post-Paris – the economics for biofuels and our sustainability initiatives may not seem obvious in a world where oil prices are so low. But we believe that will change a lot when governments get really engaged with climate change. The Paris climate change talks started that.

Retail – our new food offerings like vegan pies, smoothies and froyos were a big success, showing that New Zealanders are keen to try new things.

Loyalty – our customers want their loyalty rewarded in a range of ways. Some want instant gratification through an offer or discount. Many love Fly Buys. The learning for us is that the loyalty market itself is evolving – fast – and we need to keep evolving too.

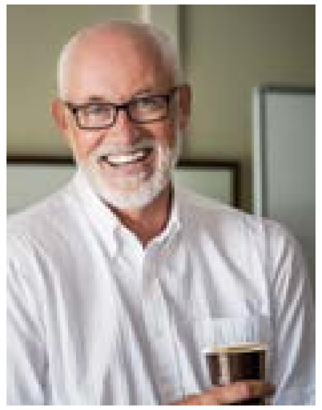
Robberies – disappointingly, the number of robberies went up this year despite us continuing to introduce new ways to deter thieves. We aren't giving up on our quest to get to zero with new technological initiatives in place.

Net Promoter Score – we were disappointed to see our Net Promoter Score, which measures our commercial customer satisfaction, fall significantly through the year. We will continue to address this next year.

Community – once again this year, Z backed New Zealanders helping in their local communities. So far, Good in the Hood has made millions of dollars of difference.

Chairman and Chief Executive's Review

The 2016 financial year was a big one for Z, with every part of the Z team contributing to a safe and reliable performance from the core business, all the while advancing the potentially transformational acquisition of the Chevron New Zealand business.



Peter Griffiths

Mike Bennetts

Health, safety, security and the environment

Running a safe business is the foundation upon which Z is based, the licence for our company to operate. Over the year we have continued to make progress towards our goal of a zero harm workplace and this report contains a breakdown on how we have tracked against some core health and safety metrics on page 22.

On 4 April 2016, the new Health and Safety at Work Act came into effect. Z has been a strong supporter of this legislation and believes that while new laws cannot in themselves improve New Zealand's poor workplace safety record, it is an important precursor to much-needed cultural change in the way we think and communicate about health and safety in New Zealand.

As this legislation was being developed, the Board and management were also working through internal reviews and external audits to ensure Z is well equipped to operate under the new regime and we are making good progress in implementing the company's revised operational risk management system.

In a year in which there was much which could have distracted the Z team, we're pleased that we've maintained our focus on safe and reliable operations. Continually improving our systems, processes and culture ensures positive health, safety and environmental outcomes for our business, customers and communities.

Financial performance

This financial year all parts of the business made important contributions to the overall result in a highly competitive market. It was also a year in which we made good progress in executing our "Strengthen the Core" strategy.

Z has delivered historical cost operating profit of $64 million which was impacted by the global oil price decreasing from $54 per barrel to $39 per barrel during the year. However, looking past the change of value of inventory, Z also reports its results on a replacement cost basis (RC).

Z delivered Replacement Cost Operating EBITDAF (RC EBITDAF) of $263 million when adjusted for the one off costs of $25 million associated with the acquisition of Chevron New Zealand. This was at the upper end of the $245 - $265 million range that Z guided. This $263 million is $22 million (9%) higher than the $241 million reported for the 2015 financial year.

This outcome continues Z's track record of delivering double digit[1] growth in replacement cost earnings.

Strategy delivers results in a highly competitive market

The New Zealand fuels industry continues to be highly competitive with new service stations being built, a now constant flow of significant discounts, more price-based promotions and new customer offers. This tussle for customers is vigorous, with competitors increasing their investment in fuel retailing. This increasing number of choices is healthy and positive for the industry, for consumers and for New Zealand. We are the preferred New Zealand fuel brand with distinctive and constantly evolving customer offers.

Z welcomes competition for customers head on, Z has refreshed and continued to invest in its brand. The company's strategy continues to deliver against this highly competitive backdrop.

Over the year Z opened four new-to-industry service stations in growth areas, refurbished two existing sites and continued to introduce new high-margin products into its stores to boost the already strong performance of Z's food and beverage offer. Z continues to grow its contribution from non-fuels margin – up from $61 million in 2015 to $64 million in 2016.

In the commercial markets Z continues to optimise its commercial fuels portfolio towards high value customers in parts of the country where we are best positioned to serve them.

Z continues to benefit from its supply chain optimisation strategy. Refining NZ delivered a stellar financial year, with contribution from refining margins at $48 million, up from $31 million in the previous financial year. Additionally, the refinery completed its $365 million Te Mahi Hou upgrade project at the end of 2015 which will improve the efficiency of the plant and the underlying performance of refining margins by up to USD0.90-1.10 per barrel.

Additionally, Z's crude oil procurement collaboration with Refining New Zealand and BP New Zealand delivered approximately $8 million of efficiency-related earnings on an annual basis.

Z has ample financial and human capability to continue to work through the third year of its 'Strengthening the Core' strategy while also integrating Chevron's operations into our business.

Chevron acquisition

On 2 June 2015, Z announced it had reached an agreement to acquire the Chevron New Zealand business for $785 million. We appreciate this has been a significant focus for investors and the market.

Before we discuss the transaction in any detail, it would be remiss for us not to thank the dedicated and passionate team from across Z who originated this transaction, negotiated the agreement, and worked on both securing the regulatory approvals and preparing two companies to come together as one. This has been nearly two years of hard work and we are proud of the fantastic contribution of our people.

As we said when announcing this transaction, the acquisition of Chevron has the potential to be transformative for Z and, through bringing a global company into local management, to be positive for New Zealand.

The Commerce Commission's consideration of this application has taken almost a year. It has been very thorough covering all elements of all of the markets that make up this industry. Z appreciates that a transaction of this scale, in an industry with a high level of public interest, deserves this level of significant scrutiny. We are pleased with the rigour that has characterised this application.

Subject to divesting 19 service stations and one truck stop, the Commission has found that the acquisition does not substantially lessen competition. We will settle the transaction and cut over the systems and processes in order to run the two businesses together from 1 June 2016.

We bought well – particularly so as the value and performance of Chevron has improved since the transaction was announced. Z has bought a business with a track record of disciplined, safe operations and a focus on returns. The two businesses have complementary business models and we reiterate our commitment to two brands for our service station network. We remain confident in delivering the $25 - $30 million of synergies identified. We have decided to fund the transaction with debt and existing cash and will not be pursuing an equity raise as originally announced.

We expect Z's debt to increase in the short term to approximately 2.6x RC EBITDAF. Debt is anticipated to reduce to 2.0x RC EBITDAF within three years.

"This financial year, all parts of the business made important contributions to the overall result in a highly competitive market."

We want to thank our shareholders for their support and patience while this transaction was approved and also want to thank the Chevron team. We acknowledge this has been a very unsettling period for them and we wish to recognise the professionalism they brought to this process. In bringing our teams and our two companies together we are excited about the possibilities we can jointly deliver for shareholders, customers and for New Zealand.

Later in 2016 we will hold an investor day to provide an update on progress. This will be webcast, capable of being viewed online.

Sustainability

In June, Z will begin the production of high-quality sustainable biodiesel from the company's $26 million biodiesel facility at Wiri, Auckland. With a planned staged roll-out into the commercial and retail markets across the upper North Island, the plant will produce 20 million litres of biodiesel per annum by year end. The fuel will meet the highest New Zealand and European fuel specifications and will be blended into mineral diesel at a 5% rate. For the first time, many Kiwi motorists and businesses will have the choice to use a more sustainable fuel. There is more information on this exciting move on page 25.

Governance

During the year Z has continued to grow diversity and capability with the appointment of Mark Cross and Julia Raue to the Board. Mark brings a strong financial markets and commercial background to the Board and Julia, as the former CIO of Air New Zealand, brings particular skills and experience in the area of ICT and customer experience.

Deepened and more diverse shareholder register

On 1 October 2015, Infratil sold its remaining 20% holding in Z and the New Zealand Superannuation Fund sold down its holding from 20% to 10%. The company continues to have a high quality and diverse shareholder register.

Z is part of the NZX20. Since listing, Z has delivered total shareholder returns (TSR) of 116% (92nd percentile) and ranks within the top five companies on the NZX50 on TSR.

Z remains focused on delivering value to its shareholders. As with the Chevron acquisition, Z will continue to develop and initiate opportunities that deliver growth and reward shareholders for their support of Z.

Conclusion

We're proud of what our people and our business has achieved in the 2016 financial year. We've run the business safely and reliably, and delivered strong financial results from the core business while putting in place the foundations for our future growth.

The Chevron acquisition has come to fruition through the professionalism, hard work and commitment of both the Z and Chevron teams. This significantly changes the shape and scale of our business but it doesn't change what we stand for. The acquisition makes Z one of the biggest companies in New Zealand and with that comes more responsibility. Z will continue to be a confident, distinctive and values-driven company that delivers what it says it will, that is prepared to take calculated risks and stands for things that matter to us.

We are advantaged in having a highly engaged team, a distinctive brand and the backing of an engaged and enthusiastic Board. We're committed to continuing to earn the confidence and trust of our shareholders and recognise that continually delivering against our strategy is the best way of doing this.

Z is in particularly good shape for a busy, challenging and rewarding 2017.

Thank you for your support of Z.

Mike and Peter

[1]Growth in RC Operating EBITDAF over last 3 years - FY14: $219m, FY15: $241m, FY16: $263m (adjusted for one-off Chevron New Zealand expenses).

Find what you're looking for

See the risk, manage the risk

Like many businesses, we grapple with a range of risks that have the potential to impact the safety of our people, our performance, our reputation and our ability to provide our customers with the service and services they expect. While some risks can never be eliminated, we work very hard to identify their significance and manage them.

Supply disruption is a key risk for us. Our products reach New Zealanders through a long and complex supply chain with interlinked components, some of which rely on joint ventures and third party contracts. Our current business model relies on the continuation of existing arrangements. Disruption to any one or more of these components, or sudden shifts in international commodity and foreign exchange markets, could limit what we can sell, where and for how much, which in turn would impact our customers' profitability and cash flows.

> **"We are very aware of the need to carefully and sustainably balance growth with profitability."**

Working with fuel

Working with and selling fuel presents health, safety and environmental risks. We work with our supply chain partners to transport and store crude and refined products. If these materials were to leak into air, land or water, contamination and damage could result. Crude oil and refined products are also combustible so handling these substances comes with the inherent risk of explosions or fire. We look to mitigate these potentially dangerous situations through our collective commitment and focus on health and safety procedures.

As a retail and commercial fuel market participant, we're subject to intense price competition for market share. As we've noted elsewhere in this report, the widespread use of discounts, special offers and loyalty cards continues to challenge our margins. The entrance of new players into what is already an intensely competitive space could have a detrimental effect on our ability to charge what we would see as a fair price for what we offer. We also rely on banks to provide working capital funding, and on bondholders for funding. If our relationships with these providers were to adversely change, that could impact on our financial performance and our financial position.

> **"Supply disruption is a key risk for us. Our products reach New Zealanders through a long and complex supply chain."**

Reputation

Because of the emphasis we put on trust and service, our reputation and the value associated with our brands could be adversely impacted by any of the risks identified above. We could also over-stretch ourselves. We have a programme of on-going substantial capital investment in our business comprising both integrity capital investment (for example, investment in replacing storage tanks at terminals and retail sites) and growth capital investment (for example, investing in new retail service station sites). We are very aware of the need to carefully and sustainably balance growth with profitability.

Market risks

There is a range of other risks that we face. These are listed and discussed in some detail in our IPO document found at **www.z.co.nz/ipo**. Two particular risks are worth noting. The first is that demand for our transport fuel products may decline over time as a result of increased demand for alternative fuels. To an extent, we are encouraging this through our development of our B5 biofuel and electric recharging stations, but if demand for those alternatives was to suddenly surge and to be accompanied by a dramatic increase in the availability of alternatively fuelled vehicles, that would impact our fuel sales. Our principal competitors could also have better access to alternative fuels technology than we do. We don't think this is likely in the short to medium term. Secondly, Z's business is subject to a wide range of legislation and regulatory obligations. If we were to fail to comply with these requirements or if the requirements themselves were to materially change, that could impact us financially and/or in terms of our reputation. We have been very careful in our pursuit of the Chevron business to engage with regulators such as the Commerce Commission and to provide them with all the detail that we can in a timely manner. One of our key assurances to them throughout the process has been that, in our opinion, the highly competitive nature of the New Zealand fuels market will not be compromised by our acquisition of Chevron.

As expected

These are the key risks as we see them. Our current assessment is that we have a good handle on all of them through our Risk and Assurance function and our Enterprise Risk Management System, all of which is overseen by the Board's Audit and Risk Committee. There is nothing out of the ordinary that we are aware of to cause investors, customers, stakeholders or our own people to be alarmed.

Meet our leaders - the Z Board

1 Peter Griffiths
Chair
Member, Audit and Risk Committee
BSc (Hons), CMInstD

Peter is a professional Director and oil industry veteran. He has held various roles in New Zealand and overseas. Until 2009, he was Managing Director of BP New Zealand. Peter previously served on the Boards of The New Zealand Refining Company Limited, Liquigas Limited and New Zealand Oil and Gas Limited, Energy Direct, Whanganui Gas Limited and Bitumix Limited. He is currently a Director of Marsden Maritime Holdings and New Zealand Diving and Salvage Limited and a member of the Civil Aviation Authority.

2 Paul Fowler
Director
Chair, HSSE Committee, Member, Audit and Risk Committee
BS (Marine Engineering), ME (Nuclear Engineering), MBA, FAICD

Paul has many years experience in primary industries. He was the founding CEO of Nyrstar NV, the world's largest producer of zinc metal. Before that he was COO of Zinifex, an Australian zinc and lead mining and smelting company, CEO of Fletcher Challenge Forests and Carter Holt Harvey Forests, and spent 15 years with BP in crude oil trading, strategic planning, refining and retail marketing. Paul has served on the Boards of The New Zealand Refining Company Limited and Evergreen Forests Limited.

3 Alan Dunn
Director
Chair, HR and Nominations Committee, Member, HSSE Committee
CMInstD

Alan is an experienced senior manager and corporate leader. He was CEO and Chair of McDonald's Restaurants New Zealand Limited from 1993 to 2004 before heading to Chicago to become Vice President of operations then Regional Vice President in the Nordic region, and managing Director of McDonald's Sweden. He now manages his own business, Trumpeter Consulting, and is a Director of New Zealand Post Limited, Burger Fuel Worldwide Limited and a number of private companies.

4 Abby Foote
Director
Chair, Audit and Risk Committee, Member, HSSE Committee
LLB (Hons), BCA, CMInstD, INFINZ (Cert) ,

Abby is a professional Director with experience on both publicly listed and Crown companies. Trained as a lawyer, she has worked in a range of corporate, treasury and legal roles over the last 20 years. Abby is a former Director of Transpower New Zealand Limited. Her current Directorships include the New Zealand Local Government Funding Agency Limited, Livestock Improvement Limited and BNZ Life Insurance Limited.

5 Justine Munro
Director
Member, HR and Nominations Committee and HSSE Committee
LLB (Hons) (Vic), MLitt (Law) (Oxon), MInstD

Justine is a change leader who focuses on innovation, partnership, and leadership and culture. A lawyer and NZ Rhodes Scholar, Justine is a former McKinsey & Company consultant and was previously Executive Director of Education at Social Ventures Australia. She has also led or helped establish a number of organisations including Global Women and DiverseNZ. Her current Directorships include a number of non-profits.

6 Mark Cross
Director
Member, Audit and Risk Committee and HR and Nominations Committee
BBS, CA, MInstD

Mark is a professional Director with 20 years international experience in investment banking. He holds diverse Directorships spanning publicly listed companies, institutional investment funds and not-for-profit organisations. Mark is a member of Chartered Accountants Australia and New Zealand.

7 Julia Raue
Director
Member, HSSE Committee
GAICD, MInstD

Julia is a professional Director, with a background of over 25 years in information technology, business transformation and strategic planning. Julia was the Chief Information Officer at Air New Zealand for eight years, and has also held management positions in local government, telecommunications and charitable organisations. Julia is currently a Director of Television New Zealand Limited and Southern Cross Health Society.

8 Marko Bogoievski
Director
Member, Audit and Risk Committee and HR and Nominations Committee
BCA, MBA, ACA, FCA

Marko is the CEO of Infratil Limited. Before that, he was the CFO of Telecom New Zealand Limited, responsible for corporate finance, mergers and acquisitions, and group strategy. Marko is a Director of a number of Infratil and H.R.L. Morrison & Co related subsidiaries in addition to being a Director of NZ Airports Limited, Infratil Limited and Trustpower Limited.

> **Z Energy is now a leader in the gender balance of its Board**
> **Propero 2016**

Our Executive team

1 Mike Bennetts
CEO

BBS, Diploma in Corporate Management, CMInstD

Mike has led Z since its inception in 2010. Before that, he spent 25 years with BP in a variety of downstream roles in New Zealand, China, South Africa, the United Kingdom and Singapore. Mike is also a Director of The New Zealand Refining Company Limited, in addition to being the Chair of Punakaiki Fund Limited.

2 Chris Day
CFO

BBS, CA, CTP, CMInstD

Chris leads the finance and ICT team at Z. Chris has held general management, CFO and financial controller roles in a range of listed and commercial companies. Before joining Z he was Financial Controller for Contact Energy Limited and before that CFO for AXA New Zealand. He is a member of Chartered Accountants Australia and New Zealand and a Director of Landcorp Farming Limited.

3 Meredith Ussher
General Counsel

LLB, BA

Meredith is responsible for all group legal risks as well as relevant strategic and legal advice in respect of all operational matters including major contracts with key suppliers and customers. An experienced corporate lawyer in both the energy and retail network industries, Meredith previously worked with Todd Energy Limited, the New Zealand Racing Board/TAB and at Minter Ellison Rudd Watts as a senior associate.

4 Jane Anthony
GM Marketing

BCom

Jane is responsible for building the Z brand and the company's marketing programme. Prior to becoming a manager at Z, Jane was with Shell for 14 years in a variety of local and global brand, marketing and operations positions in New Zealand, Australia, the United Kingdom and Europe. Jane is also a Director of Loyalty New Zealand Limited.

5 David Binnie
GM Supply & Distribution

BEng (Hons.) Mechanical Engineering, MBA, CMInstD

Dave manages Z's supply assets and logistics including terminals and aviation depot. Dave held a number of senior roles in the global energy industry. Before joining Z, he spent 25 years with BP in a range of roles globally. He was also Managing Director of the United Kingdom's oil and gas industry's skills and competence development organisation, OPITO, before moving to New Zealand in 2011 to lead the New Zealand Government's petroleum and minerals division.

6 Julian Hughes
GM HSSE

BSc, Masters of Health Science, CMInstD

Julian is responsible for ensuring we have the capability and systems to keep our people and our environment safe and free from harm. With experience in health and safety related roles in both the public and private sectors, Julian's role immediately prior to Z was helping to set up and head the Business Leaders' Health & Safety Forum, a group of over 200 chief executives committed to working together to improve workplace health and safety in New Zealand.

7 Lindis Jones
GM Transition

BCom (Hons), BSc, M.Fin

Lindis is currently overseeing the incorporation of Chevron into our business. Before that he was our GM Commercial and GM Corporate. Prior to joining Z, Lindis was with Shell for 13 years, primarily in retail operations and strategy in Europe, Asia and New Zealand, and later was Head of Property at ANZ Bank.

8 Mark Forsyth
GM Retail

BCom, CMInstD

Mark looks after Z's 200+ service stations and about 2,200 of our team working onsite, as well as managing Z's retail assets. He previously held management positions with Shell in New Zealand, the United Kingdom and Ireland. He is a Director of Loyalty New Zealand Limited.

9 Debra Blackett
Company Secretary

LLB (Hons), MInstD

Debra is responsible for governance at Z, working with Z's Board of Directors, Board Committees, subsidiaries and joint ventures, as well as compliance with Z's listing requirements. Debra led the Commerce Commission application for clearance of the Chevron acquisition. Previously, Debra held various roles in corporate law including leadership of legal teams at BP, ANZ, and Telecom. She has private law firm experience from Chapman Tripp and DLA Phillips Fox.

10 Nicolas Williams
GM Commercial

LLB (Hons), BCom, MBA

Nicolas is responsible for all our business-to-business activity including Z Card. Before that he was Strategy Manager, responsible for Z's strategy development and managing merger and acquisition activity. Prior to joining Z, Nicolas held various corporate finance-related roles at Macquarie and the New Zealand Treasury.

11 Sharlene Taylor
GM People & Culture

PgCert

Sharlene oversees all aspects of our people and culture. Before joining Z, Sharlene worked in various HR management roles with Goodman Fielder Limited across Australasia. Most recently Sharlene was with Fletcher Building Limited where she spent four years working across various businesses in the Building Products and Corporate divisions in HR and change management roles.

Find what you're looking for

Looking out for our people

People matter to us. We're building a world class Kiwi company by giving people reasons to belong, a bigger purpose to work towards and a hunger for the extraordinary.

Take the lead

Leadership is a continued focus for us with our Leadership Framework being underpinned by two core philosophies; extraordinary leadership delivers extraordinary results and you don't need to be a people leader to demonstrate leadership. Everyone at Z is a leader, whether a leader of people or a leader of self.

We are recognised as an Aon Hewitt Top Company for Leaders and continue to provide dedicated leadership programmes and coaching opportunities to all levels across Z. We provide support to help our employees go after what matters to them, including internal leadership boosters and other development opportunities. Our journey of taking leadership development to our frontline leaders has continued this year and we aim to do the same again next year.

Focus on development

We're big on development – because the only way Z can grow as a company is if our people grow. It's pretty clear to us that good things happen when work environments become opportunities for personal growth rather than "just work". We believe in individual empowerment for development which is why each employee is encouraged to have an individual development plan. We give our employees exciting opportunities to continue their development and add value in different areas across the business, which is why over a quarter of our vacant roles were filled by internal employees this year. These opportunities not only demonstrate our commitment to back our people and help them grow, but also to build capability across the business. The Chevron New Zealand acquisition project also enabled a large group of senior leaders within the business to take on new challenges and develop new skills.

Highly engaged

Having engaged people is critical for Z's success. Our level of engagement tells us how much our people are willing to go above and beyond to make great things happen here. We pride ourselves on having strong engagement results and our scores are reflective of this, having grown from 66% in 2012 to 77% this year at a corporate level. This year's result is down 1% on last year. This year we will continue to focus on connecting with our employees.

It's results like these that put us into the top quartile as a Best Employer as judged by our engagement partners Aon Hewitt in 2015. We are the only company in Australasia to be recognised as a Best Employer and a Top Company for Leaders by Aon Hewitt and hold both awards concurrently.

Think broadly

We've always been a company that believes in diversity. Fresh perspectives and capabilities encourage thinking outside the box and diminish risk. We have now set diversity targets that extend from the Board all the way through our organisation. For the year ahead we agreed minimum targets of 20% inclusion of women at Board level, 40% at senior management level and 50% everywhere else in the business. We reckon we'll achieve these targets pretty soon.

At an overall level, we ensure that all employees have equal access to all of our people processes and practices.

One hundred percent of all Z permanent employees, including management, have undertaken regular performance reviews in 2016. One hundred percent of the Executive and people leaders and 96% of leaders of self[1] had individual development plans at the time of our annual drive in July.

[1] Leader of self: Does not have direct reports.

Taking a stand on safety

People won't perform well unless they're safe and healthy. More broadly, our reputation as an employer and as a good investment relies on us running a safe business. Our commitment to HSSE goes all the way back to the **Stand** we took to operate safely with no harm to people and the environment, and our HSSE strategy to create a harm-free workplace with a generative HSSE culture by 2020.

For more on HSSE, visit **z.co.nz/hssestand**

New health and safety legislation came in to effect on 4 April, 2016 that impacts all New Zealand workplaces. We have supported this change and are ready for it. We believe it is important and will go some way to improve the overall health and safety culture in New Zealand.

In December we confirmed a four year strategy focused on building the leadership, the system and the engagement needed to create a generative safety culture. To kick this off we have taken a more sophisticated and consistent approach to managing our operational risks by implementing ZORM, our new operational risk management system. We will complete this implementation next year.

Health and safety leadership starts at the top. This year our Directors and senior leaders have gotten even more involved in HSSE, with HSSE development programmes in place, Directors completing deep dive reviews of critical risks and our executives increasing their visibility in operational activities through safety walk and talks.

Practice makes safer

This year we reviewed our governance practices with a comprehensive external assessment. The review prompted a number of changes including an improvement in the quality and transparency of our HSSE reporting, gaining a better handle on our HSSE risk profile, and approaching HSSE change over a multi-year programme.

We know that involving people in decisions about the operational risks they face is critical. This year we improved structures and provided more opportunities for this engagement to occur. Overall engagement in HSSE at Z is very high and we have a series of active HSSE discussions and committee meetings.

Looking after our people and our business

Health and safety is vitally important in our retail environment where we have up to 57 million interactions with people each year.

We are troubled that we have seen an increase in robberies - 11 this year, up from three last year with a spike in the last quarter of FY16. One robbery involved physical harm which is unacceptable. We are currently conducting a review in light of this increase and a priority for next year will be to find ways to get this risk reduced.

This year, we've added new ways to help keep our people safe including automatic number plate recognition, state of the art digital CCTV and DNA sprays. We're also starting to publicise who robbed our retail sites through social media and we've been delighted with the help we've received from New Zealanders which has led to the arrest of those involved in these robberies.

We are also talking to our competitors to see what we can tackle together in an industry response.

A fair go for all

We can't change what we don't know. So this year we launched our Fair Go programme. This focuses on ensuring our people know they will be treated fairly and consistently if things do not go according to plan. Importantly this programme also focuses on recognising when they go right. In many ways, it codifies things we've always held dear – integrity, straight calls and taking responsibility. We're fully expecting a rise in reported incidents in the year ahead – and that would be a good thing. By removing the fear of unreasonable repercussions, we're reinforcing honesty and transparency everywhere in our business and encouraging people to teach us how to learn from mistakes and improve.

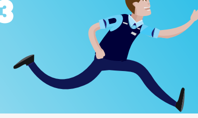
Key performance indicators - for the year ended 31 March 2016

Motor vehicle incidents

FY15 **11** FY16 **16**

Robberies

FY15 **3** FY16 **11**

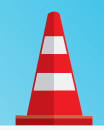


HSSE Leadership "Walk and Talks"

FY16 **63**

Number of spills (Loss of containment to ground)

FY15 **0** FY16 **1**



Total Recordable Case Frequency (TRCF)

	FY15	FY16
Total	0.91	1.26
Employees	1.99	0
Retailers and Mini Tankers franchisees*	0.83	1.48

Lost time injury frequency (LTIF)

	FY15	FY16
Total	0.63	0.49
Employees	1.33	0
Retailers and Mini Tankers franchisees*	0.58	0.58

Notes: Injury, occupational disease, and lost work day information follow criteria based on US OSHA guidelines.

* For GRI purposes, contractors are noted as Retailers and Mini Tankers franchisees.

		FY15	FY16
Exposure hours (millions)	Total	4.4	3.6
	Employees	0.3	0.5
	Contractors	4.1	3.1
HSSE actions closeout rate		100%	100%
Life saving rules infringement		12	6
Lost time injuries (LTIs)	Total	14	9
	Employees	2	0
	Contractors	12	9
Lost work days	Total	65	47
	Employees	5	0
	Contractors	60	47
Total recordable cases	Total	20	23
	Employees	3	0
	Contractors	17	23
Occupational diseases rate	Total	0	0
	Employees	0	0
	Contractors	0	0
Absentee rate	Employees	1.21%	1.33%
Work-related fatalities	Total	0	0
	Employees	0	0
	Contractors	0	0
HSSE Forum membership	% of total workforce	6%	5%
Tier 1 and Tier 2 process safety events	Total	0	0

Getting our products to you

Our risks as a business fluctuate all the time. This year, security of supply and price, which have been bigger risks in the past, have become more stable and don't appear to be issues for the foreseeable future. Current market conditions mean we are able to source crude and product from overseas at better prices than we have for many years.

However, we've also recognised this is no time to sit back and take it easy. As we noted on page 14 and 15, we have a long and complex supply chain with interlinking components that include international crude supply, refined product supply, maritime logistics, distribution and infrastructure.

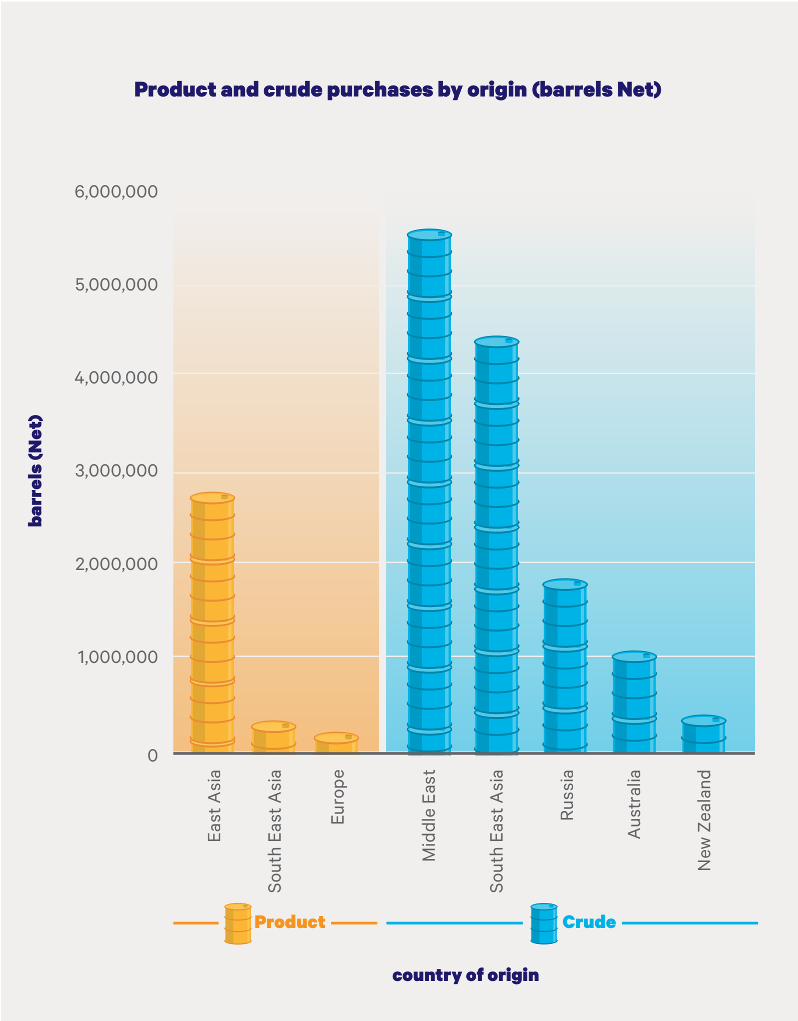
We focus on making the right choices in order to run a safe and highly efficient supply chain and achieve sustainable improvement. This year, we've especially focused on what we can do to drive further efficiencies and quality into that supply chain which spans half the globe. We have also constructed a world first biodiesel plant that, while it certainly won't get us out of fossil fuels altogether, is another small step towards that much bigger goal.

Heading our way

A replacement programme is currently underway for coastal vessels. Coastal Oil Logistics Limited (COLL) coordinates the distribution of petroleum products from the refinery at Marsden Point to ports throughout the country on behalf of its shareholders. Z is one of those shareholders.

Two coastal vessels currently serve the country and a replacement programme has been underway for some time now. The first of the new vessels, the *Matuku* is expected in New Zealand by June this year. The other vessel, which will replace the *Kakariki*, has just been agreed with our joint venture partners and will be a bitumen capable vessel.

It took some convincing to get agreement from our shareholder partners in COLL as they didn't immediately see a bitumen capable vessel was necessary but we argued that this was the best option to ensure we met New Zealand demand for this vital roading product. We agreed together to do the right thing and the vessel will arrive in New Zealand by mid-2018. This decision will also bring important cost and carbon efficiencies.



Looking ahead with tallow

The other big news this year is the opening of New Zealand's first, commercial-scale, biodiesel plant. We believe this $26 million investment is the first of its kind in the world made without government mandate or incentive. Not only is this a first for New Zealand, it's been built by Kiwis, made from a by-product from the New Zealand meat industry, and will supply New Zealanders with low-carbon diesel fuel. A truly home-grown success story.

The plant will produce 20 million litres of biodiesel fuel per annum (available in 400 million litres of normal diesel with a 5% biofuel component). It will be available to our retail and commercial customers in the Auckland, Bay of Plenty and Waikato regions. Fonterra has signed up as a foundation customer, along with Fulton Hogan, NZ Post, Downer and TIL Group. Foundation customers share Z's commitment to a sustainable future.

Z purchased 51,356 litres of biodiesel made from used cooking oil or tallow in FY16

The 5% blend rate is important. That's the maximum amount of biofuel we can add to current diesel and still meet the diesel fuel specifications for non-modified vehicles. The great news is that this amount generates 4% less carbon at the blended level than standard diesel. So there are big gains to be made. If enough organisations get behind this initiative, the potential is there to save 37,000 carbon tonnes in just 12 months.

With oil prices so low, at the time of writing this report, some might say we're taking a bit of a risk and to some extent they'd be right. Our view is that our customers will demand a low carbon solution soon, and if the recent climate change negotiations in Paris are anything to go by, alternative fuels could be legislated in due course. We'll be ready.

However, we need to think even more broadly than biofuels if we are to be sustainable after fossil fuels. That's why we now have seven electric vehicle charging stations that can rapid-charge an electric vehicle in just 10-20 minutes and bike pumps at all of our stations. It also explains why we're the country's largest privately funded public place recycling network. If you're going to move people, then you also need to be thinking about how to better move waste. We sell and re-use where possible. And all of that makes a difference.

> **"The refinery has new plant that increases throughput by up to 500 million litres a year, and it's more efficient."**

Refining the refinery

Refining NZ is a critically important investment for us and at a crucial part of New Zealand's liquid transport fuel supply chain.

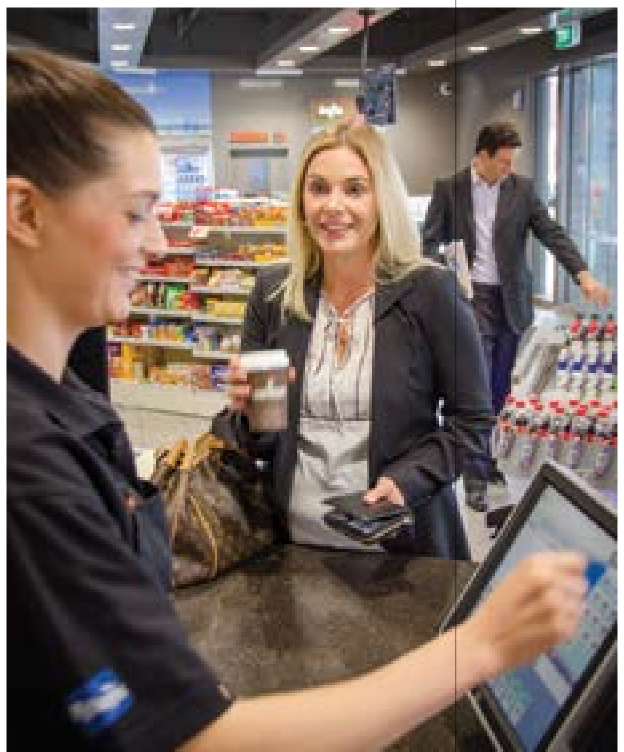
Three key things happened with the refinery this year. First of all, the refinery itself is becoming more efficient. It's performing well and making good margins thanks to improved plant reliability, well-managed scheduled shutdowns, a good safety record, and a consistent stream of high quality products.

Secondly, the Te Mahi Hou project went live in December 2015, on budget and on time. This $365 million investment means the refinery has a new plant that increases throughput by up to 500 million litres a year. Part of the benefit of the refinery is that it improves efficiencies of the plant and decreases carbon emissions. In today's high gross refining margin environment, that uplift in production means greater margins for the partners and for the refinery itself.

Finally, our joint venture with BP and Refining NZ is going from strength to strength, saving time and hassle by selecting better crudes and optimising when we process those crudes through the refinery. This year we've performed even better than 2015, delivering $8 million of earnings. It's only going to improve with the acquisition of Chevron as we continue to optimise refining arrangements with Refining NZ and the other participants.

Customs claim settled

In May 2015, New Zealand Customs presented us (and other industry participants) with an invoice for historic petrol excise expenses. That claim has now been settled, with Z making an $18 million payment by way of full and final settlement of the claim and establishing an agreed basis for excise charges going forward. In FY16, $13 million of the settlement was expensed with the remainder in prior years.



Experience matters: that'll be the Z factor

Looking to add value

Mixed messages are probably the best way to describe the trading environment we're in right now. There's no shortage of oil in the market, so we have plenty of places from which to potentially source. We buy "short", which means we buy in the market for the price at that particular time rather than buying through long-term contracts that would lock us in for significant time frames. It's the option that makes most sense to us in the current oil production environment because there's plenty of choice and prices for crude oil haven't been so low for many years. Should market conditions change, we will adjust our sourcing as required.

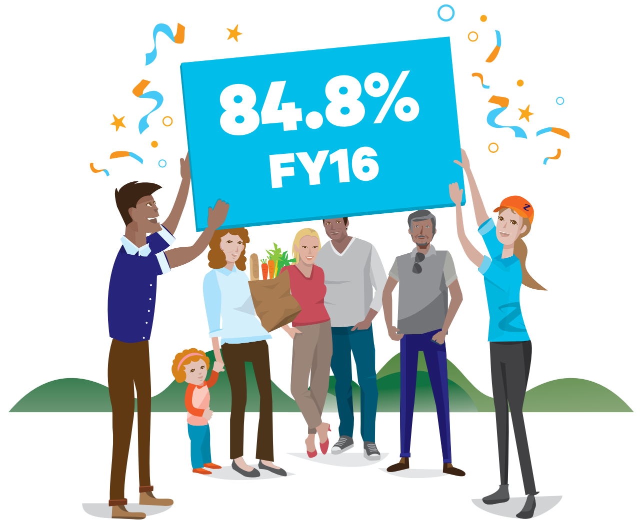
Having increased service levels in the industry, it's clear that customer expectations have also increased. The challenging thing for us now is meeting those new expectations while delivering acceptable returns.

A lot of customers and businesses want more service for the same price. We've seen a big increase this year in discounting where fewer than half the New Zealanders who fill up with us are paying the advertised rate for their fuel. We've also seen an increase in the number of unmanned stations opening up this year with cheaper fuel.

There's nothing new in this, so we'll be patient and persistent. Retail and commercial fuel markets in New Zealand are regularly subject to intense price competition for market share through discounts or loyalty cards as companies look to buy volume. Our view is that customers get what they pay for and different customers are looking for different things. So we'll continue to listen to our customers, to make sure we are competitive on price, and we'll stay very focused on providing our customers with the best value in the market and delivering a world class full service offering.

"Different customers are looking for different things."

Overall satisfaction scores



out of a total of 66,728 customer surveys that rated their experience "very satisfied" or higher.

74% FY15

out of a total of 57,554 customer surveys that rated their experience "very satisfied" or higher.

Z in business

One of the most consistent numbers around business spend on fuel is the correlation between the growth in diesel demand and overall economic growth. The fact that correlation hasn't changed in many years shows that organic growth is limited – and so the opportunities open to us under this dynamic are to take market share from our competitors or to grow our profitability pool. We've chosen to pursue a differentiation strategy by investing in the customer experience.

For larger customers, that's about providing a comprehensive fuel solution with nationwide coverage: service station; truck stop; Mini Tanker; home base; direct machine refuelling (DMR). For our key customers, solving what matters for a moving world revolves around problem solving, logistics and increased productivity. We're constantly looking to make business refuelling simple and easier for these companies, with streamlined back office functionality and a fuel expert on the team for account managed customers.

For smaller businesses, it's all about making things simple and more efficient. The partnership with Xero started last year and allows around 1,500 customers to receive their Z fuel invoice directly into their Xero feed. They can also make an online application for their Z Card. The increasing number of small and medium sized businesses completing their online applications is a healthy sign that they value convenience and access.

Net Promoter Score (NPS) is an internationally recognised benchmarking system that scores how actively commercial customers promote use of your brand. It is seen as a way to test how inclined business customers are to choose one brand over another and therefore how competitive a brand is and its prospects for growth from customer endorsement. In broad terms, there are three types of customer rating: active promoters (those who positively and actively encourage use of your brand to others); passive promoters (those who like your brand but don't evangelise your brand to others); and aggressors (those who speak out against your brand).

We were very disappointed that our NPS fell this year, with the rating from smaller businesses in particular falling much further than we expected. The problem isn't that people don't like what we're offering. It's mainly that we have less active promoters and more businesses that are passive. What the NPS change does show is that there is a big opportunity for us to continue to pursue building competitive difference through catering to that rising tide of commercial customer expectations faster and more thoroughly than any of our competitors.

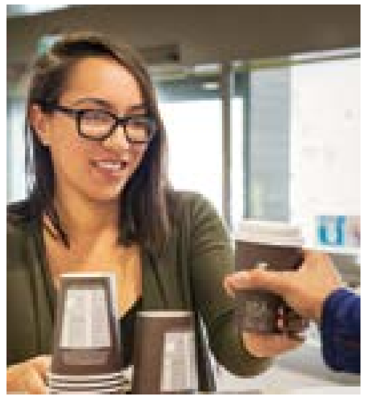
Lifting active promotion in our commercial customer base by eliminating dissatisfaction will be a key focus for the year ahead. We'll also focus more on the basics – making sure our sites are reliable and improving accessibility and interfaces.

Some important wins this year gave us confidence that our strategy is right even though it's taking longer than we'd like to see the gains we expect. We were named Xero Partner of the Year 2015. We enjoyed two record months for new business acquisition in July and August. Online enhancements to our Z Card made it even easier for our business customers to manage their usage and fuel spend.

Z locally

Our retail business continued to broaden our in-store offering with the successful introduction of new product lines such as vegan pies, froyos and smoothies. These were a great success, with store sales up 8% year on year, and sales of smoothies topping nearly 5,000 a week, and there's more to come yet. For us, this is a new market – and it shows that people will buy more from us if the choice is there and if that's complemented by a light and bright environment and great customer service. Certainly, after the successes this year, we will continue to develop our convenience offer beyond the pies and coffee we've focused on over the last couple of years. There's plenty of scope, as we see it, to cater more closely to regional tastes and the changing taste profiles of New Zealanders, and to offer a wider range of healthier choices.

> **"We continue to look for ways to make life easier for our customers."**



While having great stores, brilliant service and awesome food and drink are all part of being famous in our neighbourhoods, we continue to look for ways to make life easier for our customers. That gets expressed in a whole lot of ways. On the one hand, it's about services like car washes, parcel drop off/pick up and offering Lotto sales, so that we offer more of the things that matter to our customers in one easy location. On the other, it's about showing we really mean it through our actions: consistency; choice; and being as individual and authentic as possible.

Good in the Hood, our grass roots community investment programme, proves our commitment and gathers many of the headlines – but what goes unseen by most, but is absolutely loved up and down the country, is the massive effort that our retailers put into doing right by the communities they are part of. On any given day, our people are rolling up their sleeves and really making a difference. They're hiring people who might not otherwise get an opportunity. They're organising events. They're stepping in to help. Our frontline is amazing. They're led by strong, colourful, committed characters. No two ways about it, our teams prove that Z is for New Zealanders.

While we're on the subject of forecourts, let's quickly talk about where we see retail heading. Our stores are a key part of our conversion strategy. We would like people to spend more with us. That means we need to provide more reasons for them to do so.

Sustainability matters

To Z, sustainability means acting in a way that benefits the future of the neighbourhoods we operate in and the planet we live on. We think it's good for business, good value and good sense.

Here at Z, we:

- are committed to doing the right thing by New Zealand
- are a transport energy company, not an oil company — so we're not wedded to fossil fuels
- reckon we're in a unique position to move from being a part of the problem to being at the heart of the solution.

In 2011, recognising that we needed to start somewhere, we established a list of sustainability targets set out on the next page for FY12 – FY15. They were ambitious – we knew that at the time – but they were meant to engender change and intended to show we were serious.

We set about putting measurement and management systems in place and we have been regularly reporting on how we are tracking against our targets.

So how have we done? Waste was a win. Our retail operation waste to landfill has reduced by 60% (compared with our 70% target). Introducing LED lighting into our retail canopies saw us make an 11% power saving and reduce carbon on our lighting. Our big misses were water and corporate carbon.

A 50% water reduction was, frankly, not a realistic goal. We are now making 90,000 cups of coffee a week through our stores. We did reduce the amount of water we use in our car washes thanks to clever recycling. That initiative has led to 60% of the water used in the car wash being recycled.

We didn't reduce our corporate carbon footprint anywhere close to the 25% we aimed for, mainly because of travel (which makes up over 75% of our corporate carbon footprint), the need for which grew as our employee base increased. The intensity of our emissions per employee (excluding our value chain) has reduced from 51 tCO2e to 25 tCO2e.

We reduced the kilometres travelled and the emissions from our deliveries by 346,200km and 439 tCO2e respectively, supported by improved scheduling, SAFED driver training and increased drop sizes.

Our Mini Tankers operation means that customers can be refuelled on their site rather than refuelling at truck stops. Over the last year we reckon we've saved 45,000 litres of fuel or 12 tCO2e.

We'll be setting new targets for the years ahead, which will be outcomes focused, backed up by quantitative proof points.

Where we have had a real impact is as a voice for change. We've been able to use our media profile to good effect. For example, we submitted a paper on the Paris climate targets to the Ministry for the Environment saying we saw no reason why New Zealand shouldn't match the European Union's 40% reduction target and that the cost of inaction in our view was far more than the cost of action. We received positive feedback from stakeholders and most importantly, our customers.

Certainly the feedback we're getting is that people value us using our influence in this way. We're seen as a progressive force and a thought leader and, for our own part, we're very keen to be at the heart of solutions and to back those with actions. It was great to see us cited by Colmar Brunton in their "Better Business, Better World" report as the sixteenth prompted Green Brand.

Another way that we're using our scale for good is working with our suppliers on sustainability-based standards. Our seven top suppliers (based on spend, criticality and interface with customers) now have shared performance agreements. These will help us achieve sustainability change within our business and across our supply chain.

Of course the investment we've made in biodiesel is a sign of just how serious we are. But we are very aware that we can't stop there. There's a realisation that biodiesel is the start of our next fuel journey and not the end point. The acquisition of Chevron also changes the scale at which we will need to operate sustainably. Our expanded operation will mean, for example, that we are responsible for 37% more fuel, which will automatically enlarge our operational carbon footprint for example. Integrating Chevron into Z's sustainability programme is a key objective for Z.

We collect data for approximately 50% of our waste streams from our retail sites. We then use this data to estimate the total volume of waste we generate as a business.

How did we go against our targets?

Key: Fail — Awesome

Use less, waste less	Score
Use 10% less electricity in retail	
Use 50% less water in retail	
Reduce waste to landfill by 70% in retail	
Zero waste head office	
Carbon intensity	
Head office carbon footprint reduced by 25%	
15% reduction in distance travelled for each litre of fuel delivered	
Reduce delivery emissions by 25%	
10% reduction in carbon footprint of retail stores	
Work with suppliers for 25% reduction in carbon	
Help reduce customers' fuel consumption	
Fossil fuel reduction	
Leading biodiesel supplier	
Using biodiesel in own business	Biodiesel not in production FY16
Implementer of emergent transport energy	
Support New Zealand	
Safety at home	
Safety performance best in class	
Skilled worker days	
Skills development of own team	
Neighbourhood investment	

See z.co.nz/targets for more information.

Fonterra is a foundation customer for our biofuel

Since early 2014, Fonterra has worked closely with Z as a foundation customer for the new B5 biodiesel, helping Z introduce the lower carbon fuel to New Zealand.

The farmer owned co-operative is committed to making a difference by reducing its emissions as well as supporting other Kiwis so they have the option to make better energy choices.

Lower emission sources like biodiesel are in keeping with Fonterra's energy strategy and are one of a range of ways that the co-operative is looking to adjust its carbon profile in the years ahead. This initiative with Z is an effective way for Fonterra to integrate carbon savings into its supply chain almost immediately.

Fonterra tankers are a familiar sight on New Zealand roads, travelling thousands of kilometres every day. The Co-operative's 500 tankers cover more than 90 million kilometres of New Zealand roads annually – and that takes a lot of fuel.

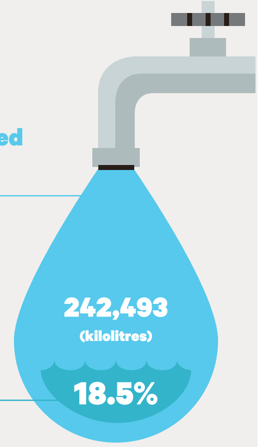
> **"The co-operative's 500 tankers cover more than 90 million kilometres of New Zealand roads annually – and that takes a lot of fuel."**

Using B5 biodiesel in its tankers has the potential to bring an almost 4% reduction in emissions from each truck over the course of a year, which will in turn reduce the co-operative's carbon costs. Because B5 is a drop-in fuel, Fonterra's trucks can use it wherever it is available around the country, but not have any issues should standard diesel be the only option.

Fonterra says the initiative with Z is important to them because of the co-operative's commitment to reduce its own carbon emissions while also supporting Z in making B5 more widely available for the benefit of New Zealanders.

For more information on biodiesel, visit **z.co.nz/biodiesel**.

Percentage and total water recycled



Total water recycled (kilolitres)

Water used as percentage of total water used

We collect data for about 50% of our sites and then use this to estimate the total volume of water we use as a business.

Congratulations Z Bethlehem

Z Bethlehem is the latest Z site to be accredited by Conscious Consumers. At the site, no food or coffee waste is sent to landfill and food waste at Z Bethlehem goes to a certified pig farmer who supplies meat to charities throughout the region including food banks and the homeless shelter.

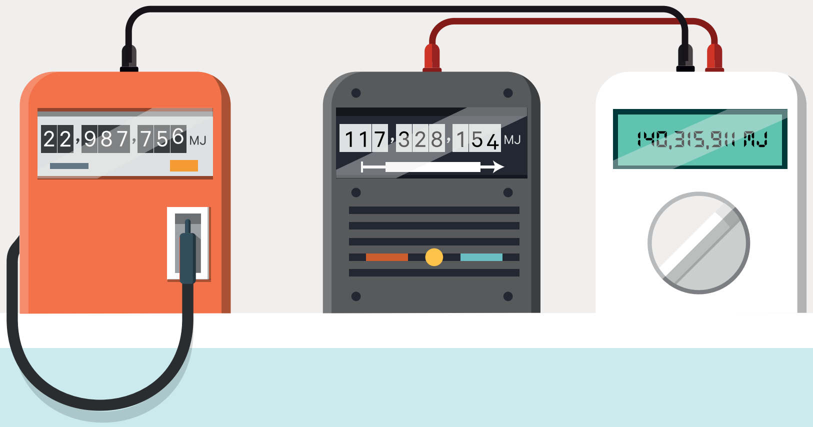
In total, five of our sites nationwide have received Conscious Consumers accreditation based on their standards for recycling, composting, generosity and BYO containers. Each is assessed annually.

Energy consumption within the organisation

Non-renewable fuel
602,649 litres

Electricity
32,591,154 kWh

Total



We use our electricity data and actual fuel use to monitor our consumption.

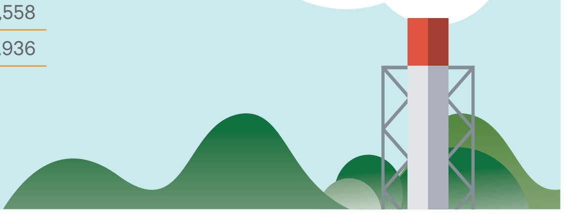
Greenhouse gas emissions

Tonnes CO_2e	Calendar year 2012 (base year)	FY16
Scope 1 – Z offices & retail sites	797	3,222
Scope 2 – Z offices & retail sites	5,984	4,509
Scope 3 – Z offices & retail sites	5,140	2,897
Scope 3 – New Zealand supply chain	21,167	22,614
Scope 3 – Share of refinery	542,590	433,946
Scope 3 – Rest of supply chain	612,911	495,558
Scope 3 – Z product emissions from our customers	6,101,736	5,109,936

Total emissions

Calendar year 2012 (base year)	FY16
7,290,325	6,072,683

We estimate our emissions using the Greenhouse Gas Protocol's Operational Control Methodology.



Community matters: it's good to belong

Five years ago, when we first asked New Zealanders about what they wanted from an energy company, they said they wanted us to give back to neighbourhoods, people and places.

With Good in the Hood, we've done that, and we've done it in a way that gives New Zealanders the say in what and who gets the support they need. People like the fact that it's a democratic process, that it happens at a neighbourhood level and that New Zealanders get to decide where the money goes. Over the last four years, we've returned more than $4 million to neighbourhoods. It feels great to have done that from all Z sites. It feels even better to know that it's made such a huge difference — and will continue to do so.

This year we added to Good in the Hood with a one-off 'Supercharger', giving away an extra $250,000 to great causes that needed some help. We gave $60,000 to Child Cancer's Keeping in Touch programme, for example, so that children with cancer could use their iPads to stay in touch with family and friends. The first family has just received their iPad. They were stoked. And so were we.

Z's winning reputation

We were really pleased to be named the fourth most respected company in the Colmar Brunton 2016 Reputation Index — see **z.co.nz/reputation** — an index where key judging criteria are social responsibility, fairness, success and trust. Our rating was well above the global average. Our CEO, Mike Bennetts believes that our high rating reflected the huge commitment that Z people make to doing what matters for customers, listening carefully and delivering consistently.

Helping our retailers' people

One of our most important initiatives going forward will be to look to give back to the very people who give so much: the people on our retail sites. Some of our team only stay with us for a short amount of time. However, a lot of our people are here to stay, provided they're looked after well. Our retailers are committed to doing everything they can to give them a fun and fulfilling place to work, reward them well and encourage them to expand their skills.

Next year, we want to focus on their aspirations and achievements and find ways to help our people to be better off. We've started small, as we always do, but our goal is to help our people make big strides in critical life skills such as literacy and budgeting which will improve their career prospects and give them fresh confidence.

We piloted two educational scholarships this year. The first, with Capable New Zealand, has helped Joel Popplewell, Nathan Taramai and Luana Tupou to study for a degree in Applied Management from Otago Polytechnic while they are working. In fact, they can use their work experience as credits towards their degree. The second is our full time university scholarship awarded to Jessica McCleary. Only Z retailers' employees or their dependent family members are eligible for this scholarship.

Now at university

When Jessica McCleary received our first full time university scholarship she became the first person in her family to attend university. The $12,000 award, which is offered in partnership with First Foundation, will go towards tertiary fees along with paid work experience, a mentor for Jessica and support to help her successfully make the switch from school to university. Jessica works for Z as a part-time forecourt concierge. She is using the scholarship to study Sociology at the University of Otago. We wish Jessica all the best this year. Read more of her story at **z.co.nz/jessica**.

"Next year, we want to focus on the aspirations and achievements of our people and find ways to help them be better off."

Dishing up support for Bellyful

Through Good in the Hood, we help all sorts of organisations across the country to make real differences in their communities. One of the organisations we have helped is Bellyful, a national community group that works tirelessly to cook meals for families with newborns or those with family members struggling with illness.

This year, 12 of our retailers and site teams across nine cities chose to support Bellyful. As a result, the group raised more than $17,000 towards paying for things like the ingredients they need to cook meals. Thanks New Zealand. Find out more about Bellyful and their selfless work online at **z.co.nz/bellyful**.

There's more on how we give back at **z.co.nz/goodinthehood**.

A true New Zealander

We're thrilled that former Z Retailer Selwyn Cook of Hamilton won this year's Kiwibank New Zealand Local Hero of the Year award. The annual awards celebrate people who use their passion for New Zealand to make our country a better place and honour those whose selflessness, creativity and vision make us all proud to call New Zealand home. Selwyn was recognised for his tireless efforts in and for the local community and his huge commitment to giving people with disabilities opportunities to work. We're proud of you Selwyn and even prouder now we have teamed up with Workbridge in your new role as Disability Employment Ambassador, creating more employment opportunities for people with disabilities.

Passing on skills

Our Skilled Volunteering Programme gives our people opportunities to share their skills in ways that help other community organisations gain a lasting benefit. Here are some examples of what we did this year:

- Christine Langdon worked with the Chief Executive of Women's Refuge to help bring an important plan together.
- David Jones used his skills as an ex-chef to run the camp kitchen for Waimari Primary School.
- Hannah Heberley gave a presentation on internal communications to more than 80 communications and marketing volunteers at not-for-profit organisations.
- Kerry McCarty helped Ridgway School plan out a better way for teachers to communicate with parents.
- Lisa Cole helped organise the spreadsheets needed to allocate resources for the Heart Foundation, Wellington branch's collection day.

"Our people are doing skilled volunteering year round to make a lasting difference for groups and causes that matter to them."

Find out more at **z.co.nz/skilledvolunteering**

Helping those who care

We've entered into a new and exciting national partnership with St John that will see us working with them in a range of ways including the purchase of defibrillators at all Z sites to keep the community safer. St John is a corporate partner that very much aligns with our values and our local community focus. The partnership will see both organisations commit to projects and initiatives that protect the well being of local communities throughout the country.

In the words of St John Chief Executive Peter Bradley, "St John is New Zealand's most trusted charity; there is clear alignment between what our two organisations are committed to. Local communities will benefit from this exciting new partnership."

The way we see it, this is all about New Zealanders helping New Zealanders helping New Zealanders.

Financial results matter: How we got on this year

Find what you're looking for

After announcing the Chevron transaction on 2 June 2015 we followed through with obtaining regulatory clearances and getting "business ready" in order to be ready to bring the two businesses together.

In a year likened by one of our Board members to "chewing gum and skipping backwards" we also stayed focused on running our business effectively while at the same time continuing to invest and deliver on a range of big projects. As our CEO observed at half year, our ability to do so is a strong reflection of organisational resilience, and the quality and depth of the Z team.

We are pleased with this year's financial results not least because we earned good money from across our business while at the same time managing the risks associated with a volatile market and the impact of the excise dispute.

Refining NZ delivered its best margins ever and our supply chain and commercial and retail teams delivered strong results in very competitive conditions. Operating expenses (excluding Chevron and Customs) increased 2% mainly due to increases in project expenses and employee bonuses.

As is the case in rising or falling oil markets the profit recorded under accounting standards, which is based on historical cost of product, told a different story than our preferred reporting metric which is the replacement cost of product. The key take-out for investors is that RC operating EBITDAF was healthy across the business over the course of the year, with all parts of the business contributing to performance.

Our fourth placing in the New Zealand Corporate Reputation Index underlines the deep trust we have worked so hard to build and reinforces our belief that Z is a company of proven integrity. It also shows that our brand and reputation are in good health and that these are critical considerations for sustaining future profitability.

To our mind, successful companies are astute judges of capital allocation. They balance their growth spend, such as the Chevron acquisition, with integrity spend (capex around maintenance of physical assets and ICT systems). Most importantly, they don't allocate to one at the expense of the other.

So while the Z Board has moved to quickly capitalise on opportunities, it has also displayed significant discipline and patience when dealing with important capital expenditure decisions. The approach to upgrading and broadening Z's ERP system demonstrates how integrated

risk conversations are part of how we do business. Knowing that ICT system upgrades can represent potential risk for investors, the Board has adopted a staged approval process. The first stage approved in December 2015 will see development of a business case once the Chevron transaction has been brought on Board and "stabilisation" attained. Subject to approval by the Board, work will begin late in FY17 aimed at yielding efficiencies and other tangible business benefits.

Our decision to invest in biofuels at a time when oil prices are low should be seen in the context of future proofing against a world where oil falls out of favour. Over time we're confident in the contribution this investment can make along with it being a key part of Z's sustainability stand.

In closing, we've completed a very busy year, generated strong financial results and have protected the strength and capacity of our balance sheet.

"Our fourth placing in the New Zealand Corporate Reputation Index underlines the deep trust we have worked so hard to build and reinforces our belief that Z is a company of proven integrity."

Chris Day
CFO

Statement of comprehensive income

for the year ended 31 March 2016

	Notes	2016 $m	2015 $m
Revenue	4	2,521	3,064
Excise and carbon expense		(569)	(562)
Purchases of crude and product		(1,417)	(2,073)
Primary distribution expenses		(27)	(25)
Operating expenses	5	(353)	(321)
Share of earnings of associate companies (net of tax)	14	23	10
Earnings before interest, taxation, depreciation (including gains and (losses) on sale of fixed assets), amortisation, impairment, fair value movements in interest rate derivatives and movements in decommissioning and restoration provision (EBITDAF)		**178**	93
Depreciation and amortisation	11,12	(41)	(43)
Impairment	11	(5)	-
Loss on sale of fixed assets		(1)	-
Movements in decommissioning and restoration provision		(7)	(3)
Net financing expense	6	(32)	(34)
Fair value movements in interest rate derivatives		(6)	(7)
Net profit before taxation		**86**	6
Taxation (expense)/benefit	16	(22)	1
Net profit for the year		**64**	7
Net profit attributable to owners of the company		**64**	7
Revaluation of land and buildings net of tax		100	-
Movements in decommissioning and restoration provision recognised in asset revaluation reserve		(2)	(3)
Share of associate other comprehensive (loss) net of tax		-	(1)
Other comprehensive income/(loss) net of tax		**98**	(4)
Total comprehensive income for the year		**162**	3
Total comprehensive income attributable to owners of the company		**162**	3
Basic and diluted earnings per share (cents)	19	16	2

The accompanying notes form part of these financial statements.

Find what you're looking for

Statement of changes in equity

for the year ended 31 March 2016

	Notes	Capital $m	Retained earnings $m	Employee share reserve $m	Asset revaluation reserve $m	Total equity $m
Balance at 1 April 2014		432	20	(2)	141	591
Net profit for the year		-	7	-	-	7
Other comprehensive loss		-	(1)	-	(3)	(4)
Disposal of revalued assets		-	3	-	(3)	-
Total comprehensive income/(loss) for the year		-	9	-	(6)	3
Transactions with owners recorded directly in equity:						
Own shares acquired		-	-	(1)	-	(1)
Dividends to equity holders	18	-	(88)	-	-	(88)
Supplementary dividends to equity holders		-	(4)	-	-	(4)
Tax credit on supplementary dividends		-	4	-	-	4
Total transactions with owners recorded directly in equity		-	(88)	(1)	-	(89)
Balance at 31 March 2015		432	(59)	(3)	135	505
Balance at 1 April 2015		432	(59)	(3)	135	505
Net profit for the year		-	64	-	-	64
Other comprehensive income		-	-	-	98	98
Disposal of revalued assets		-	1	-	(1)	-
Total comprehensive income for the year		**-**	**65**	**-**	**97**	**162**
Transactions with owners recorded directly in equity:						
Own shares acquired		-	-	(1)	-	(1)
Share based payment		(1)	-	1	-	-
Dividends to equity holders	18	-	(100)	-	-	(100)
Supplementary dividends to equity holders		-	(7)	-	-	(7)
Tax credit on supplementary dividends		-	7	-	-	7
Total transactions with owners recorded directly in equity		**(1)**	**(100)**	**-**	**-**	**(101)**
Balance at 31 March 2016		**431**	**(94)**	**(3)**	**232**	**566**

The accompanying notes form part of these financial statements.

Statement of financial position

as at 31 March 2016

	Notes	2016 $m	2015 $m
Shareholders' equity		**566**	505
Represented by:			
Current assets			
Cash and cash equivalents	10	76	206
Accounts receivable and prepayments	7	234	163
Inventories	9	203	304
Derivative financial instruments	22	8	4
Income tax receivable		28	16
Total current assets		**549**	693
Non current assets			
Property, plant and equipment	11	674	536
Intangible assets	12	44	32
Investments in associates and subsidiaries	14,15	115	105
Derivative financial instruments	22	11	6
Other non current assets		1	1
Total non current assets		**845**	680
Total assets		**1,394**	1,373
Current liabilities			
Accounts payable, accruals and other liabilities	8	278	351
Provisions	17	6	10
Derivative financial instruments	22	9	6
Bonds	21	147	-
Total current liabilities		**440**	367
Non current liabilities			
Other liabilities		15	17
Provisions	17	37	27
Derivative financial instruments	22	21	9
Bonds	21	283	430
Deferred tax	16	32	18
Total non current liabilities		**388**	501
Total liabilities		**828**	868
Net assets		**566**	505

Approved on behalf of the Board on 11 May 2016.

Peter Griffiths
Chair

Abigail Foote
Chair, Audit and Risk Committee

The accompanying notes form part of these financial statements.

Find what you're looking for

Statement of cash flows

for the year ended 31 March 2016

	2016 $m	2015 $m
Cash flows from operating activities		
Receipts from customers	2,557	3,113
Dividends received	13	-
Proceeds from insurance recoveries	-	1
Interest received	22	22
Payments to suppliers and employees	(1,796)	(2,328)
Excise and carbon paid	(592)	(550)
Interest paid	(50)	(51)
Taxation paid	(27)	(25)
Net cash inflow from operating activities	**127**	182
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	6	7
Purchase of intangible assets	(5)	(4)
Deposit for Chevron acquisition	(79)	-
Purchase of property, plant and equipment	(72)	(63)
Net cash outflow from investing activities	**(150)**	(60)
Cash flows from financing activities		
Purchase of shares	(2)	(2)
Dividends paid to owners of the company	(105)	(92)
Net cash outflow from financing activities	**(107)**	(94)
Net (decrease)/increase in cash	(130)	28
Cash balances at beginning of year	206	178
Cash and cash equivalents at end of year	**76**	206

The accompanying notes form part of these financial statements.

Reconciliation of net profit for the year to cash flows from operating activities

	Notes	2016 $m	2015 $m
Net profit for the year		64	7
Adjustments to reconcile profit to net cash inflow from operating activities			
Depreciation and amortisation		41	43
Impairment		5	-
Equity accounted earnings and income of associates		(23)	(10)
Bad debts expense		-	4
Fair value of derivatives		6	9
Dividends received	14	13	-
Other		(1)	(3)
Changes in assets and liabilities, net of non-cash, investing and financing activities			
Change in accounts receivable and prepayments		6	63
Change in inventories		102	175
Change in accounts payable, accruals and other liabilities		(74)	(78)
Change in taxation		(12)	(28)
Net cash flow from operating activities		**127**	182

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2016

1. Basis of accounting

Reporting entity

Z Energy Limited is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the requirements of these Acts and the Financial Reporting Act 2013. Z Energy Limited is listed on the New Zealand (NZX) and Australia (ASX Limited) stock exchanges and has three series of bonds quoted on the NZX Debt Market. The financial statements presented are those of Z Energy Limited (the Company, Parent or the Parent Company) together with its subsidiaries, interests in associates and jointly controlled operations ("Z" or "the Group").

Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') and the Financial Reporting Act 2013. They comply with the NZ equivalents to International Financial Reporting Standards ('NZ IFRS') as appropriate for profit-oriented entities, and with International Financial Reporting Standards ('IFRS'). Z has reported as a Tier 1 entity under the new External Reporting Board (XRB) Accounting Standards Framework. Z meets the definition of a Tier 1 entity because it is 'publicly accountable' and 'large' as defined by the XRB.

The functional and reporting currency used in the preparation of the financial statements is New Zealand dollars, rounded to the nearest million ($m). The financial statements have been prepared on a GST exclusive basis except billed receivables and payables which include GST.

The financial statements are prepared on the basis of historical cost, except certain financial derivatives which are valued in accordance with the accounting policy in note 22 and Property, Plant and Equipment which is valued in accordance with the accounting policy in note 11.

Basis of consolidation

A list of associates and subsidiaries is shown in notes 14 and 15. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements. Intra-group balances and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements.

2. Changes in accounting policies

No changes to accounting policy have been made during the year and policies have been consistently applied to all years presented in the financial statements.

Presentational changes

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation.

Adoption status of relevant new financial reporting standards and interpretations

The Group has chosen not to early adopt the following standards:

NZ IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018), which has been issued. The adoption of this standard is not expected to have a material impact on the financial statements of Z.

NZ IFRS 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2018), which has been issued. The adoption of this standard is not expected to have a material impact on the financial statements of Z.

NZ IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019), which has been issued. The adoption of NZ IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Accounting by lessors is unchanged under NZ IFRS 16 and as such a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The adoption of NZ IFRS 16 will have an impact on the financial statements when adopted, but the impact has not yet been assessed.

3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The principal areas of judgement in preparing these financial statements are set out below.

Provisions

Liabilities are estimated for the decommissioning and restoration of certain sites of operation. Such estimates are valued at the estimated future costs of the expenditure expected to settle the obligation. Key assumptions have been made as to the expected amount and timing of expenditure to remediate based on the expected lives of the assets employed on the sites, discounted using a risk-free rate.

Valuation of investments in associates and subsidiaries

Management performs an assessment of the carrying value of investments at least annually and considers objective evidence for impairment on each investment taking into account observable data on the investment, the fair value, the status or context of capital markets, its own view of investment value, and its long term intentions. For more detail refer to note 14 and 15.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values. For further information about the assumptions made in measuring fair values refer to the notes.

4. Revenue

Revenue comprises the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales of goods are recognised when a Group entity has supplied products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

	2016 $m	2015 $m
Fuel	2,457	3,003
Non fuel	64	61
Total revenue	**2,521**	3,064

5. Operating expenses

	2016 $m	2015 $m
Selling commissions	59	59
Employee benefits	53	44
On-site expenses	52	51
Secondary distribution	45	44
Professional fees	39	21
Administration and other expenses	37	34
Marketing expenses	23	21
Storage and handling	13	14
Insurance	6	6
Operating expenses excluding gains/losses on foreign exchange and commodity transactions	**327**	294
Losses on foreign exchange	15	11
Losses on commodity transactions	11	16
Total operating expenses	**353**	321

5. Continued

Included in professional fees are fees paid to auditors. These include audit and audit related fees of $256,280 (2015: $225,360) and other service fees of nil (2015: nil). Audit and audit related fees comprise $216,820 (2015: $187,000) for the audit and review of financial statements, carbon emission reporting review of nil (2015: $16,860), technical accounting opinions of $21,460 (2015: $3,500), fees for audit of bank covenants and trustee reporting of $12,000 (2015: $12,000) and agreed upon procedures for licence fee return of $6,000 (2015: $6,000).

Included in employee benefits are Directors fees of $0.8m (2015: $0.8m).

6.

Net financing expense

Interest revenues are recognised as accrued, taking into account the effective yield of the financial asset.

	2016 $m	2015 $m
Interest income from cash	4	2
Interest income from swaps	20	20
Other finance income	2	1
Total financing income	**26**	23
Interest expense on swaps	(19)	(20)
Interest expense on bonds	(30)	(30)
Financing fees	(4)	(4)
Other finance expense	(5)	(3)
Total financing expense	**(58)**	(57)
Net financing expense	**(32)**	(34)

7.

Accounts receivable and prepayments

Receivables, classified as loans and receivables, are initially recognised at fair value. Thereafter they are measured at amortised cost less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect the amount due. Receivables which are no longer collectible are written off.

	2016 $m	2015 $m
Trade receivables	135	149
Provision for doubtful debts	-	(2)
Prepayments	12	10
Deposit for Chevron acquisition	79	-
Other receivables	8	6
Accounts receivable and prepayments	**234**	163

8.

Accounts payable, accruals and other liabilities

	2016 $m	2015 $m
Accounts payable	241	308
Accruals and other liabilities	22	27
Employee benefits payable	15	16
Accounts payable, accruals and other liabilities	**278**	351

9.

Inventories

Inventory is stated at the lower of cost or net realisable value. The cost of inventories is based on the first-in-first-out principle. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

	2016 $m	2015 $m
Raw materials and consumables	59	96
Finished goods/trading products	144	208
Inventories	**203**	304

During the year the write down of inventories to net realisable value amounted to $9m (2015: $9m). The write down is included in “Purchases of crude and product” in the Statement of Comprehensive Income.

10.

Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit at banks and investments in money market instruments, excluding outstanding bank overdrafts.

11.

Property, plant and equipment

Property, plant and equipment (PPE) are measured at fair value based on periodical valuations by an independent valuer less accumulated depreciation and any impairment after the date of revaluation. Additions to PPE subsequent to the most recent valuation are recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the item: the cost of all materials, direct labour, resource management consent costs, and an appropriate portion of variable and fixed overheads. An assessment of fair value is performed annually to assess the underlying assumption of each asset class to determine whether a full revaluation is required. At a minimum, a full revaluation will be performed on a recurring basis every five years. The last recurring revaluation was performed on 1 April 2013. A non-recurring revaluation of land and buildings has been performed at 31 March 2016 due to material changes in market conditions impacting the fair value of land and buildings.

Depreciation is provided on a straight line basis. The major depreciation periods (in years) are:

Buildings	10-35
Plant and machinery	5-35
Land improvements	15-35

Year ended 31 March 2016	Construction in progress $m	Buildings $m	Land and improvements $m	Plant and machinery $m	Total $m
Cost/valuation					
Balance at beginning of year	47	59	156	336	**598**
Additions	65	-	-	-	**65**
Disposals	-	(1)	-	(2)	**(3)**
Transfers between asset classes	(45)	2	4	39	**-**
Offset of accumulated depreciation on revaluation	-	(8)	(3)	-	**(11)**
Impairment losses recognised in profit and loss	-	(5)	-	-	**(5)**
Revaluation adjustment	-	66	49	-	**115**
Balance at end of year	**67**	**113**	**206**	**373**	**759**

11. Continued

Year ended 31 March 2016	Construction in progress $m	Buildings $m	Land and improvements $m	Plant and machinery $m	Total $m
Accumulated depreciation and impairment losses					
Balance at beginning of year	-	(8)	(3)	(51)	**(62)**
Depreciation	-	(3)	(2)	(32)	**(37)**
Disposals	-	1	-	2	**3**
Offset of accumulated depreciation on revaluation	-	8	3	-	**11**
Balance at end of year	**-**	**(2)**	**(2)**	**(81)**	**(85)**
Carrying amounts					
At 1 April 2015	47	51	153	285	**536**
At 31 March 2016	**67**	**111**	**204**	**292**	**674**

Included in buildings ($46m) and plant and machinery ($1m) are assets held under finance leases (2015: buildings $8m and plant and machinery $1m).

For each revalued class, the carrying amount that would have been recognised had the assets been carried on a historical cost basis are buildings $32m (2015: $33m); land and improvements $78m (2015: $76m); plant and machinery $215m (2015: $217m).

Year ended 31 March 2015	Construction in progress $m	Buildings $m	Land and improvements $m	Plant and machinery $m	Total $m
Cost/valuation					
Balance at beginning of year	47	52	154	289	542
Additions	67	-	-	-	67
Disposals	-	(1)	(4)	(6)	(11)
Transfers between asset classes	(67)	8	6	53	-
Balance at end of year	47	59	156	336	598
Accumulated depreciation and impairment losses					
Balance at beginning of year	-	(4)	(1)	(26)	(31)
Depreciation	-	(4)	(2)	(29)	(35)
Disposals	-	-	-	4	4
Balance at end of year	-	(8)	(3)	(51)	(62)
Carrying amounts					
At 1 April 2014	47	48	153	263	511
At 31 March 2015	47	51	153	285	536

11. Continued

Level 3 fair value

PPE is valued using a level three fair value measurement in accordance with the fair value hierarchy.

The following table shows the valuation technique used in measuring the fair value of PPE, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Land and buildings are valued using the direct capitalisation approach. This method involves striking a sustainable market rental which is capitalised at an appropriate rate of return or yield derived from an analysis of sales of comparable assets. The market rental is built up from: - fuel throughput margin and - estimated shop rental (for non-fuel sales) A total value for land and buildings is determined by this approach. The value ascribed to the land is determined using a value estimated based on recent land sales near each site with the residual value being allocated to buildings.	Throughput rental rate (cents/litre) 1.15 - 2.35 (retail) (2014: 1.20 – 1.75) Throughput rental rate (cents/litre) 1.00 (truck stop) (2014: 0.70 – 0.80) Shop rental $125 - $450 per square metre (2014: $150 - $450) Capitalisation rate 5.00% - 8.50% (2014: 6.5% - 10.25%)	The estimated fair value would increase (decrease) if: throughput margin were higher (lower); • shop rental rates were higher (lower); • capitalisation rates were lower (higher).
Plant and machinery, and land and buildings at terminals are valued using the depreciated replacement cost approach. This approach is based on the gross current replacement cost, reduced by factors providing for age, physical depreciation and technical and functional obsolescence taking into account an asset's total estimated useful life and anticipated residual value (if any).	Cost estimates sourced from contracting machinery suppliers and cost analysis of recent projects.	The estimated fair value would increase (decrease) if: • cost was higher (lower) remaining useful life was higher (lower) • technical and functional obsolescence were lower (higher).
Buildings subject to finance leases are valued using the net present value of contracted rental cash flow at lease commencement over the remaining term of the lease.	Discount rate 6.5%. Rental payments are sourced from lease agreements.	The estimated fair value would increase (decrease) if: • discount rate was lower (higher) • net rental of the lease was higher (lower) • remaining term of the lease was longer (shorter)

Highest and best use

Z holds properties where the current market value in use is lower than the highest and best alternative use. However Z holds these properties as part of its strategic network and therefore does not currently intend to change the use of these assets. The assets are recorded at their highest and best alternative use valuation.

12. Intangible assets

Emissions trading scheme

Units acquired are carried at cost less any accumulated impairment as they are held for settlement of emissions obligations.

Other intangibles

Other intangibles include software, franchise rights, domain name, and occupation rights.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over three years on a straight line basis. Intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

	2016 $m	2015 $m
Intangible assets – emissions units		
Balance at beginning of year	21	20
Additions at cost	22	3
Utilised	(10)	(2)
Balance at end of year	**33**	21
Intangible assets – other		
Balance at beginning of year	11	15
Additions at cost	4	4
Amortisation	(4)	(8)
Balance at end of year	**11**	11
Total intangible assets	**44**	32

13. Emissions trading scheme

The Group is required to deliver emission units to a government agency to be able to sell products which emit pollutants. A provision is recognised in the Statement of Financial Position and is measured at the average cost of units acquired to satisfy the emissions obligation.

Stock of units	2016 units millions	2015 units millions
Balance at beginning of year	4	4
Units acquired and receivable	2	2
Units utilised	(2)	(2)
Balance at end of year	**4**	4

Obligation	2016 units millions	2015 units millions
Obligation payable at 31 March	**3**	3

14. Investments in associates

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. The Group financial statements include the Group's share of the net surplus of associates on an equity accounted basis from the date significant influence commences to the date significant influence ceases.

The Group is considered to have significant influence over its investment in Refining New Zealand due to the fact that it has representation on the Board of Directors and therefore has equity accounted this investment. Based on its closing share price of $3.10 the fair value of the Group's investment in Refining NZ is $149m (2015: $2.60, $125m).

Carrying amounts	2016 $m	2015 $m
Listed		
Refining NZ	113	103
Unlisted		
Loyalty New Zealand Limited (Loyalty)	2	1
Coastal Oil Logistics Limited (COLL)	-	1
Total carrying amounts of investments in associates	**115**	105

Movements in carrying amounts	2016 $m	2015 $m
Carrying amount at beginning of year	105	96
Dividends received	(13)	-
Share of profits from associate	23	10
Share of other comprehensive loss from associate	-	(1)
Carrying amount at end of year	**115**	105

Summary financial information for equity accounted investments, not adjusted for the percentage ownership held by the Group (all with a reporting date of 31 December, except for Loyalty NZ which has a 31 March reporting date):

	Principal activity	Ownership 2016	Ownership 2015
Listed			
Refining NZ	Refinery	**15%**	15%
Unlisted			
Loyalty	Marketing	**25%**	25%
New Zealand Oil Services Limited (NZOSL)	Fuel storage	**50%**	50%
Wiri Oil Services Limited (WOSL)	Fuel storage	**28%**	28%
Coastal Oil Logistics Limited (COLL)	Shipping operator	**25%**	25%

2016	Refining NZ $m	Loyalty $m	NZOSL $m	WOSL $m	COLL $m
Current assets	179	83	6	3	6
Non current assets	1,153	11	-	-	2
Current liabilities	227	79	6	3	6
Non current liabilities	322	8	-	-	-
Revenue	447	91	44	62	57
Profit	151	1	-	-	-
Other comprehensive income	2	-	-	-	-

2015	Refining NZ $m	Loyalty $m	NZOSL $m	WOSL $m	COLL $m
Current assets	178	85	5	3	10
Non current assets	1,076	7	-	-	2
Current liabilities	156	73	5	3	11
Non current liabilities	453	13	-	-	-
Revenue	233	85	43	17	54
Profit	10	3	-	-	-
Other comprehensive loss	(10)	-	-	-	-

15.

Investment in subsidiaries and joint operations

Subsidiaries are those entities controlled, directly or indirectly, by Z. The purchase method of accounting is used to account for the acquisition of subsidiaries by Z. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The financial statements of subsidiaries are included in the Group financial statements from the date control commences to the date control ceases.

The financial statements of the subsidiaries are included in the Group's financial statements. The financial year-end of all subsidiaries is 31 March.

The subsidiaries of the Group and their activities are shown below.

	2016 holding	2015 holding	Principal activity	Country of incorporation
Subsidiaries				
Harbour City Property Investments Limited	**100%**	100%	Property	New Zealand
Z Energy ESPP Trustee Limited	**100%**	100%	Trustee	New Zealand
Z Energy LTI Trustee Limited	**100%**	100%	Trustee	New Zealand

Joint operations are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The Group financial statements includes the Group's proportionate share line by line.

The Group has participating interests in three unincorporated jointly controlled operations relating to the storage and distribution of petroleum products. The revenues and expenses are allocated on a performance/usage basis rather than the share of the joint arrangement. The Group has rights to the assets and obligations for the liabilities relating to the jointly controlled operations. At 31 March 2016 there were no contingent liabilities in respect of the jointly controlled operations (2015: nil). The value of assets in these interests is $8m (2015: $9m).

	2016 holding	2015 holding	Principal activity
Joint Operations			
Joint user hydrant installation	**25%**	25%	Fuel storage
Joint interplane fuelling services	**50%**	50%	Fuel distribution
Jointly owned storage facility	**50%**	50%	Fuel storage

16.

Taxation

Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Income tax is recognised as an expense or benefit in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to other comprehensive income or equity, in which case the deferred tax is also recognised directly in other comprehensive income or equity.

Taxation expense or benefit is determined as follows.

	2016 $m	2015 $m
Net profit before taxation	86	6
Less share of earnings of associate companies (net of tax)	(23)	(10)
Net profit/(loss) before taxation excluding share of earnings from associates	**63**	(4)
Taxation (expense)/benefit on (loss)/profit for the year at the corporate income tax rate of 28% (2015: 28%)	(18)	1
Plus taxation adjustments:		
Non-deductible expenditure	(5)	-
Tax subvention payment	-	1
Over/(under) provision in prior periods	1	(1)
Taxation (expense)/benefit	**(22)**	1
Comprising:		
Current taxation	(23)	(2)
Deferred taxation	1	3
Taxation (expense)/benefit	**(22)**	1

Deferred tax

Deferred tax assets and liabilities are offset on the face of the Statement of Financial Position and presented as a net deferred tax asset/(liability). The movement in deferred tax assets and liabilities is provided below.

	Property, plant and equipment $m	Intangible assets $m	Employee benefits $m	Finance lease $m	Other provisions $m	Derivative financial instruments $m	Other items $m	Total $m
Balance at 1 April 2014	(34)	(1)	1	5	2	1	4	(22)
Recognised in the Statement of Comprehensive Income	1	1	-	-	-	1	-	3
Recognised in other comprehensive income	1	-	-	-	-	-	-	1
(Over)/under provision in prior periods in the Statement of Comprehensive Income	(1)	-	-	-	-	-	1	-
Balance at 31 March 2015	(33)	-	1	5	2	2	5	(18)
Balance at 1 April 2015	(33)	-	1	5	2	2	5	(18)
Recognised in the Statement of Comprehensive Income	5	-	-	-	(1)	1	(3)	2
Recognised in other comprehensive income	(14)	-	-	-	-	-	-	(14)
(Over) provision in prior periods in the Statement of Comprehensive Income	(1)	-	-	-	-	-	(1)	(2)
Balance at 31 March 2016	**(43)**	**-**	**1**	**5**	**1**	**3**	**1**	**(32)**

17. Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Estimated decommissioning and restoration costs are recognised at the estimated future cost. The estimated future cost is calculated using amounts discounted over the estimated useful economic life of the assets. The discount rate applied is a risk-free rate. Decommissioning and restoration costs expected to be settled within one year are classified as current liabilities. Decommissioning and restoration costs expected to be settled between one and thirty years are classified as non current.

Estimated remediation costs of sites are recognised on an accrual basis at the time there is a formal plan or obligation, legal or constructive, in place. The remediation costs are expected to be settled between one and thirty years depending on the location.

For the year ended 31 March 2016	Decommissioning and restoration $m	Remediation $m	Other $m	Total $m
Balance at beginning of year	26	3	8	37
Created	12	1	15	28
Utilised	(1)	(1)	(19)	(21)
Released	(1)	-	(2)	(3)
Unwind of discount	2	-	-	2
Balance at end of year	**38**	**3**	**2**	**43**
Current	3	1	2	6
Non current	35	2	-	37
Balance at end of year	**38**	**3**	**2**	**43**

For the year ended 31 March 2015	Decommissioning and restoration $m	Remediation $m	Other $m	Total $m
Balance at beginning of year	20	4	8	32
Created	6	-	3	9
Utilised	(1)	(1)	(2)	(4)
Released	-	-	(1)	(1)
Unwind of discount	1	-	-	1
Balance at end of year	26	3	8	37
Current	2	-	8	10
Non current	24	3	-	27
Balance at end of year	26	3	8	37

18. Share capital and distributions

Ordinary shares (fully paid)	2016 $m	2015 $m
Total issued capital at beginning of year	**432**	432
Movements in issued and fully paid ordinary shares		
Share based payment	(1)	-
Total issued capital at end of year	**431**	432

Ordinary shares (fully paid)	2016 shares millions	2015 shares millions
Total issued capital at end of year	**400**	400

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. The issued shares have no par value. All authorised shares are issued.

1,274,941 shares at a cost of $5.5m are held by Z Energy LTI Trustee Limited for Z's restricted share long-term incentive plan (2015: 944,235, $3.6m).

	$m	Cents per share
Dividend		
2014 Final dividend (paid June 14)	57	14.0
2015 Interim dividend (paid December 14)	31	8.0
2015 Final dividend (paid June 15)	66	16.5
2016 Interim dividend (paid December 15)	34	8.5

Final dividend declared subsequent to balance date not provided (refer to note 29).

19. Earnings per share

	2016	2015
Profit after tax attributable to shareholders of the Parent Company ($m)	64	7
Weighted average number of shares (million)	400	400
Basic and diluted earnings per share (cents)	16	2

20. Interest-bearing loans and borrowings

	2016 $m	2015 $m
Facilities not utilised at reporting date		
Secured bank facilities	400	400

Financing arrangements

The Group's debt includes bank facilities secured against certain assets of the Group. The facilities require Z to maintain certain levels of shareholder funds and securities and operate within defined performance and gearing ratios. The arrangements also include restrictions over the sale or disposal of certain assets without bank agreement.

Throughout the year the Group has complied with all debt covenant requirements as imposed by lenders.

At 31 March 2016 the Group had a secured bank debt facility of $400m (2015: $400m). No amounts were drawn on the bank debt facility at 31 March 2016 (2015: nil). The facility matures 21 October 2017.

The bank debt facilities are able to be drawn-down as required subject to Z being in compliance with undertakings in respect of those facilities. All loans must be repaid on the relevant due dates. Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the year ranged from 3.7% to 4.7% (2015: 4.3% to 4.9%).

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest rate. Bond and bank debt issue expenses, fees and other costs incurred in arranging finance are capitalised and amortised over the term of the relevant debt instrument or debt facility using the effective interest rate method.

21. Bonds

	2016 $m	2015 $m
Balance at beginning of year	430	430
Amortisation	(1)	(1)
Unwind of fair value loss on substitution	1	1
Balance at end of year	**430**	430
Current	147	-
Non current	283	430
Balance at end of year	**430**	430
Repayment terms and interest rates		
Maturing on 15 October 2016, 7.35% per annum fixed coupon rate	147	148
Maturing on 15 August 2018, 7.25% per annum fixed coupon rate	149	149
Maturing on 15 November 2019, 6.50% per annum fixed coupon rate	134	133
Balance at end of year	**430**	430

Fixed coupon

The fixed coupon bonds on issue are at a face value of $1.00 per bond. Interest is payable bi-annually on the bond maturing 15 October 2016, and quarterly on the bonds maturing 15 August 2018 and 15 November 2019.

The bonds require Z to maintain certain levels of performance, security and gearing.

22. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Committee with responsibilities which include reviewing treasury practices and policies. The Group has established a Treasury Management Committee to review and set treasury strategy within policy guidelines and report on market risk positions and exposures. The Group has developed a comprehensive, enterprise wide risk management framework which guides management and the Board in the identification, assessment and monitoring of new and existing risks. Management reports to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks.

Derivatives are not hedge accounted and are required to be accounted for at fair value through the Statement of Comprehensive Income. Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in the Statement of Comprehensive Income.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. The Group has adopted a policy to assure the credit-worthiness of our counterparties, as a means of mitigating the risk of financial loss from defaults. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Derivative counterparties and cash deposit transactions are limited to high-credit-quality financial institutions and organisations in the relevant industry. The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties. The carrying amounts of financial assets recognised in the Statement of Financial Position best represent the Group's maximum exposure to credit risk at the reporting date. Generally, no security is held on these amounts. Concentration of credit risk with respect to trade receivables is limited due to the Group's large customer base. Less than 1% (2015 : 1%) of the Group's receivables are more than 30 days overdue.

Liquidity risk

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions. The Group manages liquidity risk by maintaining an adequate amount of committed credit facilities and spreading debt maturities in accordance with policy.

The following tables analyse the Group's financial liabilities into relevant maturity groupings based on the earliest possible contractual maturity date at the year end. The amounts in the tables are contractual undiscounted cash flows, which include interest through to maturity.

22. Continued

At 31 March 2016	6 months or less $m	6-12 months $m	1 to 2 years $m	2 to 5 years $m	5 years + $m	Contractual cash flows $m	Statement of financial position $m
Non-derivative financial liabilities							
Accounts payable	(237)	(4)	-	-	-	(241)	(241)
Finance leases	(1)	(1)	(2)	(7)	(9)	(20)	(12)
Bonds	(15)	(162)	(20)	(306)	-	(503)	(430)
Non-derivative financial liabilities	**(253)**	**(167)**	**(22)**	**(313)**	**(9)**	**(764)**	**(683)**
Derivative financial instruments (liabilities)/assets							
Foreign exchange contracts	(1)	-	-	-	-	(1)	(1)
Interest rate swaps	1	-	-	(7)	(7)	(13)	(11)
Commodity hedges	1	-	-	-	-	1	1
Derivative financial instruments liabilities	**1**	**-**	**-**	**(7)**	**(7)**	**(13)**	**(11)**

At 31 March 2015	6 months or less $m	6-12 months $m	1 to 2 years $m	2 to 5 years $m	5 years + $m	Contractual cash flows $m	Statement of financial position $m
Non-derivative financial liabilities							
Accounts payable	(308)	-	-	-	-	(308)	(308)
Finance leases	(1)	(1)	(2)	(7)	(11)	(22)	(12)
Bonds	(15)	(15)	(177)	(325)	-	(532)	(430)
	(324)	(16)	(179)	(332)	(11)	(862)	(750)
Derivative financial instruments (liabilities)/assets							
Interest rate swaps	-	-	-	(2)	(4)	(6)	(4)
Commodity hedges	(1)	-	-	-	-	(1)	(1)
	(1)	-	-	(2)	(4)	(7)	(5)

Market risk

Interest rate risk

The Group's primary interest rate risk arises from its issued bonds (see note 21) which are sourced at fixed interest rates. In accordance with its Treasury Policy, Z manages its exposure to interest rate risk by entering into interest rate swaps (IRS). By managing the interest rate risk, Z aims to minimise the cost of debt and manage the impact of interest rate volatility on the Group's earnings. The aggregate notional principal amount of the outstanding IRS at 31 March 2016 was $735m (2015: $790m). The fair value of the IRS is $(10)m (2015: $(4)m).

Sensitivity analysis

At 31 March 2016, if bank interest rates at that date had been 100 basis points higher/lower with all other variables held constant, it would change post-tax profit for the year by $9m higher/$10m lower (2015: $7m higher/$7m lower).

Foreign currency risk

The Group has exposure to currency risk on the value of its sales contracts, commodity/product supply purchases, other transaction flows, and assets/liabilities denominated in foreign currencies. The Group enters into forward exchange contracts under the terms of its Treasury Policy to reduce the risk from price fluctuations of foreign currency commitments mainly associated with the purchase of hydrocarbons.

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. The resulting gain or loss is recognised in the Statement of Comprehensive Income immediately.

The aggregate notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2016 was $26m (2015: $68m). At balance date the fair value of forward foreign exchange contracts outstanding was $(1)m (2015: $0.1m).

Sensitivity analysis

At 31 March 2016, if the New Zealand dollar had strengthened/weakened by 10% against the currencies with which the Group has foreign currency risk with all other variables held constant, post-tax profit for the year would change by $2m higher/$2m lower. (2015: $6m higher/$7m lower).

Commodity hedges risk

The Group has exposure to purchase timing risk on commodities. This is defined as the difference in timing of when purchases of crude and product are priced, and when volumes of product are sold each month.

The Group enters into commodity swap contracts under the terms of its Treasury Policy to reduce the risk from price fluctuations, by matching purchase and sales volumes in a particular month. All hedging is within a six month duration. At 31 March 2016 the fair value of commodity hedges was $1m (2015: $(1)m).

Sensitivity analysis

At 31 March 2016, if the oil commodity price had weakened/strengthened by 10% in which the Group has Commodity price risk with all other variables held constant, the value of commodity derivatives would change post-tax profit for the year by $2m lower/$2m higher (2015: $3m lower/$3m higher).

Fair value measurement in the financial statements

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their amortised cost, with the exception of derivatives which are held at fair value.

The fair values of derivatives are calculated using observable market rates based on discounted cash flow analysis. The fair values determined capture the applicable credit risk of the counterparties and are a level two fair value measurement per the requirements of NZ IFRS 7 (explained below).

Where the fair value of a derivative is calculated using discounted cash flow analysis, the two key types of variables used by this valuation technique are:

- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices), and
- discount rates.

The selection of variables requires judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives.

Asset and liability fair value classification

At 31 March 2016	Held for trading at fair value $m	Loans and receivables $m	Total carrying amount $m	Fair value $m
Assets				
Cash and cash equivalents	-	76	76	76
Derivatives	19	-	19	19
Deposit for Chevron acquisition	-	79	79	79
Trade receivables	-	134	134	134
Total assets	**19**	**289**	**308**	**308**

	Held for trading at fair value $m	Financial liabilities at amortised cost $m	Total carrying amount $m	Fair value $m
Liabilities				
Bonds	-	(430)	(430)	(464)
Derivatives	(30)	-	(30)	(30)
Finance leases	-	(12)	(12)	(12)
Accounts payable	-	(241)	(241)	(241)
Total liabilities	**(30)**	**(683)**	**(713)**	**(747)**

22. Continued

At 31 March 2015	Held for trading at fair value $m	Loans and receivables $m	Total carrying amount $m	Fair value $m
Assets				
Cash and cash equivalents	-	206	206	206
Derivatives	10	-	10	10
Trade receivables	-	149	149	149
Total assets	10	355	365	365

	Held for trading at fair value $m	Financial liabilities at amortised cost $m	Total carrying amount $m	Fair value $m
Liabilities				
Bonds	-	(430)	(430)	(465)
Derivatives	(15)	-	(15)	(15)
Finance leases	-	(12)	(12)	(12)
Accounts payable	-	(308)	(308)	(308)
Total liabilities	(15)	(750)	(765)	(800)

NZ IFRS 7 requires disclosure of fair value measurements using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level one)
- Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level two)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level three).

At 31 March 2016, the fair value of bonds disclosed in the table above was a level one measurement (2015: level one) and the fair value of derivatives was a level two measurement (2015: level two). The fair value disclosed for bonds is the quoted price of the bonds on the NZDX at 31 March 2016. The fair value disclosed for derivatives is calculated using observable market rates based on discounted cash flow analysis and, for the remaining financial instruments recorded in the Statement of Financial Position, carrying value approximates fair value.

Capital management

The key factors in determining Z's optimal capital structure are:

- nature of activities
- forecast of earnings and cash flows
- capital needs over the forecast period
- available sources of capital and relative cost

The Group's capital includes share capital and retained earnings. The Company's borrowings are subject to certain compliance ratios relevant to the facility agreements or the trust deed applicable to the borrowings. The Group will seek to spread the maturities of its debt with no more than 50% of core debt facilities maturing in any forward 12 month period. Discussions on refinancing of bank debt facilities will normally commence at least six months before maturity with facility terms agreed at least three months prior to maturity. Bank facilities are maintained with AA- or above rated financial institutions, with a syndicate of four bank counterparties to ensure diversification.

23. Leases

Operating leases

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease term.

The Group has receivables from operating leases relating to the lease of premises. These receivables expire as follows:

	2016 $m	2015 $m
Operating lease receivables as lessor		
Between 0 to 1 year	1	2
Between 1 to 5 years	7	9
More than 5 years	24	26
Operating lease receivables as lessor	**32**	37

The Group has various non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The lease payables are predominantly for the lease of land and buildings.

	2016 $m	2015 $m
Operating lease payables as lessee		
Between 0 and 1 year	24	20
Between 1 and 5 years	74	61
More than 5 years	86	60
Operating lease payables as lessee	**184**	141

Lease costs expensed and sub-lease income received through the Statement of Comprehensive Income during the year were $23m (2015: $23m) and $1m (2015: $1m) respectively.

Finance leases as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of fair value or present value of the minimum lease payments. The leased assets and corresponding liabilities are therefore recognised and the assets are depreciated in line with the Group's depreciation policy to reflect the estimated useful lives. Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

The Group has finance leases arising from the sale and leaseback of buildings and plant and machinery. These lease contracts expire within four to 13 years and have additional terms of renewal. The Group also receives some sub-lease income on these assets but this does not have a significant impact on the Statement of Comprehensive Income.

	2016 $m	2015 $m
Present value of minimum lease payments		
Between 0 and 1 year	1	1
Between 1 and 5 years	4	3
More than 5 years	7	8
Present value of minimum lease payments	**12**	12

23. Continued

	2016 $m	2015 $m
Lease liability under finance leases		
Between 0 and 1 year	2	2
Between 1 and 5 years	9	9
More than 5 years	9	11
Minimum lease payments	**20**	22
Less interest attributable to future years	**(8)**	(10)
Present value of minimum lease payments	**12**	12
Present value of minimum lease payments - short term	1	1
Present value of minimum lease payments - long term	11	11
Present value of minimum lease payment	**12**	12

24. Share based payments

Z Energy Restricted Share Long Term Incentive (LTI) Plan

Z provides an LTI for selected senior employees. Under the LTI plan, ordinary shares in Z Energy Limited (Parent) are issued to, or purchased on-market by, Z Energy LTI Trustee Limited (the Trustee), a subsidiary of the Parent. Participants purchase shares from the Trustee with funds lent to them by the Parent Company.

The amount of shares that vest will depend on Z's total shareholder return ranking within a peer group of the NZX50 over a three year period, although a reduced period may be used in some cases. If the individual is still employed by the Parent at the end of the vesting period, the employee is provided a cash bonus which must be used to repay the loan and the shares are then transferred to the employee.

Grant date	Vesting date	Exercise price	Balance at the start of year Number of shares	Granted during year Number of shares	Exercised during year Number of shares	Forfeited during year Number of shares	Balance at the end of year Number of shares	Vested and exercisable at end of year Number of shares
2016								
19 August 2013	31 March 2016	$3.71	397,291	-	-	(25,834)	371,457	371,457
20 May 2014	31 March 2017	$3.84	402,134	-	-	(28,358)	373,776	-
29 May 2015	31 March 2018	$5.98	-	330,525	-	-	330,525	-
Total			**799,425**	**330,525**	**-**	**(54,192)**	**1,075,758**	**371,457**
Weighted average exercise price						$4.00	$3.17	$3.71
2015								
19 August 2013	31 March 2016	$3.71	498,006	-	-	(100,715)	397,291	-
20 May 2014	31 March 2017	$3.84	-	458,432	-	(56,298)	402,134	-
Total			498,006	458,432	-	(157,013)	799,425	-
Weighted average exercise price						$3.76	$3.78	

Measurement of fair values

The fair value of the LTI plan has been determined using the framework of the Black-Scholes and Margrabe option pricing models.

	Vesting date of scheme 31 March 2018	31 March 2017	31 March 2016
Weighted average share price at grant date	$5.98	$3.84	$3.71
Contractual life	2.84 years	2.86 years	2.61 years
Risk free rate	3.1%	3.9%	3.7%
Standard deviation of Z share price	17.5%-22.5%	17.0%-22.5%	17.5%-22.5%
Standard deviation of NZX50	8.0%	9.2%	9.0%
Correlation between Z share price and NZX50	0.32-0.40	0.32-0.54	0.28-0.57
Estimated fair value per share	$2.24	$1.24	$1.26

Assumptions have been made that the participants will remain employed with Z and will achieve the minimum performance levels in each period to the vesting date. Dividends paid on shares are not material to the value of the shares granted under the LTI plan.

The fair value of the share based payments is recognised as an expense, with a corresponding increase in equity, over the vesting period of the plan. The expense relating to the LTI plan in the year ended 31 March 2016 was $0.5m (2015: $0.4m).

An employee share purchase programme also exists which does not have a material impact on these financial statements.

25. Related parties

Included in the Statement of Comprehensive Income are sales and expenses which arise from transactions between Group and associated companies. Such transactions comprise sales and purchases of goods and services in the ordinary course of business on normal trading terms, but also include dividends and interest.

Certain Z Directors have relevant interests in a number of companies with which Z has transactions in the normal course of business.

A number of Z Directors are also Non-Executive Directors of other companies. Any transactions undertaken with these entities have been entered into as part of the ordinary business.

Key management personnel have been defined as the Directors, the Chief Executive and the Executive team for the Group. Executive members also participate in the Group's restricted share LTI Plan (see note 24).

25. Continued

	2016 $m	2015 $m
Transactions with related parties received/(paid)		
Associates – sale of goods and services	2	2
Associates – purchase of goods and services		
Refining NZ – processing fees, customs and excise duties	(557)	(465)
COLL – distribution	(19)	(19)
NZOSL	(18)	(16)
WOSL	(30)	(5)
Other	(7)	(8)
Infratil Group		
Sales of goods and services	1	1
Tax subvention payment	-	(1)
Purchase of goods and services	-	-
Key management personnel		
Short-term employee benefits	5	5
Other long-term benefits	2	2
Termination benefits	-	-
Balances at the end of year		
Associates – payable		
Refining NZ – processing fees, customs and excise duties	(33)	(41)
Other	(4)	(1)

26. Commitments

Commitments relate to property, plant and equipment, the Good in the Hood community programme, and contracts for the purchase of ETS units.

	2016 $m	2015 $m
Committed to but not provided for	19	21

27. Contingent liabilities

The Group has guaranteed an exposure of up to USD5m ($8m) to a financier of one of the Group's associate companies. There is no other contingent liability (2015: $20m).

28. Contingent assets

The Group has no contingent assets (2015: nil).

29. Events after balance date

Dividend

On 11 May 2016 the Directors approved a fully imputed dividend of $0.181 per share, which is equal to $72.4m to be paid on 8 June 2016 (2015: $0.165 per share, $66m).

Business combination

On 2 June 2015, the Group signed an agreement with a subsidiary of the Chevron Corporation to acquire 100% of the assets of Chevron New Zealand Limited. The Group is paying $785m plus an adjustment for movements in working capital for all of the shares in Chevron New Zealand, the owner of Chevron's downstream operations in New Zealand, including Chevron-owned service stations, terminals and lubricant business. The Group has made a $78.5m deposit for the acquisition and has incurred acquisition-related operating expenses of $25.4m and PPE spend of $7.3m which are included in these financial statements.

On 29 April 2016 the Commerce Commission provided clearance under the Commerce Act (1986) for Z to acquire Chevron New Zealand. This satisfies the last regulatory condition of the sale and purchase agreement. It is expected that settlement will occur on 1 June 2016.

There were no business acquisitions in the year ending 31 March 2016 (2015:nil).

Independent auditor's report

KPMG

To the shareholders of Z Energy Limited

We have audited the accompanying consolidated financial statements of Z Energy Limited and its subsidiaries ("the Group") on pages 39 to 65. The financial statements comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

The Directors are responsible on behalf of the company for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the group in relation to assurance and general accounting services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Opinion

In our opinion, the consolidated financial statements on pages 39 to 65 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Z Energy Limited as at 31 March 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

11 May 2016

Wellington

Supplementary financial information

for the year ended 31 March 2016

The supplementary financial information does not form part of the financial statements. To assist in understanding the Group's performance, the Directors have provided additional disclosure of the Group's results for the year on a replacement cost basis.

Income statement on replacement cost basis[1]	2016 $m	2015 $m
Revenue	2,521	3,064
Excise and carbon expense	(569)	(562)
Purchases of crude and product	(1,417)	(2,073)
Primary distribution expenses	(27)	(25)
Cost of sales adjustment (COSA)	83	158
Operating expenses	(353)	(321)
Replacement cost operating EBITDAF	**238**	241
Share of earnings of associate companies (net of tax)	23	10
Replacement cost EBITDAF	**261**	251
Depreciation and amortisation	(41)	(43)
Impairment and gains/(losses) on sale of fixed assets	(6)	-
Movements in decommissioning and restoration provision	(7)	(3)
Net financing expense	(32)	(34)
Fair value movements on interest rate derivatives	(6)	(7)
Replacement cost net profit before taxation	**169**	164
Taxation (expense)/benefit	(22)	1
Tax on COSA	(24)	(44)
Replacement cost net profit after taxation	**123**	121

Reconciliation from statutory net profit after tax to RC operating EBITDAF	2016 $m	2015 $m
Statutory net profit after tax	64	7
Replacement cost of sales adjustment	83	158
Tax on COSA	(24)	(44)
Replacement cost net profit after tax	**123**	121
Depreciation and amortisation	41	43
Impairment and gains/(losses) on sale of fixed assets	6	-
Movements in decommissioning and restoration provision	7	3
Net financing expense	32	34
Other	6	7
Taxation (including tax on COSA)	46	43
Share of earnings in associates	(23)	(10)
Replacement cost operating EBITDAF	**238**	241

[1] Replacement cost is a non-GAAP measure used by the downstream fuel industry to report earnings on a replacement cost basis. The difference between HC earnings and RC earnings is the cost of sales adjustment (COSA). Full reconciliation from statutory net profit after tax to RC operating EBITDAF is provided.

Governance matters

Our position

At Z everything we do is governed by our **values**. Our determination to do things differently threads through our entire business. Corporate governance for us focuses on implementing our values from top to bottom.

One of Z's core values is to be straight up. We are committed to transparency at all levels of the organisation because we think it is necessary to give investors a complete picture of what they are investing in. This means including more than just financial information in our Annual Reports and that is where environmental, social and governance (ESG) reporting comes in.

Environmental, social and corporate governance are three factors that should be measured and disclosed by a company in order to assess that company's sustainability and ethical impact. To us, sustainability means acting in a way that benefits the future of the neighbourhoods we operate in and the planet we live on. We think it's good for business, good value and good sense.

In order to assure investors of our longevity in the market place or, in other words, that we are a worthy investment, Z documents and reports our progress, gaps and ambitions in these three areas.

To support our ESG reporting, Z has implemented the Global Reporting Initiative (GRI) framework and is using some elements of the Integrated Reporting <IR> framework in this Annual Report. We will have the <IR> framework fully implemented for the FY17 report.

Using these recognised international frameworks will assist issuers to incorporate sustainability factors into their reporting effectively and enable investors and stakeholders to draw comparisons between issuers by providing an external standard

"Corporate governance for us focuses on implementing our values from top to bottom."

against which a company's non-financial performance can be measured.

Z would like to see significant change in reporting requirements for companies, in order to require inclusion of ESG and values based reporting. We have made a **submission** to the NZX (see z.co.nz/nzxsub), advocating that they make reporting on non-financial aspects of their business, as encompassed by ESG, a legal requirement for listed companies.

Framework

This year, Z is using the Financial Markets Authority's nine fundamental principles of corporate governance as a framework for reporting our corporate governance compliance. We chose this framework because we believe there should be every effort made to ensure consistency between the various regimes in operation in New Zealand and Australia. These nine principles form the basis for the New Zealand Corporate Governance Forum and are broadly consistent with ASX principles. NZX is currently proposing to update their code using this structure.

Z considers that during the reporting period, the corporate governance principles we adopted and followed did not materially differ from NZX's Corporate Governance Best Practice Code except for in relation to Principle 2.7 (which is discussed further in paragraph 3 on page 72).

More information on Z's corporate governance is available in our **Corporate Governance Statement** dated 12 May 2016, which details Z's compliance with the recommendations of the ASX Corporate Governance Principles and Recommendations during the reporting period. That statement along with our suite of Board policies, charters and codes are listed below and most are available at: **z.co.nz/gov**

- **Z Board Charter**
- **Constitution of Z Energy Limited**
- **Director Code of Ethics**
- **Code of Conduct**
- **Audit and Risk Committee Charter**
- **Human Resources and Nominations Committee Charter**
- **Health, Safety, Security and Environment Committee Charter**
- **ASX Corporate Governance Statement**
- **Diversity Policy**
- **Sustainability Policy**
- **HSSE Stand**
- **Insider Trading Policy**
- **Market Disclosure Policy**
- **Investor Communications Policy**
- **Risk Management Policy**
- **External Auditor Independence Policy**

Principle 1:

Ethical Standards

This principle is broadly parallel with ASX Principle 3: Act ethically and responsibly.

At Z we promote ethical and responsible decision making.

Code of Conduct

The Board maintains high standards of ethical conduct, and the CEO is responsible for ensuring these standards are maintained by all employees. The **Code of Conduct** is a cornerstone of expected behaviour and company culture. It's designed to help guide and inform the choices that Z employees make on a daily basis, to ensure they do the right thing and to help them succeed by making choices that are consistent with our values and policies. Directors are also governed by the **Directors' Code of Ethics**.

During the reporting period, Z had no significant fine or monetary sanctions imposed by any government authority, and was not made aware that it had broken any material law.

This section contains data regarding ethical standards. The numbers reported pertain to Z corporate employees only and do not include service station staff employed by Z's Retailers.

Diversity and Inclusion

We are committed to a culture that promotes diversity and inclusiveness. We believe diversity within our workforce makes our organisation stronger and more capable. For Z, diversity encompasses gender, ethnicity, disability, age, sexual orientation, family responsibilities, education and diversity of thought.

With a diverse team we are better able to understand our diverse customer and stakeholder needs and to respond effectively. We actively seek out people with a variety of thinking styles, backgrounds and abilities. This in turn broadens our potential recruitment pool and encourages our people to be the best they can be at work.

A copy of our **Diversity Policy** is available on our website.

As of October 2015, Z's Board has approved measurable diversity objectives for Z's gender composition. These are modest targets, and we realise that we have a lot of work to do to get to where we want to be. These objectives are a starting point for an ambitious drive in FY17 and beyond to create a comprehensive diversity and inclusion strategy that will produce more wide-ranging and aspirational objectives.

Z is a signatory to, and a committed endorser of, the Women's Empowerment Principles. These principles were created by the United Nations and businesses are encouraged to support and follow them around the world. They consist of seven principles which serve to empower women in the workforce, marketplace, and community. Through Z's commitment to Women's Empowerment Principles, the Board evaluates the company's performance as having met the objectives of the Diversity Policy, other than the measurable objectives for achieving gender diversity.

	Objective % Female	Actual % Female
Board	20%	38%
Executives	40%	36%
Overall organisation	50%	41%

Note: These figures have been assessed at 31 March 2016.

Gender

Z gender composition

Below is the gender composition of Z permanent employees at 31 March 2016. By way of comparison, figures for the past year are also included.

	FY16		FY15	
Female	**#**	**%**	**#**	**%**
Leader of self*	91	42	Reported differently in FY15	
People leader**	26	37		
Executive	4	36		
Board	3	38		
Total	**124**	**41**	**118**	**43**

	FY16		FY15	
Male	**#**	**%**	**#**	**%**
Leader of self*	125	58	Reported differently in FY15	
People leader**	44	63		
Executive	7	64		
Board	5	63		
Total	**181**	**59**	**155**	**57**

*Leader of self: does not have direct reports.
**People leader: has direct reports.
Note: Percentages are represented as whole numbers.

Z's gender pay ratios

The ratios of female to male average pay for Z permanent employees as at 31 March 2016 are set out below.

	Leader of self %	People leader %	Executive %	Board %
Average base salary female to male	94	95	63	NA
Average remuneration female to male	91	93	59	NA
Directors fees female to male	NA	NA	NA	90

Remuneration is composed of a base salary, a short term incentive (percentage on top of salary), health insurance, any other allowances and a long term incentive for certain senior employees.

Note: The gender pay ratios for the Executive reflect that the highest paid individual (the CEO) is male. In addition to this, the commercial roles in the Executive team are filled by males. The gender pay ratios for the Board reflect that the Chair and two of the three Chairs of the Board Committees are male. These roles skew the ratios, shown by the percentage differences in the above table.

Age

Z's age composition

The age of Z permanent employees and Board at 31 March 2016 is as follows:

	Leader of self %	People leader %	Executive %	Board %
Under 30 years	14	1	0	0
30-50 years	63	76	82	50
Over 50 years	23	23	18	50

Total number and rates of new permanent employee hires and permanent employee turnover by age group and gender.

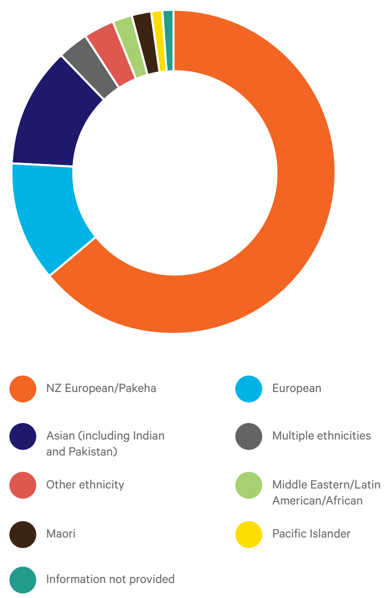
	New employee #	%	Employee turnover	%
Male	37	12	11	4
Female	23	8	17	6
Under 30 years	13	4	3	1
30-50 years	36	12	16	5
Over 50 years	11	4	9	3
Total permanent employee numbers at the end of the year	**297**			

Ethnicity

At Z we collect information from all Z permanent employees and contractors on which ethnicity they choose to identify with. We note our reporting fields align with New Zealand census collection data although we do allow employees to select "other" or choose not to respond.

Compared to the latest New Zealand census data (2013), we have the same proportion of European and Asian people as the general population does. Key areas for improvement for us are Maori and Pacific Island, as our proportion of employees in these groups are much lower than the general population of New Zealand.

The ethnicity of Z permanent employees and Board at 31 March 2016 is as set out in the adjacent pie graph and overleaf.



Diversity by ethnicity

	Headcount									
	Leader of self		People leader		Executive		Board		Whole company	
Employee category	#	%	#	%	#	%	#	%	#	%
NZ European/Pakeha	129	60	51	73	10	91	6	75	196	64
European	25	12	9	13	1	9	2	25	37	12
Asian (including Indian and Pakistan)	33	15	5	7	0	0	0	0	38	12
Multiple ethnicities	10	5	0	0	0	0	0	0	10	3
Other ethnicity	7	3	2	3	0	0	0	0	9	3
Middle Eastern/ Latin American/African	4	2	1	1	0	0	0	0	5	2
Maori	4	2	1	1	0	0	0	0	5	2
Pacific Islander	2	1	0	0	0	0	0	0	2	1
Information not provided	*2*	*1*	*1*	*1*	*0*	*0*	*0*	*0*	*3*	*1*
Total	**216**		**70**		**11**		**8**		**305**	

Note: Percentages are represented in whole numbers.

Family responsibility

Employees' dependants

The percentage of Z permanent employees with dependants at 31 March 2016 is as follows:

	Percentage of employees with dependants
Leader of self	56
People leader	64
Executive	100
Board	88
Total	**60**

Return to work and retention rates after parental leave

All employees who are eligible by law are entitled to parental leave. The following table reports the return to work and retention rates after the exercise of legal entitlements to parental leave for Z permanent employees at 31 March 2016.

	Employees due to return to work from parental leave in FY16	Returned to work after leave in FY16	Return to work rate	Returned to work after leave prior year	Employed 12 months after return to work from parental leave	Retention rate
Female	6	5	83%	7	5	71%

The total number of male employees who took two weeks parental leave funded by Z was five in FY16.

Education

The highest level of education reached by Z permanent employees and Z's Board at 31 March 2016 is as follows:

Level of education reached	% secondary	% tertiary	% post-graduate	% none or unknown
Leader of self	18	55	23	5
People leader	3	57	36	4
Executive	0	36	64	0
Board	13	50	38	0
Total	**14**	**54**	**28**	**4**

Note: Percentages are represented in whole numbers.

Principle 2:

Board composition & performance

This principle is broadly parallel with ASX Principle 1: Lay solid foundations for management and oversight; and 2: Structure the Board to add value.

Board composition

These are the Directors on the Board as at 31 March 2016, their appointment dates and how long they have been on the Board

Peter Griffiths Chair – Independent 2 April 2010 (6 years)	**Paul Fowler** Independent 2 April 2010 (6 years)	**Alan Dunn** Independent 2 April 2010 (6 years)	**Abby Foote** Independent 15 May 2013 (2 years, 10 months)
Marko Bogoievski 1 April 2010 (6 years)	**Justine Munro** Independent 15 May 2013 (2 years, 10 months)	**Mark Cross** Independent 28 August 2015 (0 years, 7 months)	**Julia Raue** Independent 15 February 2016 (0 years, 1 month)

**Bruce Harker left Z's Board on 6 October 2015 after 1 year, 8 months.*

Our Board actively seeks the most appropriate mix of diversity, skills and expertise because we see that as crucial to guiding Z to the best outcomes. The skills, experience and expertise of each Director are set out in the profiles on pages 16 and 17. The Human Resources and Nominations Committee is responsible for matters relating to membership of the Board and its committees.

There is no formal process encouraging Board members to invest a portion of their Director's fees in Z securities (as recommended by Principle 2.7 of the NZX's Corporate Governance Best Practice Code), but many elect to do so.

The Board has determined that Peter Griffiths, Abby Foote, Alan Dunn, Julia Raue, Paul Fowler, Mark Cross, and Justine Munro are independent Directors; and Marko Bogoievski is not an independent Director. Bruce Harker was not an independent Director during his Directorship of Z.

In order for a Director to be considered independent, our Board must affirmatively determine that the Director does not have a disqualifying relationship (other than solely as a consequence of being a Director). The basis for determining whether a Director has a disqualifying relationship is set out in the **Board's Charter**. In accordance with the Board's Charter, NZX Main Board / Debt Market Listing Rules and ASX Principles, only relationships that are material will be considered for the purposes of assessing Director independence. Materiality is considered from the perspective of Z, the relevant Director and the person or organisation with which the Director is related (for example, the customer, supplier or adviser).

Performance of the Board and management

The Board is responsible for the affairs and activities of Z. It guides the company's strategic direction, and directs and oversees management. We want our Directors to have access to the best advice possible. With that in mind, and in accordance with the Board's Charter, our Directors may take independent professional advice and professional development training at Z's expense. That way, they remain on the ball about everything happening at Z and in the broader market.

The role, structure, and governance of the Board are also set out in the **Board's Charter**. That charter enables the Board to delegate specific responsibilities to sub-committees and to the CEO, which the CEO can then sub-delegate in accordance with the Delegation of Financial Authority, which was reviewed and updated this year.

The specific responsibilities of the Board and the Executive are outlined in the **Board's Charter**.

Performance evaluation of Executives

The Board is responsible for monitoring the performance of the CEO and the Executive team against established objectives.

Z's Human Resources and Nominations Committee reviews and approves annual performance review programs for executives and draws on external market information when considering remuneration arrangements. In determining each executive's total remuneration, external benchmarking is used to ensure comparability and competitiveness alongside consideration of that individual's performance, skills, expertise and experiences. Information on Z's executive remuneration arrangements (fixed remuneration, short and long-term performance incentives) is set out under Principle 5: Remuneration, on page 74.

A performance evaluation of Executives took place during FY16 in accordance with this process.

Review of the Board and Director performance

The Board reviews and evaluates the performance of the Board, individual Directors and Committees regularly to ensure they are operating consistently with the Board's Charter and all relevant Board delegations. The evaluation process itself was developed and is overseen by the Human Resources and Nominations Committee.

Our Board is regularly evaluated, using internal self-evaluation and external processes. Following the 2013 IPO, in 2014 we engaged Propero Insights Partnership to conduct an in depth review of the Board, benchmarking against best practice and to identify strengths and areas for development, with a goal of being a world class Kiwi Board. Notable strengths included the Board's relationship with the CEO and Executive team, and well established performance and risk management processes. Areas for development included developing a more streamlined induction process for new Directors and more closely aligning the Director development programme with key strategic goals such as deep customer insight. Propero conducted a follow up review in April 2016, recording the Board had made good progress since the 2014 report, particularly on Board gender composition, noting that the Z Board was now a New Zealand leader in this area. It was also noted that improvements in Board leadership and culture had driven stronger engagement and open debate at the Board. A further in depth review will follow in 2017.

Director induction

New Directors receive a thorough induction when joining Z including relevant paper based information (Z policies, charters and publications), access to Board books and the resource centre online, organised site visits, one on one time with each Director and member of the Executive, and meetings with the Board and Executive.

Feedback we have received from our external reviewer is that, while the new Director receives everything they need to fully engage themselves with the business, the implementation of the process needs improvement. A plan to streamline the Board Induction Programme is currently underway.

Principle 3:

Board committees

This principle is broadly parallel with ASX Principle 2: Structure the Board to add value and ASX Principle 4: Safeguard integrity in corporate reporting.

The Board has three standing committees to assist in carrying out its responsibilities.

Audit and Risk Committee (ARC)

Abby Foote (Chair), Marko Bogoievski, Paul Fowler, Mark Cross, Peter Griffiths.

The ARC helps the Board oversee all matters relating to risk and financial management, accounting, audit and reporting.

Risk management and internal audit (assurance) are critical governance and management functions within the company. Robust policy and compliance assurance in both risk management and financial audit is important for investors in Z, financial markets more generally and for internal assurance as to the transparent, safe and financially responsible management of the company. The skills and relevant qualifications of each member of the Audit and Risk Committee are set out on pages 16 and 17. For more information about auditing and reporting of Z's financial performance, see Principle 4 on page 74.

Human Resources and Nominations (HRN) Committee

Alan Dunn (Chair), Justine Munro, Marko Bogoievski

The HRN Committee helps the Board oversee people policies and strategies and promotes the continual improvement of good corporate governance, as expected of a NZX Main Board, NZX Debt Market and ASX listed organisation, in accordance with the framework set out in the **Human Resources and Nominations Committee Charter**.

The Committee is responsible for developing and recommending to the Board for its approval an annual evaluation process of the Board and Board Committees. This includes identifying and recommending individuals for nomination (including rotation and reappointment) to membership of the Board and Board Committees, taking into account such factors that it considers are appropriate. These factors will include skills, experience and expertise in transport fuels, marketing, retail and sales, finance and legal, as well as relevant qualifications, judgements, the ability to work with other Directors and fit with the culture of Z.

The Committee also approves the remuneration of the CEO and the overall annual remuneration budget.

Health, Safety, Security, Environment (HSSE) Committee

Paul Fowler (Chair), Abby Foote, Alan Dunn, Justine Munro, Julia Raue

The HSSE Committee provides a specific governance focus on risks arising from the company's physical (not financial) operations, HSSE policy and risk mitigation programmes.

Attendance at Board meetings

Directors attended the following Board and Committee meetings during the year.

Director	Board meetings	ARC	HRN	HSSE and Reputation
Total number of meetings held				
Peter Griffiths	12/12	4/4	-	-
Marko Bogoievski	10/12	4/4	6/6	-
Alan Dunn	11/12	-	6/6	6/6
Abby Foote	12/12	4/4	-	6/6
Paul Fowler	12/12	4/4	-	6/6
Justine Munro	11/12	2/2	6/6	3/3
Mark Cross	5/5	2/2	-	-
Julia Raue	0/1	-	-	-
Bruce Harker*	8/8	-	-	3/3

**Bruce Harker left Z's Board on 6 October 2015.*

Note: If a Director was not a member of a particular Committee at the time of the relevant meetings "-" has been recorded.

Principle 4:

Reporting and disclosure

This principle is broadly parallel with ASX Principle 5: Make timely and balanced disclosure

Financial reporting

Z is committed to transparent reporting of its financial performance. The ARC plays a central role in this regard. Their principal functions are:

- to assist the Board in ensuring that appropriate accounting policies and internal controls are established and followed
- to assist the Board in producing an Annual Report along with accurate financial statements that comply with all applicable legal requirements and accounting standards
- to ensure the efficient and effective management of business risks.

The external auditors are invited to attend ARC meetings when the ARC considers it appropriate. The ARC itself comprises five non-executive Directors, four of whom are independent Directors. It's chaired by an independent Director who is not the Chair of the Board. A full description of the ARC's role is contained in the **Audit and Risk Committee Charter** and details regarding each member's skills and relevant qualifications are set out on pages 16 and 17.

Timely and balanced disclosure

Z is committed to maintaining a fully informed market through effective communication and complying with the NZX Main Board / Debt Market and ASX Listing Rules. We have a **Market Disclosure Policy** that assists the Board to keep investors and the markets informed in a timely, clear and balanced way.

The General Counsel and Company Secretary are our Market Disclosure Officers. They sit on a Disclosure Committee (together with the Board Chair, the Chair of the ARC, the CEO, the Chief Financial Officer, and the Communications and Investor Relations Manager) that is ultimately responsible for ensuring that Z complies with its disclosure obligations. All market disclosures are made to the NZX Main Board, ASX and to Z's website (**www.z.co.nz**).

Environmental, social and governance reporting (ESG)

Z is committed to transparency at all levels of the organisation because we think it is necessary to give investors a complete picture of what they are investing in. This means reporting on environmental, social and governance factors in our Annual Report as well as financial performance. For further information please refer to pages 30-36 and the GRI index at page 83.

Principle 5:

Remuneration

This principle is broadly parallel with ASX Principle 8: Remunerate fairly and responsibly.

The data in this section relates to Z permanent corporate employees and not employees of Z retail sites.

Human Resources and Nominations (HRN) Committee

Z's remuneration framework and policies are managed by the HRN Committee in accordance with the Human Resources and Nomination (HRN) Comittee Charter. The purpose and roles of the Committee, along with who attended which HRN Committee meetings, are described under Principle 3 on page 73.

Remuneration

The Z Board and management are committed to a remuneration framework that aims to achieve a high-performance culture, linking pay to the achievement of the company strategy and business objectives. The HRN Committee, under delegated authority of the Board, is responsible for ensuring management is motivated to create sustainable shareholder wealth.

Z's remuneration strategy aims to attract, retain and motivate high-calibre employees at all levels of the organisation. This in turn helps drive performance, a strong customer focus and personal growth. Underpinned by a company-wide philosophy of paying for performance, the remuneration strategy supports and promotes strategic business objectives, behaviours and values and is based on a practical set of guiding principles that provide consistency, fairness and transparency.

All permanent Z employees have a base salary, a short term incentive (STI) component, and health insurance (with Southern Cross) for themselves and their immediate family in their remuneration packages. Z also makes a 5% employer contribution to KiwiSaver. A limited number of senior employees are also invited to participate in a Restricted Share Long Term Incentive Plan (RSLTIP). All remuneration packages are reviewed annually.

Base salary

The base salary model is informed and adjusted each year based on data from independent remuneration specialists. Employees' base salary is ascertained from a matrix of their own performance and their current position in the market, and is reviewed annually.

Short Term Incentive (STI)

STI values are calculated as a percentage of base salary and determined based on the complexity of the roles. Employees' STI payments are determined following a review of the company and individual performance, and may be paid out at a multiplier of zero to three times an individual's STI target. This model is focused on articulating performance goals, driving for outcomes, differentiating high performance and rewarding delivery.

Restricted Share Long-Term Incentive Plan (RSLTIP)

Following listing, Z replaced its Long-Term Incentive Scheme (a cash-based scheme) with a RSLTIP for the executive and selected senior employees. The RSLTIP is intended to incentivise the selected employees to achieve long-term shareholder returns by ensuring that their incentives are aligned with the interests of shareholders. The RSLTIP does this by providing a proportion of the employees' remuneration on an "at-risk" basis aligned to the achievement of defined performance targets. An amount of shares is held on trust for the employee for three years. At the end of the three years, if the employee has achieved their defined performance targets and the company achieves its total shareholder return (TSR) targets, they will be transferred the shares. The amount of shares is calculated as a percentage of the employee's base salary and depending on the performance of the company, may be multiplied by zero to two times that percentage. The first time this scheme vested was April 2016.

Z Energy LTI Trustee Limited, a subsidiary of Z, purchased 330,706 shares at a weighted average purchase price of $5.98 in FY16. These shares were purchased for the purpose of Z's Restricted Share Long Term Incentive Plan.

Employee Share Purchase Plan (ESPP)

Z established an Employee Share Purchase Plan for eligible employees of Z to buy and hold shares in the company at a discount to the listing price. The plan is an IRD approved DC12 plan and has a three year vesting period on the shares purchased. Employees could purchase up to the number of 786 shares for a price below the listing value. Those shares are held for the employees by the ESPP Trust. Payment for these shares comes out of those employees' wages over a three year period. The shares held under this scheme will vest in November 2016. One hundred and twenty eight employees currently participate in the plan.

Transactions in associated products

Z's **Insider Trading Policy** prohibits Directors, officers, employees, contractors or secondees of Z or any of its subsidiaries, where they are entitled to participate in any equity-based remuneration scheme, from entering into any transaction that would limit the economic risk of participating in any unvested entitlement that they are eligible for under that remuneration scheme.

Remuneration of Executives

At Z, our approach is to pay Executives a base salary and a performance based bonus which includes a short term and a long term incentive. This ensures Executive motivation is aligned with the goals of the company in the short and long term.

In determining Executive base salary, Z partners with EY to conduct market research on the specific role to ensure that we are offering our Executives a competitive salary. Final decisions on Executive base salary are agreed upon by Sharlene Taylor, our GM of People and Culture, and Mike Bennetts, our CEO. Along with this, Executives are entitled to the same health insurance for themselves and their immediate families as all employees, as well as a 5% KiwiSaver employer contribution.

The STI component is the same model as used for all permanent staff. Depending on their role, Executive STI is calculated at 30% or 40% of their base salary and that figure can be multiplied zero to three times depending on the performance of the company and their individual performance. All our Executives also participate in the RSLTIP. The Executive RSLTI is calculated at 30% of their base salary and can go up to double that percentage depending on company performance.

Chief Executive Officer remuneration

Mike Bennetts's employment agreement for his role as CEO commenced on 1 April 2010.

The key terms of Mike's employment are as follows:

- Mike currently has a base salary of $750,000.00 per annum, which is reviewed annually with effect from 1 April each year.
- In addition to his base salary, Mike may also be paid an annual short-term incentive payment with an on-target value of 50% of his base salary and a maximum payment of 150% of his base salary. Payment of a short-term incentive is fully discretionary and is assessed in the first quarter of each financial year, based on the business' performance in the previous financial year and Mike's performance in relation to certain key performance indicators. If Mike is made redundant, then he will be entitled to a proportional short-term incentive-based performance payment up to his departure.
- Mike may also be entitled to long-term incentive payments calculated against his base salary. Mike's potential entitlements under the 2013 RSLTIP will be paid in 2016, based on the business' performance against specific financial objectives for each year relative to the performance of other NZX listed companies. The maximum payment to which Mike may be entitled under the RSLTIP is 100% of his salary.
- Z has also agreed to pay Mike's reasonable accommodation and living expenses in Wellington, and the reasonable travel expenses for national travel (particularly between Wellington and Auckland).
- Either Z or Mike can terminate his employment on three months' notice. Z can also terminate his employment for redundancy or for ill health (in both cases, also on three months' notice).
- Mike has also agreed to non-solicitation commitments (applying to Z's suppliers and employees) and a restraint of trade (restricting him from involvement in the downstream oil industry in New Zealand). Both of these generally apply for 12 months after the end of his employment as CEO, but the restraint of trade does not apply if Mike is made redundant.

Remuneration of Directors

None of the Directors is entitled to any remuneration from Z other than by way of Directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors. No Directors are entitled to any retirement benefits.

In addition to Directors fees, additional fees are paid to the Chair and members in respect of work carried out by Directors on various Board Committees to reflect the additional time involved and responsibilities of these positions.

The total remuneration pool for Z's non-executive Directors was set at $900,000 per annum at a time when the Board comprised seven non-executive Directors. With the addition of Julia Raue in February 2016, the size of Z's Board has increased to eight non-executive Directors. To accommodate the additional Director, the Board will recommend an increase to the total remuneration pool available for Z's non-executive Directors to $1,000,000 at the 2016 Annual General Meeting.

Details of the total remuneration of each Director and former Director of Z (including the value of all benefits received) during FY16 are as follows:

Director	Fee	Director	Fee
Peter Griffiths	$170,000	Justine Munro	$110,000
Marko Bogoievski	$100,000	Bruce Harker*	$46,479
Paul Fowler	$110,000	Mark Cross	$52,500
Alan Dunn	$110,000	Julia Raue	$10,110
Abby Foote	$110,000		

* Bruce Harker left Z's Board on 6 October 2015.

Employee remuneration

The data in this section relates to Z permanent employees only. Total corporate employees = 335 (of which 297 are permanent).

There were 163 Z employees (or former employees) who received remuneration and other benefits in excess of $100,000 in their capacity as employees during FY16, as set out in the table below. This includes salary, short and long term performance bonuses, settlement payments and redundancy payments for all permanent employees.

Amount of remuneration	Employees	Amount of remuneration	Employees
$100,000 to $110,000	14	$270,001 to $280,000	1
$110,001 to $120,000	13	$300,001 to $310,000	3
$120,001 to $130,000	25	$330,001 to $340,000	1
$130,001 to $140,000	17	$340,001 to $350,000	2
$140,001 to $150,000	9	$380,001 to $390,000	1
$150,001 to $160,000	9	$400,001 to $410,000	1
$160,001 to $170,000	15	$410,001 to $420,000	2
$170,001 to $180,000	7	$430,001 to $440,000	1
$180,001 to $190,000	9	$450,001 to $460,000	1
$190,001 to $200,000	6	$460,001 to $470,000	1
$200,001 to $210,000	6	$520,001 to $530,000	1
$220,001 to $230,000	6	$540,001 to $550,000	1
$230,001 to $240,000	3	$710,001 to $720,000	1
$250,001 to $260,000	2	$780,001 to $790,000	1
$260,001 to $270,000	3	1,750,001 to 1,760,000	1

Principle 6:

Risk management

This principle is broadly parallel with ASX Principle 7: Recognise and manage risk.

The ARC assists the Board in overseeing all matters relating to risk management. The proactive identification of risks and implementation of risk controls are responsibilities of management. To learn more about how we manage risks at Z please refer to page 14, where we have discussed our material business, ESG (see page 27), and HSSE risks.

The ARC reviews Z's risk management systems annually and receives quarterly reports relating to risk management from Z's Risk and Assurance Function and from Management as part of half-yearly CEO and CFO certifications. These certifications provide assurance to the Board that, in their opinion, Z's financial records have been properly maintained and that the financial statements comply with GAAP and give a true and fair view of Z's financial position and performance. This opinion has been formed based on a sound system of risk management and internal control, the system is operating effectively in all material respects in relation to financial reporting risks.

Risk controls are reviewed by Z's Risk and Assurance Function. The Risk and Assurance Manager reports to the Chair of the ARC for functional risk purposes and the CFO for administrative purposes. Risk and Assurance has full and free access to the ARC, Z employees and Z records. The ARC approves Risk and Assurance's priorities and scope each year, and monitors the Z's management's response to their reviews.

Principle 7:

Auditors

This principle is broadly parallel with ASX Principle 4: Safeguard integrity in corporate reporting.

KPMG has been the external auditor of Z and its subsidiaries for five years. The tenure and reappointment procedure of the external auditor is detailed in the **External Auditor Independence Policy**. In accordance with this and KPMG's policy, FY16 was the last year that Brent Manning of KPMG was the engagement partner for Z. Commencing in FY17, Graeme Edwards of KPMG will be the engagement partner. The ARC oversees and monitors the performance of the external auditor and assesses the external auditor's independence to ensure that independence is maintained and its ability to carry out its statutory duties is not impaired. All non-audit work performed by the external auditor must be approved by the Chair of the ARC, which will detail what work is to be performed and how auditor independence and objectivity are maintained.

The KPMG audit report is based on the audited Group financial statements. Total fees paid to KPMG in their capacity as auditors for FY16 was $256,280 (2015: $225,360) and total fees paid to KPMG for other professional services for FY16 was nil (2015: nil).

At Z we are committed to having our financial reports externally audited to meet international accounting standards. We have not sought external assurance over our environmental, social and governance (ESG) reporting.

In the past, Z's external auditors have attended the Annual General Meeting where they have been available to answer shareholders' questions relevant to the audit. Z expects the auditor to attend the 2016 AGM.

Principle 8:

Shareholder Relations

This principle is broadly parallel with ASX Principle 6: Respect the rights of the security holders.

Z is committed to high standards of communication. We want our investors and stakeholders alike to feel that they have straight-forward access to all information they need to make prudent decisions about Z's value and prospects. We believe the way to make that happen is by providing timely, accurate and complete information. Details on how we do that are covered in Z's **Investor Communications Policy**.

We provide information about who we are, including our governance policies, on our website for investors to access at any time.

The Board also encourages active participation by shareholders at the Annual General Meeting of the company.

This year we are trialling a hybrid AGM which will include a traditional onsite meeting and an online component, whereby shareholders can attend the AGM without being physically present. Z plans to hold online only AGMs from 2017. This year's AGM will be held in the Amokura Gallery, at the Museum of New Zealand Te Papa Tongarewa in Wellington at 1pm on Friday 1 July 2016.

Shareholders are welcome to submit questions for the Board prior to or at the meeting.

Principle 9:

Stakeholder Interests

This principle is broadly parallel with ASX Principle 6: Respect the rights of the security holders.

The whole purpose of our corporate governance policies is to protect long term stakeholder interests. It's something we take very seriously and that the Board is highly mindful of. In keeping with our values, Z looks to speak freely and openly about matters that influence and affect the company directly, and about matters where we have an opinion to share.

Our **submission** to the NZX's Review of Corporate Governance Reporting Requirements this year demonstrates our commitment to our stakeholders. We are committed to increasing disclosure requirements to allow investors to better understand the businesses they are dealing with and ensure that all aspects of a business can be measured. And, we have taken a voluntary step in that direction through the disclosures that we have made in this Annual Report.

Further Disclosures required by the Companies Act 1993:

Disclosure of Z's interests

The following table discloses Z's subsidiaries and shareholdings in other companies at 31 March 2016:

Interest	Shareholding percentage
Harbour City Property Investments Limited	100%
Z Energy ESPP Trustee Limited	100%
Z Energy LTI Trustee Limited	100%
The New Zealand Refining Company Limited (RNZ)	15.4%
New Zealand Oil Services Limited (NOSL)	50%
Loyalty New Zealand	25%
Wiri Oil Services Limited (WOSL)	27.8%
Coastal Oil Logistics Limited (COLL)	25%

Disclosure of Directors' interests

The following disclosures of interests have been made by Directors in terms of section 140(2) of the New Zealand Companies Act 1993 at 31 March 2016:

Director	Position	Company
Peter Griffiths	Director	Hemnestral Limited, Island Leader Limited, Marsden Maritime Holdings Limited, NZDS Properties (No 2) Limited, Shoman Limited, Wings over Whales NZ Limited, Z Energy Limited, New Zealand Oil and Gas Limited (resigned as at 16 February 2016), New Zealand Diving and Salvage Limited, Kupe Royalties Limited (resigned as at 16 February 2016), National Petroleum Limited (resigned as at 16 February 2016), Nephrite Enterprises Limited (resigned as at 16 February 2016), NZOG Services Limited (resigned as at 16 February 2016), Petroleum Equities Limited (resigned as at 16 February 2016), Stewart Petroleum Co Limited (resigned as at 16 February 2016)
	Member	Civil Aviation Authority
	Trustee	NZ Business and Parliament Trust
Marko Bogoievski	Director	Aotea Energy Holdings Limited, Aotea Energy Holdings No 2 Limited, Aotea Energy Investments Limited, Aotea Energy Limited, HRL Morrison & Co (Asia) Limited, HRL Morrison & Co (Australia) Pty Limited, HRL Morrison & Co Australia Holdings Limited, HRL Morrison & Co Capital Management (Int) Limited, HRL Morrison & Co Capital Management Limited, HRL Morrison & Co Group GP Limited, HRL Morrison & Co Limited, HRL Morrison & Co Offshore Limited, HRL Morrison & Co. Private Markets Pty Limited, Infratil 1998 Limited, Infratil Australia Limited, Infratil Energy Limited, Infratil Energy New Zealand Limited, Infratil Europe Limited, Infratil Finance Limited, Infratil Gas Limited, Infratil Infrastructure Property Limited, Infratil Insurance Co Limited, Infratil Limited, Infratil No.1 Limited, Infratil No. 5 Limited, Infratil Outdoor Media Limited, Infratil PPP Limited, Infratil RV Limited, Infratil Securities Limited, Infratil Trustee Company Limited, Infratil UK Limited, Infratil Ventures Limited, Infratil Ventures 2 Limited, Infratil Investments Limited, Morrison & Co Funds Management (Australia) Pty Limited, Morrison & Co Funds Management Limited, Morrison & Co Infrastructure Management (Australia) Pty Limited, Morrison & Co Infrastructure Management Limited, Morrison & Co International Limited, Morrison & Co Property Group Limited, Morrison & Co PIP Limited, Morrison & Co PPP GP 2 Limited, Morrison & Co Ventures Limited, Morrison & Co Wealth Management Limited, Morrison Asian Investments Limited, Morrison Leasing Limited, Morrison Pastures Limited, North West Auckland Airport Limited, NZ Airports Limited, Renew Nominees Limited, Swift Transport Limited, Trustpower Limited, Woodward Capital Limited (currently in voluntary liquidation), Z Energy ESPP Trustee Limited, Z Energy Limited, Z Energy LTI Trustee Limited, Zig Zag Farm Limited.
Alan Dunn	Director	Burger Fuel Worldwide Limited, New Zealand Post Limited, Trumpeter Consulting Limited, Trumpeter Trustees (2007) Limited, Vertical 4 Systems Limited, Z Energy ESPP Trustee Limited, Z Energy Limited, Z Energy LTI Trustee Limited
Abby Foote	Director	BNZ Life Insurance Limited, BNZ Insurance Services Limited, Diligent Corporation, Livestock Improvement Corporation Limited, New Zealand Local Government Funding Agency Limited, Z Energy Limited
Paul Fowler	Director	Z Energy Limited
Justine Munro	Director	Maia Consulting Limited, Munro Crockett Trustees Limited, Z Energy ESPP Trustee Limited, Z Energy Limited, Z Energy LTI Trustee Limited
Mark Cross	Director	Alpha Investment Partners Limited, Argosy Property Limited, Aspect Productivity Technology Limited, Emcee Squared Limited, Genesis Energy Limited, MFL Mutual Fund Limited, Milford Asset Management Limited, Milford Funds Limited, Milford Private Wealth Limited, Superannuation Investments Limited, Triathlon New Zealand Incorporated, Virsae Group Limited, Z Energy Limited
	Trustee	Triathlon Youth Foundation
Julia Raue	Director	Rowdy Consulting Limited, Southern Cross Health Society, Television New Zealand, Z Energy Limited
	Member	Risk and Audit Committee of the Treasury

Directors' interests in share transactions

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in shares during the year to 31 March 2016.

Director	Number of shares purchased/(sold)	Consideration	Date of transaction	Interest
Paul Fowler	5000	$29,600	1 July 2015	Shares
Paul Fowler	4800	$28,800	3 June 2015	Shares
Paul Fowler	200	$1,256	2 June 2015	Shares

Directors' interests in shares and bonds

Directors disclosed the following relevant interests in shares at 31 March 2016.

Director	Number of shares or bonds which a relevant interest is held
Abby Foote	Infratil Limited – 21,292 shares held by the Balmerino Trust Z Energy Limited – 14,285 shares
Marko Bogoievski	Infratil Limited – 1,618,299 shares
Peter Griffiths	Infratil Limited – 21,903 shares, Z Energy Limited – 42,857 shares The New Zealand Refining Company Limited – 18,744 shares
Paul Fowler	Caltex Australia Limited – 500 subordinated notes Z Energy Limited – 10,000 shares

Executives' interests in shares and bonds

Executives disclosed the following relevant interests in shares at 31 March 2016.

Executive	Number of shares or bonds which a relevant interest is held	Z RSLTIP interest	Z ESPP interest
Mike Bennetts	Z Energy Limited – 28,571 shares held by Kammjam Trust	122,438 shares for the period ending 31 March 2016 126,421 shares for the period ending 31 March 2017 83,970 shares for the period ending 31 March 2018	786 shares
Chris Day	Z Energy Limited – 7,142 shares – by CW & CR Day Trust	53,600 shares for the period ending 31 March 2016 39,324 shares for the period ending 31 March 2017 25,930 shares for the period ending 31 March 2018	786 shares
Lindis Jones	Z Energy Limited – 4,285 shares	40,766 shares for the period ending 31 March 2016 30,078 shares for the period ending 31 March 2017 20,152 shares for the period ending 31 March 2018	786 shares
Julian Hughes	Z Energy Limited – 339.2 shares	15,450 shares for the period ending 31 March 2018	-
Mark Forsyth	Z Energy Limited – 5,714 shares	44,209 shares for the period ending 31 March 2016 32,618 shares for the period ending 31 March 2017 21,630 shares for the period ending 31 March 2018	786 shares
Meredith Ussher	Z Energy Limited – 1,428 shares	22,914 shares for the period ending 31 March 2016 24,063 shares for the period ending 31 March 2017 9,740 shares for the period ending 31 March 2018	786 shares
David Binnie		13,881 shares for the period ending 31 March 2017 19,817 shares for the period ending 31 March 2018	-
Jane Anthony		19,331 shares for the period ending 31 March 2017 15,450 shares for the period ending 31 March 2018	786 shares
Sharlene Taylor		16,122 shares for the period ending 31 March 2018	-
Nicolas Williams		10,860 shares for the period ending 31 March 2016 10,288 shares for the period ending 31 March 2017 16,794 shares for the period ending 31 March 2018	786 shares

NZX Main Board and ASX waivers

Z has no waivers from the requirements of the NZX Main Board/Debt Market Listing Rules.

As part of its application to list on the ASX, Z applied for and was granted waivers from the ASX Listing Rules that are standard for a New Zealand company listed on both the NZX Main Board and the ASX:

- A waiver from ASX Listing Rule 6.10.3 to the extent necessary to permit Z to set the specified time to determine whether a security holder is entitled to vote at a shareholders' meeting in accordance with the requirements of the relevant New Zealand legislation.
- A waiver from ASX Listing Rule 7.1 to permit Z to issue securities without security holder approval, subject to the following conditions:
  - Z remains subject to, and complies with, the NZX Main Board Listing Rules with respect to the issue of new securities
  - Z certifies to ASX on an annual basis (on or about 30 June each year) that it remains subject to, has complied with, and continues to comply with the requirements of the NZX Main Board Listing Rules with respect to the issue of new securities
  - If Z becomes aware of any change to the application of NZX Main Board Listing Rules with respect to the issue of new securities, or that Z is no longer in compliance with the requirements of the NZX Main Board Listing Rules with respect to the issue of new securities, it must immediately advise ASX.
  - Without limiting ASX's right to vary or revoke its decision pursuant to ASX Listing Rule 18.3, ASX reserves the right to revoke this waiver if:
    - Z fails to comply with any of the above conditions, or
    - there are changes to the NZX Main Board Listing Rules in respect of the issue of new securities such that, in ASX's opinion, the regulation of the issue of new securities under those NZX Main Board Listing Rules ceases to be comparable to the regulation of the issue of new securities under the ASX Listing Rules.
- A waiver from ASX Listing Rule 15.7 to permit Z to provide announcements simultaneously to both ASX and NZX.
- A waiver from ASX Listing Rules 15.13, 15.13A and 15.13B to the extent necessary to permit Z to divest shareholders of less than a minimum holding in accordance with the procedure set out in Z's constitution.

Donations

For the year ended 31 March 2016, Z made donations of $1,255,849. Z's subsidiaries made no donations during the period.

Indemnity and insurance disclosure

As permitted by Z's constitution, has entered into a deed to indemnify its Directors and its personnel who serve as Directors of related companies for potential liabilities or costs they may incur for acts or omissions in their capacity as Directors of Z or its related companies. Z has a Directors' and officers' liability insurance policy in place. This provides insurance for the liabilities of the Directors and employees of Z for acts or omissions in their capacity as Directors or employees. Neither the indemnity nor the insurance policies cover dishonest, fraudulent, malicious or wilful acts or omissions.

Results disclosure

The reporting period for this Annual Report relates to the 12 months to 31 March 2016. The previous reporting period relates to the 12 months to 31 March 2015.

Dividend disclosure

	Amount per security (cents)	Imputed amounts per security (cents)
FY16 Interim dividend	**8.5**	**3.3056**
Record date		20/11/2015
Payment date		2/12/2015
FY15 Final dividend	**16.5**	**6.4167**
Record date		22/5/2015
Payment date		3/6/2015

Net tangible assets per security

Net tangible assets per security at 31 March 2016: 63 NZ cents (57 NZ cents: 31 March 2015).

Group disclosures – subsidiaries

Harbour City Property Investments Limited (HCPIL)

Directors: Michael John Bennetts and Mark Andrew Forsyth.

Disclosure of Z's subsidiaries' Directors' interests

Harbour City Property Investments Limited (HCPIL)

Directors at 31 March 2016

Director	Position	Company
Michael Bennetts	Director	Punakaiki Fund Limited Auckland Iron Works Limited The New Zealand Refining Company Limited
Mark Forsyth	Director	Loyalty New Zealand Limited

The Directors of HCPIL are employees of Z and do not receive any remuneration in their capacity as Directors. HCPIL has no employees.

Z Energy ESPP Trustee Limited

Directors at 31 March 2016

Director	Position	
Justine Munro	Director	As listed on page 78
Alan Dunn	Director	As listed on page 78
Marko Bogoievski	Director	As listed on page 78

Z Energy LTI Trustee Limited

Directors at 31 March 2016

Director	Position	
Justine Munro	Director	As listed on page 78
Alan Dunn	Director	As listed on page 78
Marko Bogoievski	Director	As listed on page 78

The Directors' of Z Energy ESPP Trustee Limited and Z Energy LTI Trustee Limited do not receive any remuneration in their capacity as Directors of those companies. Neither Z Energy ESPP Trustee Limited nor Z Energy LTI Trustee Limited has any employees.

Shareholder information

Z shares are quoted on the NZX Main Board and on the ASX. Z trades under the ticker ZEL on the NZX and ASX (until 30 March 2016, Z traded under the ticker ZNZ on the ASX). Z has registered with the Australian Securities and Investment Commission (ASIC) as a foreign company. Z has been issued an Australian Registered Body Number (ARBN) of 164 438 448.

At 31 March 2016, there were 400,000,000 fully paid ordinary shares in Z on issue. Each Z share confers on its holder the right to attend and vote at a meeting of Z, including the right to cast one vote on a poll on any resolution.

The content of this shareholder information section was prepared on 31 March 2016, not more than six weeks before the release of the Annual Report.

There is currently no on-market buy back of Z shares.

Shareholders holding less than a marketable parcel

At 31 March 2016, there were five shareholders holding between one and 49 Z shares (less than a minimum holding number according to the NZX Main Board/Debt Market Listing Rules) and, based on the market price of A$6.14, there were 15 shareholders that held less than a marketable parcel of A$500 of Z shares under the ASX Listing Rules.

Distribution of ordinary shares and shareholders

At 31 March 2016

Size of holding	Number of shareholders	%	Number of shares	%
1 – 1,000	1,613	17.35	1,157,265	0.29
1,001 – 5,000	5,238	56.35	13,612,654	3.40
5,001 – 10,000	1,555	16.73	11,137,017	2.78
10,001 – 100,000	833	8.96	17,106,712	4.28
100,001 and over	56	0.60	356,986,352	89.25
Totals	**9,295**	**100**	**400,000,000**	**100**

Distribution of ordinary bonds and bondholders

At 31 March 2016

ZEL010

Size of holding	Number of bondholders	%	Number of bonds	%
1 – 1,000	0	0	0	0
1,001 – 5,000	299	9.43	1,495,000	1.02
5,001 – 10,000	821	25.88	7,918,000	5.39
10,001 – 100,000	1,944	61.29	65,172,000	44.33
100,001 and over	108	3.40	72,415,000	49.26
Totals	**3,172**	**100**	**147,000,000**	**100**

ZEL020

Size of holding	Number of bondholders	%	Number of bonds	%
1 – 1,000	0	0	0	0
1,001 – 5,000	446	13.80	2,230,000	1.49
5,001 – 10,000	878	27.17	8,462,000	5.64
10,001 – 100,000	1,797	55.60	58,811,000	39.21
100,001 and over	111	3.43	80,497,000	53.66
Totals	**3,232**	**100**	**150,000,000**	**100**

ZEL030

Size of holding	Number of bondholders	%	Number of bonds	%
1 – 1,000	0	0	0	0
1,001 – 5,000	267	11.14	1,335,000	.99
5,001 – 10,000	669	27.91	6,547,000	4.85
10,001 – 100,000	1,379	57.53	44,759,000	33.15
100,001 and over	82	3.42	82,359,000	61.01
Totals	**2,397**	**100**	**135,000,000**	**100**

Substantial product holders

According to notices given under the Financial Markets Conduct Act 2013, the following persons were substantial product holders of the company at 31 March 2016.

Substantial product holders	Number of voting products in substantial holding (ordinary Z shares)	Percentage of shares held at date of notice	Date of notice
Perpetual Limited and subsidiaries	47,929,027	11.98%	6 October 2015
NZ Superannuation Fund Nominees Limited	41,950,000	10.48%	6 October 2015
Accident Compensation Corporation	20,302,908	5.07%	9 October 2015
UBS Group AG and its related bodies corporate	20,570,825	5.14%	13 October 2015
Lazard Asset Management LLC	36,462,849	9.11%	25 January 2016
The Goldman Sachs Group, Inc.	31,579,784	7.89%	29 January 2016

The total number of Z ordinary shares on issue at 31 March 2016 was 400,000,000.

20 largest shareholders

As at 31 March 2016

Rank	Holder name	Holding	%
1	New Zealand Superannuation Fund Nominees Limited	41,610,200	10.4
2	HSBC Nominees (New Zealand) Limited	36,338,640	9.08
3	RBC Investor Services Australia Nominees Pty Limited	23,777,770	5.94
4	National Nominees New Zealand Limited	23,724,539	5.93
5	J P Morgan Nominees Australia Limited	21,084,619	5.27
6	Accident Compensation Corporation	17,576,294	4.39
7	National Nominees Limited	17,020,020	4.26
8	HSBC Nominees (New Zealand) Limited	15,917,873	3.98
9	HSBC Custody Nominees (Australia) Limited	15,572,088	3.89
10	JPMORGAN Chase Bank	14,544,643	3.64
11	Citibank Nominees (NZ) Ltd	14,336,752	3.58
12	Citicorp Nominees Pty Limited	11,485,266	2.87
13	Forsyth Barr Custodians Ltd	10,720,658	2.68
14	RBC Investor Services Australia Nominees Pty Limited	7,906,392	1.98
15	Custodial Services Limited	7,757,287	1.94
16	BNP Paribas Noms Pty Ltd	7,741,805	1.94
17	UBS Nominees Pty Ltd	6,120,246	1.53
18	BNP Paribas Nominees NZ Limited	5,321,724	1.33
19	Premier Nominees Limited	5,095,182	1.27
20	FNZ Custodians Limited	5,067,145	1.27

In the table above, the shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been re-allocated to the underlying beneficial owners.

GRI index

We've applied the Global Reporting Initiative (GRI) G4 Guidelines to a 'Core' level of compliance. We've chosen not to have our report third-party verified this year.

General standard disclosures

Standard disclosure	Standard disclosure title	Page number
Strategy and analysis		
G4-1	Statement by CEO and Chair	12-13
Organisational profile		
G4-3	Name	1
G4-4	Primary brands, products, services	3
G4-5	Head office	85
G4-6	Locations	1
G4-7	Legal form	3
G4-8	Markets served	2-3
G4-9	Scale of organisation	2-3, 39
G4-10	Workforce	69-71
G4-11	Collective agreements	none
G4-12	Supply chain	14-15
G4-13	Business changes	11
G4-14	Precautionary approach	76-77
G4-15	Charters	(a)
G4-16	Memberships	(b)
Identified material aspects and boundaries		
G4-17	Organisation	44
G4-18	Report content and boundaries	6-9
G4-19	Material issues	6-7
G4-20	Boundaries inside organisation	Identified per indicator
G4-21	Boundaries outside organisation	Identified per indicator
G4-22	Restatements	No restatements
G4-23	Changes	No changes
Stakeholder engagement		
G4-24	Stakeholder groups engaged	9
G4-25	Selection of stakeholder	9
G4-26	Organisation's approach	9
G4-27	Key topics and concerns	9
Report profile		
G4-28	Reporting period	39
G4-29	Date of previous report	1
G4-30	Reporting cycle	Annual
G4-31	Contact	85
G4-32	GRI compliance	Core
G4-33	Assurance	77
Governance		
G4-34	Governance	72-73
Ethics and integrity		
G4-56	Values	69

Specific standard disclosures

Economic

Standard disclosure	Standard disclosure title	Page number
Economic Performance		
G4-DMA	Generic disclosures on management approach	38
G4-EC1	Direct economic value generated and distributed	39-43
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	14-15

Environmental

Standard disclosure	Standard disclosure title	Page number
Energy		
G4-DMA	Generic disclosures on management approach	31
G4-EN3	Energy consumption within the organization	33
G4-EN6	Reduction of energy consumption	31
Water		
G4-DMA	Generic disclosures on management approach	31
G4-EN10	Percentage and total volume of water recycled and reused	33
Emissions		
G4-DMA	Generic disclosures on management approach	30
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	33
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	33
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	33
G4-EN18	GHG emissions intensity	31
G4-EN19	Reduction of greenhouse gas (GHG) emissions	31
Effluents and waste		
G4-DMA	Generic disclosures on management approach	31
G4-EN23	Total weight of waste by type and disposal method	31
G4-EN24	Total number and volume of significant spills	22

(a) Zero Harm workplace, NZX Corporate Governance Best Practice Code, ASX Principles, Women's Empowerment Principles.

(b) Sustainable Business Council, Sustainable Business Network.

Social

Labour practices and decent work

Society

Product responsibility

Company directory

Registered and head office – New Zealand

3 Queens Wharf
Wellington 6011

Contact us

General enquiries 0800 474 355 and press '0' or email general@z.co.nz

Directors

Peter Ward Griffiths (Chair)

Abigail Kate Foote

Marko Bogoievski

Alan Michael Dunn

Paul Lightle Fowler

Justine Mary Munro

Andrew Mark Cross
(Appointed 1 September 2015)

Julia Margaret Raue
(Appointed 15 February 2016)

Bruce Harker
(Resigned 6 October 2015)

Senior management

Michael Bennetts
Chief Executive

Christopher Day
Chief Financial Officer

Jane Anthony
General Manager Marketing

David Binnie
General Manager Supply and Distribution

Debra Blackett
Company Secretary

Mark Forsyth
General Manager Retail

Julian Hughes
General Manager Health, Safety, Security and Environment

Lindis Jones
General Manager Transition

Sharlene Taylor
General Manager People and Culture

Meredith Ussher
General Counsel

Nicolas Williams
General Manager Commercial

Robert Wiles
General Manager Corporate
(Resigned 30 September 2015)

Registered office – Australia

c/- TMF Corporate Services (Aust) Pty Limited
Level 16, 201 Elizabeth Street,
Sydney NSW 2000, Australia
PO Box A2224,
Sydney South NSW 1235, Australia

+61 2 8988 5800

Share registrars

Link Market Services – New Zealand
PO Box 91976
Auckland 1142
New Zealand

+64 9 375 5998

Link Market Services – Australia
Locked Bag
A14 Sydney
NSW, 1235
Australia

+61 2 8280 7100

Auditor

KPMG
Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington 6140

Bankers

ANZ Bank New Zealand Limited
215–229 Lambton Quay
Wellington

ASB
ASB North Wharf
12 Jellicoe Street
Auckland Central
Auckland 1010

Bank of New Zealand
80 Queen Street
Auckland

Hong Kong and Shanghai Banking Corporation
HSBC Tower
195 Lambton Quay
Wellington

Macquarie Bank Limited
1 Martin Place
Sydney NSW 2000
Australia

Westpac Banking Corporation
188 Quay Street
Auckland

Australia Registered Business Number

164 438 448

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