Ahu whakamua me te wā
Moving with the times

Z ENERGY ANNUAL REPORT

For the year ended 31 March 2022

ENERGY

Te ara tukutuku— Our integrated context

All of these elements together form our integrated context, which we capture like this:

Te pūtake
Our purpose

Solving what matters for a moving world

Since Z was formed in 2010, it has always been a purpose- and values-driven organisation. The way we behave, the decisions we make and what we choose to stand for bring together our purpose, our values, our strategy and the issues most material to our stakeholders.

Ō tātou uara
Our values

Tū kaha | Stand out

We believe we can build a better business and a better world. We are distinctive where it really matters. We challenge the status quo by being bold, innovative and passionate. We work relentlessly to be a force for good for our communities, our economy and our planet.

Tū māia | Speak up

We believe extraordinary outcomes are fuelled by active participation and dialogue. We speak up with courage around what's important to us and encourage others to do the same. In doing so, we will create new possibilities together.

Tū kotahi | Side by side

We believe learning and growing together delivers unlimited potential. We're better together — holding each other up as well as challenging ourselves to grow and develop. Side by side we build trusted partnerships with our people, our customers and our communities.

Ngā take matua
Our material issues

Refer to page 10 for information on these issues.

Safety and wellbeing

Climate change and sustainability

Low carbon future

Ampol transaction

Supply chain resilience

Organisational resilience

Market transparency and fairness

Cyber security and data privacy

Te rautaki
Our strategy

To solve what matters for a moving world by optimising our core business so we can transition to a low carbon future.

Rārangi ūpoko— Contents

Te pūrongo o te wā— About this annual report

Z is committed to the principles of integrated reporting <IR> as the most transparent way to discuss our business, our performance and our strategy. We report against the issues most material to our stakeholders: customers, policymakers, our own people and the communities we serve.

We weight our reporting towards the future — how we create value, the business model we pursue, how we approach strategy and Z's role in a rapidly evolving energy future.

The <IR> framework requires disclosure around how we manage risk and report against our environmental, social and governance (ESG) commitments.

Supporting our use of the <IR> reporting framework, we also choose to use the Global Reporting Initiative (GRI) Standards: Core option and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The Financial Stability Board is an independent international organisation that makes recommendations to protect global financial security.

Z's commitment to TCFD reporting requires us to progressively disclose our climate-related risks, how they are reflected in strategy and how we seek to manage them. This is Z's third year of TCFD reporting.

In May 2022, all of the shares in Z were acquired by Australian transport energy company, Ampol. This followed a shareholder vote in favour of the acquisition, as well as approval from the Overseas Investment Office, New Zealand Commerce Commission and High Court of New Zealand. The acquisition of the shares in Z has seen the Z Board dissolved and reconstituted.

Z has committed to ongoing transparent reporting as a standalone Kiwi company, as stakeholder interest in our company remains high. We also have reporting obligations to the holders of our listed debt. There will be less detail in future reporting given that some of this information will be reported at a parent company level.

This annual report will continue to report against some of the core elements that remain relevant within the NZX Corporate Governance Code, including gender pay gaps, safety and wellbeing, diversity and inclusion, and remuneration.

He kupu nā te kaiwhakahaere matua—Chief Executive Officer's review

FY22 was the year in which, after years of effort and advocacy, Z secured the optimal industry structure for our company and country. We have the right people, culture, capabilities, and now the industry and regulatory structures we need to deliver sustained value for customers, communities and our new shareholder.

Part of this optimal structure lies with Z's new owner, Australian transport energy company, Ampol. Ampol's offer was in line with an independent valuation of Z, and on 25 March 2022, shareholders voted to accept the offer with more than 98.7 percent of the shareholder votes supporting the transaction.

In March and April 2022, the New Zealand Commerce Commission, Overseas Investment Office and High Court of New Zealand respectively approved the transaction. The transaction was completed on 10 May 2022.

Z is excited and energised about the opportunities for New Zealand in building a genuinely trans-Tasman transport energy company at scale. There is clear alignment on strategy between Ampol and Z, particularly on leading the development of a low carbon future. Ampol understands the value of the Z brand in the New Zealand market and the role of culture in our company. Together our two companies now have the scale and resources to deliver the future we are both committed to.

We are stronger together and have much we can learn from each other. At a time when there is heightened concern around efficiency of supply chains, climate change and energy security, we are now more able than ever to serve our customers, communities and economies.

Z remains the Kiwi transport energy company serving almost half of the domestic market and we remain more committed than ever to our Brand promise: 'Z is for New Zealand'. We have never been better equipped to deliver against that promise.

Commitment to reporting

Over the last decade, and under a range of different ownership structures, one of the ways we have always sought to demonstrate our commitment to New Zealand lies in our transparency. We have always reported to our stakeholders on the most material issues in our business and we will continue to do so under Ampol's ownership of Z.

We appreciate the significant local stakeholder interest in our business and are committed to using the principles of integrated reporting to ensure we continue to report openly and transparently on the issues that matter most.

We remain committed to high-quality climate-related disclosures, including under the TCFD framework, and to continuing to be transparent around our financial performance, as well as on issues such as diversity and inclusion, safety and wellbeing, environmental sustainability and how we are responding to issues around modern slavery and worker exploitation.

Financial results

Operationally, FY22 was a disrupted year in which many of the dynamics of FY21 were repeated. There were multiple Covid-19-related lockdowns and an Omicron variant outbreak which impacted our business.

New Zealand's borders remained closed for almost the entire year impacting jet fuel demand, and retail volumes also suffered again through a lack of commuting and business traffic. Impacted by the tragedy of the Russian invasion of Ukraine, globally, crude oil prices spiked to US$130 per barrel — the highest prices since 2008. These prices saw record high domestic pump prices and subsequent margin pressure and demand destruction. The price of carbon, as measured through the Emissions Trading Scheme (ETS), more than doubled over the year, making up approximately 18–20 cents per retail litre in March 2022.

Despite these challenges, we have built an increasingly resilient and efficient business. We delivered Replacement Cost Earnings Before Interest, Taxation, Depreciation, Amortisation and Fair value movements (EBITDAF) of $232 million, down 2.5 percent over the prior year. This included $43 million of one-off costs of managing the Ampol transaction and transforming the Z supply chain to an import-only refined fuel model.

The Covid-19 downside was partially offset by improved refining margins and proactive steps taken in the first quarter of the year, further reducing Z's operating cost base. Z's performance was also supported by the hedging of Z's FY22 position under the ETS that benefitted from increases in the market price of carbon.

We have continued to pay down debt and deleverage our balance sheet, including paying down a $150 million retail bond in November 2021.

$232m
replacement cost EBITDAF
FY21: $237m (restated as per Financial statements)

$150m
paying down a $150 million retail bond
REDUCING DEBT

$170m
in working capital (FY20–22)
RELEASED

$15m
in additional distributor earnings
COMMITTED

Now is the time for the next phase of our journey. It is the most important phase of our journey to date and we are ready and well prepared to face it.

An optimal industry structure

New Zealand now has in place the ideal industry structure to drive competition, reduce costs and deliver a more secure and environmentally sustainable fuel supply.

On 1 April 2022, New Zealand moved from refining crude oil to importing all of its fuel as refined products. This is the biggest structural change in the New Zealand fuel industry since refining was established at Marsden Point in the 1960s.

This change will ensure more flexible and reliable fuel supply arrangements, with more days of fuel supply cover — including in shipments on the water — for the New Zealand economy. The move to an import-only model will reduce the volatility associated with being exposed to global refining margins, and ensure a fair, competitive playing field across all market participants.

The improvements to Z's business will be significant and immediate. Over the last three years, Z has paid $59 million in fee floor payments to Refining NZ — now an import fuel terminal trading as Channel Infrastructure NZ Ltd — to compensate for inadequate refining margins, and these payments will no longer be required. In addition, the shift to refined fuel imports has already released the $170 million in working capital costs over FY20 to FY22 that had previously been tied up in crude oil inventory.

Z's last crude oil import was made in February 2022. Our participation in Ampol's Asia-Pacific supply chain will further strengthen our ability to deliver supply security once Z's existing fuel product contracts conclude at the end of 2022.

Channel Infrastructure remains a critical element of the New Zealand liquid fuel supply chain. Refining had previously been one of New Zealand's largest single sources of carbon emissions. While we cannot ignore that emissions are generated through refining wherever in the world this occurs, this change will reduce New Zealand's domestic carbon emissions by one million tonnes per year.

On behalf of the team at Z we want to thank the entire team at Channel Infrastructure — both past and present — for their commitment and service to this industry and New Zealand.

A clear regulatory environment

There has been a regulatory concern over the New Zealand fuel industry for a number of years and this has negatively impacted Z as the country's sole publicly listed fuel company. Over FY22, there has been positive regulatory change which enhances industry transparency and competition and removes regulatory uncertainty for Z.

In particular, the Fuel Industry Act 2020 — the outcome of the Commerce Commission Market Study into the transport fuel market of 2019 — was passed and implemented, with Z's support. The most material changes in this legislation are the new requirements on all fuel terminal operators to offer an advertised price to wholesale customers, to amend contract supply terms and to provide transparent disclosure direct to Government.

As Z has the largest fuel terminal network in New Zealand, this change opens up new commercial opportunities to efficiently move fuel volume through our network such as via a new large distributor contract.

Retail strategy

Our retail network is a core strength for Z and an area where we have built strong capabilities and are targeting for growth. As part of our commitment to recycling capital, in FY22 we advanced the sale and lease-back of 52 freehold retail convenience sites. This will result in Z retaining a majority ownership stake in the new controlling entity, and release a material amount of capital that will support further debt reduction or capital investment, while retaining operational use of the sites.

We are refreshing our store offer across our top 50 retail sites by the end of FY24, and completed the first three sites over a Covid-19 impacted FY22. We expect to grow retail market share, with the focus for our retail offer on true hospitality. We will introduce healthy smoothies and an improved coffee offer across our top 100 sites, with manually operated espresso machines, new Rainforest Certified organic coffee beans and additional staff training to deliver an even better quality offer.

Our digital capabilities, combined with ongoing investment in new EV charging infrastructure, provide us with platforms we will increasingly need to serve our customers in the future.

Momentum, clarity on climate change

Since Z was formed in 2010, the company has consistently advocated for blending biofuels into mineral fuel as a tool in transitioning to a lower carbon transport energy economy..

The economics of biofuels have been challenging and Government direction and policy is needed to drive their adoption. In FY22, the Government confirmed a biofuels mandate which will require fuel wholesalers to sell 1.2 percent of total fuel volumes as biofuels in 2023, 2.4 percent in 2024 and 3.5 percent in 2025. Under this mandate the objective is to cut transport-related carbon emissions by 10 million tonnes by 2035.

Z supports the mandate, and the scale of Z's fuel terminal network and the shift of Channel Infrastructure into a fuel import terminal support the introduction of biofuels into New Zealand.

Through its national terminal network, Z believes there will be significant commercial opportunities for it to lead the sale and distribution of biofuels across the economy and has signed a Heads of Agreement with Neste, the world's largest biofuels producer.

New Zealand's Emissions Reduction Plan was released on 16 May 2022. Z welcomes the increasing political consensus around New Zealand's emissions budgets as this provides the certainty required to make decarbonisation investments with confidence.

A structured approach to decarbonisation investment

In FY22, we formally reviewed and reconfirmed our commitment to commercial investments in decarbonisation as a distinctive way to deliver commercial value. We adopted targets and structures to ensure discipline and focus on how we choose to invest and ensured we have the right capabilities and oversight in place. We will consider decarbonisation opportunities on a case-by-case basis with a view to integrating existing Z assets and skills into carefully selected commercial partnerships.

In obtaining clearance from the Overseas Investment Office for the purchase of Z, Ampol has committed to an additional $125 million of capital expenditure in New Zealand. This includes job creation as part of its cadetship and graduate recruitment programmes.

Our journey continues...

Since Z was purchased from Shell in 2010, our company has been on a journey. There have been multiple ownership iterations and we delivered strong shareholder value, particularly in the first half of our existence.

In the second half of this journey, the path has been bumpy as concern around climate change has increased for all stakeholders, as well as questions around our role in leading the transition to a low carbon economy.

Regulatory and supply chain challenges have further impacted our business, but throughout these challenges we have achieved much we are proud of. We have set new standards of transparency and disclosure; we have led on best practice ESG; we have built a highly engaged, values-based culture which is the foundation of our business; and we have at all times been 100 percent committed to a safe, reliable and profitable operation that serves New Zealand. At this point, I'd like to thank the previous Z Board for their professionalism and dedication to Z, particularly over this year. Z's Directors over FY22 invested a huge amount of their time, at no additional cost to Z, on both the governance around Z's response to Covid-19 and ensuring that the Ampol transaction was in the best interests of shareholders, our company and New Zealand. These Directors have helped set our company up for continued success.

I also want to thank the outstanding Z team for their commitment, passion and professionalism during a challenging year.

Over the last two years, despite significant headwinds, we have built the capabilities we need to take our company through the next stage of its journey and have made the changes to our capital structure to ensure we can deliver in challenging times.

Now is the time for the next phase of our journey. In many respects, it is the most important phase of our journey to date and we are ready and well prepared to face it.

Kia haumaru te noho
Mike

Ngā raraunga— Our numbers

▲ Up ▼ Down ■ No change

FY22
Annual results
FY21 comparison

▼ **+29**
Retail net promoter score
FY21: +33

▼ **+11**
Business net promoter score
FY21: +25

▲ **$269m**
Historic net profit after tax
FY21: $63m (restated*)

▲ **3,156 million litres**
Total fuel volume Retail and Commercial
FY21: 3,086 million litres

▲ **52.3 million transactions**
Total transactions on Z-branded retail sites
FY21: 51.5m

▲ **$34m**
Replacement cost net profit after tax
FY21: $9m (restated*)

▲ **$114m**
Net capital expenditure
FY21: $42m

▼ **$232m**
Replacement cost EBITDAF
FY21: $237m (restated*)

▲ **1.1cpl**
Replacement cost net profit after tax per litre
FY21: 0.3cpl (restated*)

▼ **37,050 tonnes CO2-e**
Carbon emissions offset
FY21: 37,500 tonnes CO2-e

▲ **10.0 million tonnes**
Total carbon footprint — carbon dioxide equivalent (tCO2e)
FY21: 9.4m tonnes

* FY21 restatements are as per the Financial statements.

Our people and culture

▼ **2,094**
Z's direct employees, contractors and retail network members
FY21: 2,121

■ **99%**
Safety and wellbeing actions complete rate
FY21: 99%

▲ **+61**
Employee net promoter score
FY21: +53

Kei mua i te aroaro— Stakeholders’ most material issues

In determining materiality, Z engages continuously with stakeholders in both a structured and day-to-day way and records feedback and themes from our engagements. Over FY22 these broad stakeholder groups included: staff; commercial and retail customers; local communities; central and local government; regulators and officials; and members of the media.

MATERIALITY

Our material issues

Safety and wellbeing

Effectively managing risk and operational safety will always be critically important to our business and to our customers and stakeholders.

FY22 was the second year in which Covid-19 dominated our context. As an essential service, our focus was on keeping our own people, our customers and the communities we serve protected from the worst health and wellbeing impacts of Covid-19, at the same time as safely managing a supply chain and physical assets vital to the national economy.

Climate change and sustainability

Rapidly reducing the emissions from the use of fossil fuels is arguably the most material issue facing the world. With transport-related emissions making up 17 percent of New Zealand’s total emissions (excluding agriculture), climate change and Z’s response to it is a consistently material issue across all of our stakeholders — particularly Z’s own people; politicians and policymakers; and investors.

Low carbon future

There are few companies that have the opportunity to make such a significant and important contribution to the decarbonisation of New Zealand as Z.

As New Zealand’s leading transport energy supplier, Z has a critical role to play in helping deliver a low carbon future, including through leading the introduction of biofuels into the market.

Ampol transaction

The ownership and operation of Z is relevant to Z's stakeholders given the recent acquisition of Z by Australian transport energy company, Ampol. Shareholders voted in favour of this acquisition in March 2022.

Supply chain resilience

New Zealand has transformed its entire fuel supply chain, exiting crude oil refining and moving to an import-only refined fuel model. The security of the fuel supply chain under a different operating model is of particular interest to Government, industry and commercial customers.

Organisational resilience

Z’s business is diversifying into new areas. Ensuring we have the right skills and expertise to respond to change and add value in new areas — like digital — is critical. Attracting and retaining talent is important during a period described globally as ‘the Great Resignation’.

Market transparency and fairness

The fairness of fuel pricing will always be an acute subject of public and political interest. Over FY22, global markets spiked sharply, raising domestic fuel prices to record levels. Legislation has also been enacted introducing greater transparency and competition into the fuel market.

Cyber security and data privacy

Z is increasingly a digital business. We hold more customer data than we have in the past. This places additional responsibility on Z to have the systems and processes in place to maintain real-time operations and protect this data and the privacy of our customers.

Te whakatupu uara— How we create value

One of the reasons why we choose to embrace Integrated Reporting is that it is future focused and requires us to demonstrate how we create value.

While Z’s strategy on how we create value over the long term was set three years ago, its focus and the commitments within it are unchanged. Our strategy has been endorsed by Ampol and the essence of our strategy is now more relevant than ever, post Covid-19 impacts and disruptions.

Z is focused on delivering strong, reliable returns.

We will create value by focusing on our core business and operating a safe, reliable fuels business.

We will ensure we generate fair commercial returns for our scale, network strength and the essential infrastructure we own and operate.

We will manage our capital and balance sheet with discipline at the same time as we deliver strong returns, generate options for our future, and ensure we are advantaged under a range of future scenarios.

Z has a strong, long-term future ahead of it, with commitments to:

Optimise our market-leading position

- Z’s unrivalled supply chain infrastructure provides competitive advantage through scale and reach
- Z is one of New Zealand’s most recognised and trusted brands capable of extending to adjacent markets
- Z’s scale provides options that allow us to adapt and innovate in a market that will be slowly disrupted by long-term trends

Pursue a differentiated strategy that generates long-term customer loyalty

- Focus on Z’s capabilities in customer experience, productivity, innovation, digitisation and brand
- Deliver distinctive customer experiences that drive loyalty
- Reduce time to market and lower investment risk through human-centred design, innovation and experimentation

Allocate capital with discipline to maximise shareholder value

- Manage cash flows and capital to deliver a sustainable return in line with earnings growth
- Limit capital employed in our core business to $2 billion by selling the least productive assets to fund growth
- Maintain a strong balance sheet with the capacity to leverage debt to fund non-organic investments

Remain a people- and values-based company

- Committed to our purpose ‘to solve what matters for a moving world’ and our ambition to be ‘a world-class Kiwi company’
- Maintain high levels of employee engagement and customer satisfaction
- Develop organisational capabilities and individual talent for an uncertain future

Do good in Aotearoa New Zealand by recognising our heritage and being committed to future generations

- Contribute to a sustainable future at a scale that few other companies can by supporting the transition to a lower carbon future
- Provide thought leadership where we have a track record, especially in areas like Safety and Wellbeing, Diversity and Inclusion, and Customer Experience
- Actively support the communities in which we operate on what matters to them.

Tō tātou anga pakihi me te rautaki—Our business model and strategy

Always be safe and reliable, deliver awesome customer experiences, generate heaps of free cash flow, and grow our non-fossil fuels income.

In delivering against our strategy we focus on the following six areas of input and performance that form the foundations of our business. We call these our 'capitals' and they form the basis of this report:

Our assets

Z is the largest transport energy company in New Zealand. We own a network of strategically located assets at genuine scale, providing unparalleled commercial refuelling stations, retail service stations and bulk fuel storage terminals across the country.

These assets give Z economy of scale and supply chain efficiency across our operations and provide a highly convenient and competitive offer for customers across the country. They provide the regional storage to support New Zealand's shift to an import-only refined fuel supply chain and will enable us to lead the transition to a low carbon transport future, such as through the national distribution and sale of lower carbon biofuels.

Monetising the scale of our assets and their economies of scale provides the foundation for strong returns.

Our finances

Delivering on our commitments to our shareholder, our communities and our planet requires Z to be profitable. Z has taken a number of steps over the last year to continue to reduce our cost base, pay down debt, drive greater efficiency and deliver an industry structure that will reduce earnings volatility, free up capital, improve security of fuel supply and foster greater transparency and competition.

While Covid-19 constraints continued over FY22, we have demonstrated financial resilience under challenging conditions while actively realising significant new opportunities for organic earnings growth.

Our capabilities

Since Z was formed in 2010 our world has changed significantly and Z has changed with it. We are a very different company to what we were more than a decade ago and we have invested strategically in building the capabilities we need to operate in a very different context.

For example, teams across Z are not only equipped with specific digital skills that increase personal productivity and team collaboration but they are more frequently applying a digitisation lens to their work. Our customer experience, marketing and loyalty offers, supply chain management and risk management frameworks are increasingly digital in nature.

We have transformed the skill base of our organisation and have made changes to ensure we have the right skills in the right places to ensure we maximise the benefits of the transformation of New Zealand's liquid fuel supply chain and continue to deliver our strategy.

Our people and culture

Our business is built on the foundation of a values-based, purpose-driven culture in which we actively foster diversity of skills, thinking, background and experience.

Over FY22 we continued to benefit from previous investments in digital infrastructure and capabilities. We have maintained already world-class staff engagement and wellbeing levels despite prolonged Covid-19 lockdowns, the challenges of working from home and the uncertainty that has accompanied the Ampol offer to acquire the shares in Z.

We have built a strong, focused and committed team with the capabilities we need. Our people are personally connected to Z's strategy and we have changed the way we work to ensure a continuous focus only on the issues that matter.

Our focus on leadership has been particularly important over the last two years. The challenges of Covid-19 coupled with the changes in our industry have reinforced the need for our leaders to be equipped to lead in an uncertain world. We have provided targeted leadership development for our senior people to ensure they are leading powerfully, and believe this is showing up in our globally-recognised engagement results.

Z prioritises the following inputs and outcomes:

Te pūtake
Our purpose

Te whiriwhiri he aha ngā āhuatanga matua ki te ao nekeneke

Solving what matters for a moving world

Ngā tomonga Our inputs	Ngā putanga Our outcomes
Our assets	Link: Z's focus on organic growth
Our finances	Link: Our numbers Link: Z's focus on organic growth Link: How we create value Link: TCFD report Link: Financial Statements
Our capabilities	Link: Z's focus on organic growth
Our people and culture	Link: Diversity and inclusion stand Link: Safety and wellbeing stand Link: Our people
Our environment	Link: Environmental sustainability stand Link: TCFD report
Our place in New Zealand	Link: How we create value Link: Community stand

Our environment

Over FY22, the Z Board revisited and recommitted to our strategy to invest in a low carbon future. We continue to live in the 'world of both' where we optimise our core business and increase profitability to enable sustained investment in the increasing commercial opportunities to decarbonise our economy.

Z has put in place clear processes, new governance structures and management accountabilities to guide strategic investments in a low carbon future. Z will actively build partnerships and joint ventures where we can to maximise the efficiency and reduce the risk of any capital investment.

We have adopted TCFD reporting early and are well on our way to being able to report against Aotearoa New Zealand's mandatory regime when it comes into effect. See pages 84 to 85 for our FY22 climate-related financial disclosures.

Our place in New Zealand

Z's place in New Zealand has never been more important. Over FY22 we have again supported our customers and communities through the trials of Covid-19 and protected public safety, while continuing safe, reliable operation of an essential service.

We have provided leadership, support and advocacy in the decision to exit the crude oil supply chain and transform our fuel supply chain to one that will better serve New Zealand.

We have continued to focus on delivering against the country's climate change commitments and have recommitted to our leadership position on supporting the development of a low carbon economy.

We have heard questions regarding the acquisition of Z by Ampol. Our position has always been that, regardless of who ultimately owns the shares in Z, our strategy and commitments are clear.

We are more able to deliver against our strategy and the issues most material to our stakeholders as part of the Ampol business and we are committed to continuing to report publicly against these issues. Our commitment to Aotearoa New Zealand remains simply reflected in our unchanged brand promise: 'Z is for New Zealand'.

Kia tupu, kia whanake a Z— Z's focus on organic growth

MATERIALITY

Supply chain resilience, market transparency and fairness, low carbon future

In July 2021, Z hosted a Strategy Day at which it outlined four priority areas of focus to generate organic earnings growth by the end of FY24.

These four areas go to the heart of Z's creation of value and Z is making strong progress against each of them:

Import-only supply chain

On 1 April 2022, New Zealand exited the crude oil supply chain and stopped refining crude oil. New Zealand now imports all of its fuel as refined products with the Marsden Point refinery converted into the country's primary fuel import terminal and now trading as Channel Infrastructure.

This change delivers significant efficiency, security and financial benefits to Z and New Zealand:

- No more fee floor payments to top up refining margins ($59 million paid by Z over the last three years)
- No more refining and exporting at a financial loss of by-product fuels that domestic customers don't want — for example, marine fuel oil
- Release of $170 million of working capital over FY20 to FY22 previously tied up in crude oil on ships at sea or awaiting processing
- Optimised supply chain through relationships at scale with new term agreements with two fuel suppliers for refined fuels
- Improved supply chain flexibility and fuel supply security
- Reduction of one million tonnes of carbon emissions per annum through ceasing domestic refining.

Wholesale strategy

Z supported the introduction of the Government's Fuel Industry Act 2020 requiring wholesale fuel terminal operators to offer fuel at an advertised price from the terminal gate. Z has the largest fuel terminal network in the country, with 191 million litres of fuel storage — half of the country's total fuel storage capacity. With this scale, Z has the opportunity to generate additional commercial revenue through securing new wholesale volume:

- Z committed to an additional $15 million of earnings through additional wholesale supply by the end of FY24. Z has already delivered the vast majority of this commitment from one new large distributor contract
- Z has established a strong relationship with Neste, the world's largest biofuel supplier, as part of our work to meet the commitments outlined in the Government's proposed sustainable biofuels mandate. There will be additional commercial opportunities in the wholesale supply of biofuels to the New Zealand market
- Z continues to withdraw from the National Inventory Agreement (NIA) under which fuel companies effectively share fuel across various terminal locations in favour of the independent, commercial operation of our terminals. In February 2022, Z gave notice to the industry and the Commerce Commission of its intention to withdraw from the NIA in Q2 FY23.

Network optimisation

Z is committed to reconfiguring its retail network to meet changing customer demand for both fuels and convenience retailing. Z is committed to swapping brands between the Z and Caltex networks as time goes by and different offers suit customers.

Similarly, Z will continue to open new-to-industry sites, close low-volume legacy sites and convert some tier three sites into automated operations as part of delivering an optimal network:

- Over FY22, Z closed four sites, opened one new-to-industry site and switched one site into automated operations
- Over FY22, Z advanced a sale and leaseback of 52 freehold retail service station sites. Z will retain a majority ownership position in the new controlling entity and ongoing access to the sites. This transaction will release a material amount of capital to support further debt reduction or capital investment
- Z has also consolidated the number of retailers running clusters of Z retail service station sites — from 25 at its peak to 16 — bringing new operators into the system and providing more sites for some retailers to support more efficient retail service delivery.

Convenience retailing

Z has made good progress in growing its retail revenue:

- Despite significant Covid-19 disruption, Z's convenience network delivered $404 million of sales revenue in FY22
- Over FY22, Z redesigned its convenience retail offer and layout for its tier one sites with a prototype site developed inside a Napier warehouse
- Z has started the rollout of a refreshed convenience retail offer and store design with four redesigned stores opened in FY22. This rollout was delayed by Covid-19 but Z is targeting 50 sites for the new convenience retail overhaul by FY24
- Enhanced, high-quality coffee offer with manually operated espresso machines to be rolled out to Z's top 100 sites by FY24
- Z opened a new-to-industry flagship retail site at Rolleston in Christchurch, showcasing our new convenience retail products, enhanced coffee offer and new forecourt layout with four EV charging bays.

In addition, Pay by Plate is now available at 60 sites.

Tā tātou whakataunga Tūtanga—What we choose to stand for

Z chooses to stand for the things most important to our customers, communities, and our own people. These 'stands' are the areas in which we seek to make a distinctive contribution.

With the challenges posed by climate change and Covid-19 continuing to increase over FY22, and with global concern increasing over worker exploitation, racism and issues around diversity and equality, our stands are increasingly interconnected and tightly linked to the issues most material to our stakeholders.

Environmental sustainability

Z will move from being a part of the climate change problem to the heart of the solution.

Community

A resilient and healthy Aotearoa New Zealand that empowers our youth, neighbourhoods and Z whānau.

Diversity and inclusion

Being successful being ourselves and reflecting Aotearoa New Zealand.

Safety and wellbeing

Enhancing the lives of our people and communities.

This report has already canvassed a range of developments and initiatives underway in our business to advance these four stands. The following section of this report covers some of our more detailed and specific reporting against them.

Our performance against these stands can have the greatest impact on the 10 UN Sustainable Development Goals as identified above.

Te tiaki taiao—Environmental sustainability

Z will move from being a part of the climate change problem to the heart of the solution.

In the context of the Ampol transaction, one of the internal commitments we made was to re-establish our leadership role in the New Zealand energy transition. We acknowledged that the leadership position we had earned in the area of climate change had been diminished through responding to the challenges of Covid-19 over the last two years and we have recommitted to leadership in our strategy and actions.

Capturing commercial value through decarbonisation

Over FY22, Z reviewed and tested our commitment to leading the decarbonisation of New Zealand's transport energy sector. At a Board level, supported by external consultants, we carefully re-examined the commercial opportunities facing Z in terms of decarbonisation in the current market context.

Our assessment, including of policy settings and global trends, confirmed the opportunity we face to deliver commercial value and increased earnings through leadership in decarbonisation. We have discussed the direction and intent of our commitments with Ampol and the two companies are aligned on the strategy and the potential value that can be realised.

Our commitment to realising commercial decarbonisation opportunities reflects a growing market confidence in the potential value represented by companies leading the energy transition. This sentiment was clearly articulated by the Chair and CEO of the US$6.6 trillion fund manager, BlackRock, in his 2022 letter to company CEOs, at https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

> "Foresighted companies across a wide range of carbon-intensive sectors are transforming their businesses, and their actions are a critical part of decarbonisation... We believe the companies leading the transition present a vital investment opportunity for our clients, and driving capital towards these phoenixes will be essential to achieving a net zero world."

MATERIALITY

Climate change and sustainability, low carbon future

Structure and discipline in decarbonisation investment

Z has put in place new management and governance structures to ensure discipline and a strong commercial focus in future decarbonisation investments.

Nicolas Williams has moved from the position of General Manager, Commercial to the position of General Manager, Strategy and Risk. Within this role, Nicolas is accountable for a small team of people working to deliver new partnerships and commercial opportunities in decarbonisation.

Before joining Z in 2010, Nicolas worked in investment banking and brings a strong commercial focus to the development of decarbonisation options, as well as a deep understanding of the Z business.

Areas of focus

With the capabilities and structures in place, Z is working on a range of potential decarbonisation investment opportunities, including in the following areas:

- Commercial investment in EV charging infrastructure at Z retail sites and beyond (our medium-term goal is to have 150 EV fast charging bays across 40 retail service station sites, with 36 bays across 14 sites by the end of FY23)
- Commercial wholesale biofuel storage and supply to others in the market
- The development and commercialisation of sustainable aviation fuels
- The commercial application of other low carbon fuels, such as hydrogen, which can use much of Z's liquid fuel storage and distribution infrastructure
- Carbon capture and storage
- Integrating existing assets and infrastructure, such as Z's stake in the Mevo ride-sharing platform and its ownership in Flick Energy Limited (Flick).

A number of commercial decarbonisation opportunities are now complementary — for example, building EV charging infrastructure on Z sites combined with a refreshed convenience retail offer, and the ability to provide unrivalled storage and supply facilities for biofuels as required under the new Government mandate.

Z has also taken steps to reduce risks associated with decarbonisation investments, such as through developing commercial joint ventures and Flick securing a seven-year price hedge with a major electricity generator over FY22. It is now clear that future transport energy providers must also be electricity providers, and in this context Z has recommitted to our investment in Flick.

The supply of electricity to our customers will become an increasingly important part of our future operations.

It is also the intention that while initial capital will be required for the first investments in decarbonisation projects, further investments will rapidly become self-funding.

Decarbonising our supply chain

While we look to future commercial opportunities, we are also committed to reducing the emissions of our own operations. As the table on the following pages outlines, in FY22 we committed to a science-based emissions reduction target of 42 percent by 2030 — the level at which our operations contribute to limiting global temperature rise to less than 1.5 degrees Celsius.

We will reach this target in FY23, with the bulk of the required emissions reductions being delivered through the end of our involvement in the charter of two coastal fuel tankers and continued measures to reduce operational emissions, such as continued adoption of fleet EVs.

These changes are driven by the optimal industry structure Z has advocated for, but we will continue to look for more ways to cut our own emissions, such as the use of biofuels in our distribution of fuel and maximising efficiency across all operations.

The following reporting covers the progress we are making against a range of sustainability targets and provides an update on progress in our third year of TCFD reporting. Metrics and emissions reduction targets for the products we sell will be agreed with our new owner.

How we are tracking on our outcomes and targets

Empower Communities

Our Goals	Our Outcomes and Targets	Progress	Status
We will actively support local communities in the locations where we operate, enabling more New Zealanders to live the lives they value and empowering the young people of Aotearoa to reach their full potential.	**Our workplace is safe and inclusive for everyone.**	We are proactive in addressing and working to prevent racism and other forms of abuse for our frontline workers. We have worked with our retailers to develop a three-step de-escalation approach to better equip our site teams to manage abusive behaviour and to empower sites to take required action, including the use of trespassing.	●
	Our staff are empowered to connect with and support their local communities.	We give staff two days per year to volunteer for not-for-profit causes. Despite the disruptions of Covid-19, 114 staff contributed 103 days to volunteering or approximately 824 hours of giving back in their communities.	◐
	Young people are empowered to achieve their full potential.	We continued our longstanding sponsorship of the Graeme Dingle Foundation's Career Navigator programme, empowering young people to realise their full potential.	◐
	Community groups who care for New Zealanders are enabled to do more mahi, more effectively.	We gave $700,000 to 10 community groups through our Good in the Hood campaign. Customers decided what mattered most to them by voting with their orange token. Z has donated $7.7 million to 3,500 groups since 2013. We worked with the Ākina Foundation to develop a social impact model and measurement framework so that we can better understand and increase our impact through Good in the Hood.	●

Restore Nature and Wellbeing

Our Goals	Our Outcomes and Targets	Progress	Status
We leverage our scale and unique capabilities to foster restorative and regenerative actions that have a positive impact on communities, nature, and inter-generational wellbeing.	**We bring a circular economy mindset to the design of our business operations and offerings.**	We remain committed to reducing our waste to landfill year-on-year from our operations. Waste to landfill was 1,417 tonnes. We trialled new configurations of bins at selected retail sites to learn whether we can improve recycling performance. We measure our water use and aim to use water as efficiently as possible.	◐
	We increase the resilience of nature and communities through our procurement choices and partnerships.	We voluntarily finance climate change mitigation actions for the operational emissions we have been unable to avoid. We purchased units from emissions reduction or removal projects that have high environmental integrity and contribute to our Sustainable Development Goals. A total of 37,050 tonnes CO_2-e were financed to offset our operational emissions in the period 1 April 2021 to 31 March 2022. Our carbon credit retirement certificates are published at https://www.z.co.nz/about-z/corporate-centre We continue to enable customers to view and offset their emissions through My Carbon Count in the Z App. We source all customer offsets through Permanent Forests New Zealand, ensuring that emissions are locked in long-lived local forest sinks, that both address the climate crisis and restore natural landscapes. Z has established a $1 million nature fund to improve the resilience of Aotearoa New Zealand's indigenous biodiversity. We are currently evaluating a range of projects and expect to invest in high impact projects in 2022. Our supplier code of conduct is embedded in all of Z's Standard Supplier Agreements. We refreshed commitments with existing suppliers and confirmed commitments with new suppliers, consistent with our practice of confirming compliance with this code on an annual basis.	◐
	Government policy and the collective actions of business are strengthened with our advocacy and leadership.	We contribute to collective leadership and advocacy for the development of effective policy to accelerate Aotearoa's low carbon transition, and restore nature through our memberships in the Climate Leaders Coalition, Sustainable Business Council (SBC) and the Sustainable Business Network. We supported submissions made by the SBC on the Emissions Reduction Plan (ERP) discussion document and the XRB's first consultation on Climate Standard 1. We also made submissions of our own on the Sustainable Biofuels Mandate consultation and the ERP discussion document.	●

Our stands are aimed at changing the game for Aotearoa for the better. While all our stands work together, we believe there is an inherent connection between our Community and Environmental Sustainability stands. We recognise that our wellbeing is embedded in our environment and a healthy environment is the foundation for resilient, thriving communities, so this year we updated our goals and outcomes to deliver our ambition in a more integrated way. To ensure an equitable transition it is important that we understand the complex interconnections between nature, climate change and communities. This is needed not only to tackle environmental crises but also to create meaningful jobs, community resilience and prosperity.

Here we report our progress in FY22 against our new Community and Environmental Sustainability 2030 Goals and Outcomes. We intend to develop more targets over time to measure our progress more effectively.

In the spirit of integrated reporting, we choose to use a broad definition of the term 'sustainability' to include both environmental outcomes and our social impacts on people and local communities.

We include a more fulsome update overleaf in our four-year TCFD action plan which carries us through to FY23. This will enable us to be ready to report in a meaningful way against climate-related financial disclosures as and when they apply.

Lead Transition

Our Goals	Our Outcomes and Targets	Progress	Status
We will take bold action in response to climate change to reduce our own impact, work with our customers, suppliers and partners to reduce theirs, and provide solutions that will enable New Zealanders to join us on the path to a low carbon future.	**Our operational emissions are reduced in line with the Paris Agreement to limit warming by 1.5 degrees Celsius.** **Target: 42% reduction from FY20 levels by FY30**	Our carbon footprint is published online and for the second year in a row has been subject to independent assurance. We reduced our operational emissions by 6.8% against our new base year of FY20. We continue to invest in actions to reduce our emissions and aim to transition our own corporate fleet to battery electric by 2025, as vehicle type allows. Z has purchased 24 electric vehicles for the fleet. Over 40% of the corporate fleet will be battery electric in FY23. We exited crude oil refining and moved to an import-only refined product model. These changes removed the need for two coastal fuel tankers and support opportunities for reducing supply chain emissions.	●
	More of our customers are using low carbon products and services.	Z has established a strong relationship with Neste, the world's largest supplier of sustainable biofuels, to enable Z to meet the commitments of the Government's proposed biofuels mandate. We intend to respond to the sustainable aviation fuel RFP set by Air New Zealand and MBIE. We made key steps towards scaling up our EV charging network and making it easier for our customers to charge on the go. We were successful in securing co-funding from the Energy Efficiency & Conservation Authority (EECA) to support the installation of 26 new charging bays at seven Z sites. We aim to have high-capacity fast chargers at 14 sites that will provide 36 charging bays within our Retail network by the end of 2022. We signed a Heads of Agreement with Counties Energy, the owners of the OpenLoop EV Charging platform, to identify opportunities for co-development, and ECL Group as the delivery partner for the charging network. Z has underwritten two long-term electricity purchase agreements entered into by Flick with renewable electricity generators.	◐
	We publicly disclose decision-relevant information about our climate-related risks and opportunities.	We remained on track with our four-year TCFD roadmap to enable Z to understand and disclose our climate-related financial impacts by FY23.	◐

Key ● We're on track and doing well ◐ We've made some good progress but we need to do more ○ We are not on track and need to do more

Greenhouse gas emissions — tonnes CO2-e

Scope	Base Year FY20	FY21	FY22
Scope 1 — Z offices and Retail sites	4,127t	3,398t	3,798t[1]
Scope 2 — Z offices and Retail sites	3,371t	3,191t	3,156t
Scope 3 — Z offices and Retail sites	3,369t	2,434t	2,182t
Scope 3 — New Zealand supply chain	29,785t	29,017t	28,425t
Total operational emissions[2]	**39,742t**	**37,149t**	**37,042t**
% change from FY20	**N/A**	**-6.5%**	**-6.8%**
Scope 3 — Flick Electric	N/A	N/A	13t
Scope 3 — Share of refinery	520,708t	475,255t	367,525t
Scope 3 — International supply chain (rest of supply)	1,031,309t	852,236t	875,758t
Scope 3 — Z product emissions from our customers	9,990,103t	8,039,840t	8,760,150t
Total emissions	**11,582,773t**	**9,405,371t**	**10,041,008t**

[1] Due to a correction in the methodology used to calculate the fuel consumption of Z's Mini-Tankers fleet, an adjustment of 544t CO2-e was made to FY22 results.

[2] Total operational emissions excludes emissions from line losses and upstream electricity, which are included in the sum totals above for Scope 3 – Z offices and retail sites and New Zealand Supply Chain.

Figures in the above table have been rounded to the nearest whole number.

The inventory accounts for all Scope 1 and Scope 2 emissions and selected Scope 3 emissions of the six Kyoto Greenhouse Gases (CO2, SF6, CH4, N2O, HFCs, PFCs) and are expressed as tonnes of carbon dioxide equivalent (tonnes CO2-e) in line with the GHG Protocol Corporate Standard.

Where available, Ministry for the Environment emission factors (2020 release) are used to calculate the tonnes of carbon dioxide equivalent generated.

A full greenhouse gas inventory is available to view at https://www.z.co.nz/about-z/corporate-centre

KPMG has provided an unmodified reasonable assurance opinion as to whether Z's Greenhouse Gas statement has, in all material respects, has been prepared in accordance with the Greenhouse Gas Protocol's Corporate Standard requirements for the period 1 April 2021 – 31 March 2022.

Site waste data

Our retail operations generate the largest volume of waste in our business, which includes waste disposed by our customers at our sites. We also aim to reduce waste across our corporate sites, including offices and terminals. The data below shows how our waste tracked in FY22.

Waste by composition, in metric tonnes (t)

Waste source	Total waste generated	Waste diverted from disposal	Waste directed to disposal
Retail	3,254t	1,878t	1,376t
Corporate	46t	5t	41t
Total waste	**3,300t**	**1,883t**	**1,417t**

Waste diverted from disposal by recovery operation, in metric tonnes (t)

Non-hazardous waste	Retail sites	Corporate sites	Total
Recycled cardboard & paper	978t	4t	**981t**
Recycled composting & organics	360t		**360t**
Recycled plastic, cans & glass	540t	2t	**542t**
Total waste diverted, in metric tons (t)			**1,883t**

Hazardous waste[1], in metric tonnes (t)

Hazardous waste	Retail sites	Corporate sites	Total
Landfill	1,376t	41t	**1,417t**
Total hazardous waste			**1,417t**

[1] Hazardous waste comprises mainly soil and spill from site remediation works such as fuel tank replacements. The material is safely disposed of in licensed waste facilities.

Figures in the above tables have been rounded to the nearest whole number.

All waste is disposed of via landfill or recycled offsite. There are no waste incineration facilities used.

Waste data is based on a combination of actual and estimated weights reported by our waste management providers. Where no data was provided for a site an uplift has been applied.

Pūrongo TCFD tau tuatoru— TCFD Report year three

MATERIALITY

Climate change and sustainability

Globally, support for TCFD reporting is gaining momentum with more countries introducing mandatory regimes requiring public reporting of physical and transitional climate-related risks. The New Zealand Government passed legislation in October to make climate-related disclosures mandatory for selected entities including large, listed companies.

Z has understood and accepted for some time the need to assess future trends and climate risk to inform our strategic decisions.

We also believe it is important for our stakeholders to have a clear view of our most material climate-related impacts, risks and opportunities.

We consider climate-related financial disclosures an essential part of our response to climate impacts and for providing transparency to stakeholders.

Ampol shares Z's commitment to best practice ESG and transparent reporting.

Once the External Reporting Board (XRB) issues its first reporting standard regarding climate-related disclosures, entities will be required to disclose for financial periods that start on or after 1 January 2023. Z is now in its third year of reporting.

Our four-year TCFD roadmap

	FY20	FY21	FY22	FY23
Governance	• Gap analysis completed • Internal alignment achieved • Board approval			
Strategy	• BEC Scenarios used to inform strategy	• Scenarios expanded to include a 2 degrees Celsius and one other comparison scenario	• Climate scenario analyses integrated into financial modelling and informs strategy	• Climate-related risks and opportunities quantified, and financial impacts identified
Risk Management	• Approach to climate risk management documented	• Qualitative risk assessments identified physical and transitional climate-related risks • Climate risks integrated into risk management processes	• Climate-related risks and management process reviewed for effectiveness	• Quality assurance of climate risk management and financial disclosures
Metrics and Targets	• Carbon targets integrated into business planning	• Climate metrics and targets under review and agreed		

Key: Complete · In progress · Planned

Note: TCFD Index can be found on pages 84–85.

In FY22, we continued with our four-year TCFD roadmap. The disruption of Covid-19 and the Ampol transaction caused a minor impact on progress, deferring independent quality assurance planned for FY22 to FY23.

In FY21, Z focused on expanding the development and use of climate change scenarios and assessing Z's material risks and opportunities for both physical and transitional risks.

In FY22, we drew on this earlier work to develop our own long-term fuel demand scenario and to further integrate climate-related scenario analysis and risk assessment into our strategy, financial planning, and risk management systems.

The Government's Emissions Reduction Plan, released on 16 May 2022, contains the policies and strategies that New Zealand needs to meet our country's first emissions budget. This plan provides greater certainty for long-term planning.

Incorporating climate-related risks into strategy: Z's long-term fuel demand model

Z adopted a range of scenarios for long-term planning and to assess its climate-related risks and opportunities. Reference scenarios include the Business Energy Council (BEC) Kea and Tūī scenarios, the IPCC RCP 2.6 and 4.5 climate projections and Ministry for the Environment (MfE) climate projections for New Zealand.

Qualitative analysis of Z's climate-related risks and opportunities

Physical | **Risk Cause** | **Transitional**

Risk Consequence

Physical

- **Corporate**
  - Increased operating costs (water and cooling)
  - Increased environmental regulation and compliance costs
  - Increased insurance premiums
- **Operations**
  - Asset damage and maintenance costs
  - Supply disruption
  - Increased reliance on third-party infrastructure mitigation
- **Social**
  - Workforce safety and wellbeing

Transitional

- **Corporate**
  - Increased cost of capital
  - Increased operational costs due to higher carbon price
  - Increased litigation, regulation and compliance costs
  - Re-pricing of asset values
  - Reduced revenue through diminished demand for product
- **Operations**
  - Reduced performance of assets
- **Social**
  - Reduced employee wellbeing
  - Reduced talent attraction and retention
  - Inability to provide products that meet customer expectations

Opportunity

Physical

- Potential expansion of biodiesel delivery areas
- Ability to leverage scale to reduce supply disruption
- Partner with third-party asset owners to mitigate shared infrastructure risks

Transitional

- Invest in low carbon products and services
- Reduce exposure to compliance and regulation costs
- Leverage Z's distributed footprint across NZ
- Optimise strategic asset planning
- Attract talent through proactive approach to a low carbon transition
- Enhance customer experience through low carbon offerings

Business Response

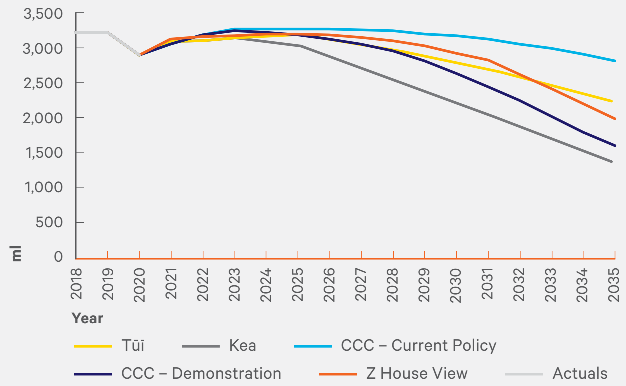
Physical

- Integrate risk assessment findings into business unit strategic and financial planning
- Perform quantitative analysis of high-risk locations determined by site value and physical risk exposure
- Develop and agree an engagement plan with third-party asset owners

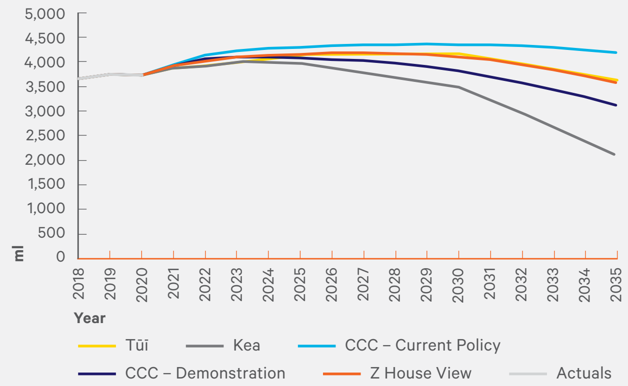
Transitional

- Strengthen balance sheet and pay down debt
- Deliver additional cash flow through exiting crude oil supply
- Develop alternative, low carbon revenue streams
- Reduce operational emissions and exposure to carbon costs whilst providing options for customers to do the same
- Build capabilities
- Provide transparent ESG Reporting

Demand Scenarios – Petrol



Demand Scenarios – Diesel



Following the release of the Climate Change Commission's (CCC) final advice to Government in June 2021, Z conducted further modelling to test the two BEC scenarios (Tūī and Kea) and the CCC's transport emissions 'demonstration path' scenario. We then built our own 20-year long-term fuel demand model with global economics consultancy Castalia, to run results, undertake sensitivity analysis and test scenarios. See 'Z House View: The Future of Fuel Demand', https://www.z.co.nz/about-z/corporate-centre

Our house view on fuel demand is not our position on an optimum climate response, but what we believe will take place based on certain assumptions. We consulted various agencies and drew data from a range of sources for our own modelling, the most significant being the CCC's advice for a 47 percent reduction of transport emissions from 2018–2035.

We asked three key questions:

- What is the total land transport task for Aotearoa?
- How will the task be delivered?
- What is the resulting fuel requirement?

While we differ from the CCC on some assumptions, we strongly agree that the time to act is now. Our view is that the move away from fossil fuels will be slower than the CCC predict. For the transition to happen more quickly, policies will need to change.

The results of our modelling for petrol demand and diesel are above, relative to the CCC demonstration path and BEC scenarios. Our view differs for petrol largely due to our approach to modelling EV diffusion resulting in a slower EV uptake (despite assuming a faster path to price parity with ICE vehicles) and for diesel assuming a larger freight transport task and slower EV truck uptake.

Impact on financial planning

Stranded assets and significant decreases in revenue have been identified as key climate-related risks for Z. The long-term fuel demand model helps inform business and financial planning, providing a clear view of expected demand for petrol and diesel. Our investment decisions and business strategy are informed by this forecast. For example, in late 2021 our fuel demand forecast was incorporated into a strategic review of decarbonisation investment opportunities supported by McKinsey & Company.

Our investment decisions into our core business (i.e. fossil fuels) are also limited by a five-year financial payback given the trend towards decarbonisation and renewable energy. Our long-term modelling will also help us to understand the potential for stranded assets and implications of movement in prices, policy, and the physical impacts of climate change. While 'upstream' activities face inevitable decline, we consider that 'downstream' assets such as our tanks and terminals will have a long economic life yet and anticipate that our existing sites will be repurposed and upgraded as technology matures.

We continue to direct investment towards the transition to low carbon fuels and mobility solutions.

Integration into risk management

Climate risk is classified as a principal risk on our enterprise risk profile and is actively monitored by management. In FY22, as part of its annual process, management reviewed and updated its assessment of the climate-related risks to Z's performance and strategy to include changes in context, such as new policy, and the Board approved this. One final step is needed to quantify the physical impacts of climate change to our assets and operations and to better assess the effectiveness of our controls and mitigations, including the ability of our Enterprise Risk Management System (ERMS) to help manage and monitor our climate risks.

Improving our metrics

KPMG provided reasonable assurance opinions in relation to Z's FY21 and FY22 Greenhouse Gas (GHG) totals, as presented in our GHG statements for these periods. The purpose of this independent assurance is to confirm whether the GHG emissions totals reported in our GHG statements are accurate and reasonable in accordance with the GHG Protocol Corporate Standard, and provide recommendations for improvement where opportunities exist.

Refer to pages 84 to 85 for further information on our TCFD disclosures.

Hapori— Community

Z, the cornerstone of our communities. We stand for a resilient and healthy Aotearoa that empowers our youth, neighbourhoods and Z whānau.

For the last two years, Z has provided a particularly important leadership role in supporting the local communities of which we are a part. With a network of 193 Z-branded and 133 Caltex-branded retail service stations, we provide essential fuel and convenience retailing to almost every part of the country.

Our convenience retailing service has been particularly valuable for customers during Covid-19 lockdowns, where they may not want to queue at a supermarket but want essential items quickly.

We have maintained a strong, reliable supply chain of essential items during lockdowns and have been well supported by our local communities. Over the period we have also maintained a safe, reliable supply of fuels to customers and essential services, and actively protected the health and wellbeing of the frontline Z and Caltex teams that deliver our offers.

Investing in what matters most

While our role in supporting local communities through our services has never mattered more, we also continue to actively invest in communities.

In October 2021 Z's flagship community investment programme, Good in the Hood, refocused its efforts on supporting a smaller group of national organisations with a larger sum of money. According to the number of customer votes received, $700,000 was split amongst the following 10 organisations:

1. **Heart Kids New Zealand**
2. **Victim Support**
3. **Bellyful New Zealand**
4. **Child Cancer Foundation**
5. **Look Good Feel Better**
6. **St John**
7. **Hospice New Zealand**
8. **Graeme Dingle Foundation**
9. **Life Education Trust**
10. **Coastguard**

Over the remainder of FY22, Z has worked with the Ākina Foundation to develop a social impact model to more accurately measure the community impact of Z's Good in the Hood programme and look at ways to maximise and then measure the value it generates within local communities.

The Graeme Dingle Foundation

Z remained a strong supporter of the Graeme Dingle Foundation in its commitment to 'powering up future generations'. Over FY22 Z's Good in the Hood programme provided $23,954 in funding support, on top of the $50,000 in direct corporate support.

Ngā rerekētanga me te whakaurutanga—Diversity and inclusion

Being successful being ourselves and reflecting Aotearoa New Zealand

Z's success depends on the authenticity of our people. Only through embracing diversity do we genuinely reflect our customers. Only through being inclusive can we genuinely enquire into and understand the unique perspectives of different customers and, as a result, innovate in ways that delight customers and keep our people safe, engaged and thriving at work. Z has a clear Diversity and Inclusion Policy which applies to all Z people. Please refer to pages 38 to 40 for detailed breakdowns on Z's Diversity and Inclusion commitments.

Our diversity is a source of distinctive value, but we continue to face challenges in continuing to build a genuinely diverse and inclusive team. In particular, we remain focused on Rainbow, Māori and female representation. The graphic on page 30 provides a snapshot of our diversity across the current Z team and how the composition of our team is shifting.

More broadly, we have set the following Diversity and Inclusion targets out to 2030 that we will continue to measure and report against:

- We have made a material lift in our representation of Māori and Pasifika, and of women
- 20 percent Māori and Pasifika representation
- A 45/45/10 gender ratio at every career level in Z
- The gender pay gap is closed and at zero by FY24.

While we continue to make progress against our Diversity and Inclusion targets, we have more work to do in this space, as highlighted in the graphic on page 30.

Māori and Pasifika

We've changed the way we recruit to further spotlight Diversity and Inclusion, increase our use of Te Reo and remove gender bias. We've enhanced our partnership with Māori and Pasifika leadership development agency TupuToa, with a commitment to take 15 interns over the next three years, and we are partnering with them to pilot a new recruitment model.

We've engaged cultural consultancy Groundwork to help us better understand what Te Tiriti o Waitangi (The Treaty of Waitangi) means to Z and how we can better honour it. We have completed an initial education session and conversation with the Executive Team on Te Tiriti o Waitangi. We have partnered with Te Kurataiaho Kapea to interpret our values with a Te Ao Māori lens, and this year Te Kura spent time with our Te Ao Māori advocates and stakeholders to work through the translation and interpretation of these foundational elements with a Te Reo and Te Ao Māori lens.

Z Rainbow Network

As a Rainbow Tick accredited company, we are proud of our ongoing commitment to the Rainbow community.

Z was recognised for its commitment to a Rainbow inclusive workplace as a finalist in the 2021 Rainbow Excellence Awards across two categories: Innovation, for our approach to the launch of the Z Rainbow Network and definition of 'allyship'; and for Ambassadorship in recognition of the role of Jeremy Clarke in the Z team for his leadership in Z's Rainbow Journey and keeping the conversation alive.

At Rainbow Tick's suggestion, over the year Z hosted the Labour Party's Rainbow Caucus for a discussion on how we work to create an inclusive workplace, policy settings and what more could be done.

Gender diversity and gender pay gap

Promoting gender equity is not new at Z. We signed up to the UN's Women's Empowerment Principles almost 10 years ago, received the Gender Tick in March 2020 and have worked hard since then to ensure our policies and practices are set up to support all our people equally.

You can see this commitment in everything from how we recruit, to our flexibility and approach to parental leave.

An increased focus on representation in recruitment has seen a number of female appointments in the Supply side of Z's business, and an increased female ratio of appointments across Z (49 percent), with 41 percent of our employees identifying as female. We still have work to do in our traditionally male-dominated areas of the business and building our female pipeline of senior leaders. At the other end of the spectrum, 45 percent of the Z Executive Team identify as female.

Several years ago, we started reporting on our gender pay gap in our annual reports. While our gender pay gap of 6.3 percent is better than the New Zealand average of 9.1 percent (FY21), we have work to do. While we are committed to closing our gender pay gap, we know real success will require us to continue to monitor our gap and be systematic in our response, with initiatives and policies to support us along the way. We've built gender pay gap analysis into our remuneration review process and developed a Diversity and Inclusion assurance dashboard to support us in this which is reviewed quarterly with our Executive Team.

RAINBOW TICK CERTIFIED
www.rainbowtick.co.nz

GenderTick

Here's what Z would look like if it was a village of 100 people:

1 Has a disability
FY21: 1

79 Have a tertiary education
FY21: 79

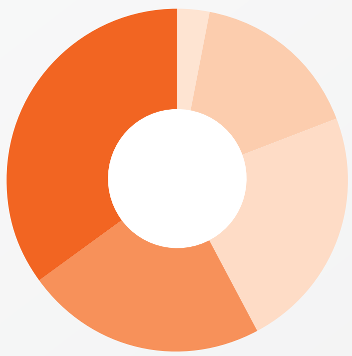
53 Have dependants
FY21: 51

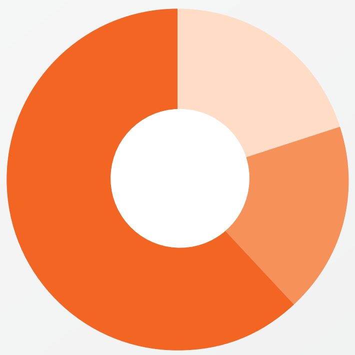
1.5% Absenteeism rate
FY21: 2.2%

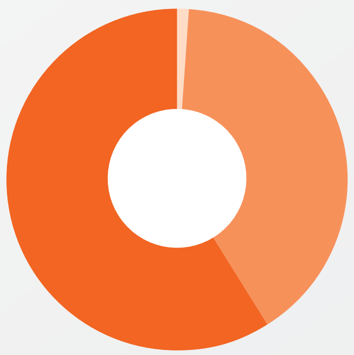
42 Average age of Z employees
FY21: 42 years

5.1% Pay gap men to women
FY21: 4.5%*

* Please note an adjustment to the pay gap reported in our FY21 report







Haumarutanga me te hauora—Safety and wellbeing

While providing a coordinated response to Covid-19 across the business and supply chain over FY22, Z's approach to safety and risk management has continued to mature.

3.7 million hours
Number of hours worked (Z employees, retail sites, Mini-Tankers)
FY21: 4.01 million hours

8
Robberies
FY21: 4

7
Motor vehicle incidents
FY21: 3

Zero
Tier 1 and Tier 2 process safety incidents
FY21: Zero

Zero
Number of spills (loss of containment)
FY21: Zero

Zero
Work-related fatalities (includes employees and contractors)
FY21: Zero

Main types of work-related injury: **Manual handling**
FY21: Manual handling

1.02

Total recordable case frequency (TCRF)*		FY21: 1.15
Z employees:	FY22: 1.02	FY21: 0.72
Retailers and Mini-Tankers franchisees:	FY22: 0.35	FY21: 1.26

0.69

Lost time injury frequency (LTIF)**		FY21: 0.90
Z employees:	FY22: 0.25	FY21: 0.24
Retailers and Mini-Tankers franchisees:	FY22: 0.74	FY21: 1.07

* TRCF and LTIF are based on 200,000 hours worked.

Digital systems drive culture, risk management

Effectively managing risk lies at the very heart of Z's business. With changes to the operation of the entire supply chain, combined with the requirements to manage a Covid-19 environment for the second year in a row, Z's culture around safety and its systems for effective risk management have never been more important.

Z introduced a comprehensive new operational risk management system (ZORM) in 2015/2016. ZORM was designed to more effectively identify, reduce and control risks and to ensure there is clarity across the business around personal accountability for risk management. The system was designed to help shift Z from a top-down, compliance approach to safety and risk management to one which was devolved and decentralised to every person in the organisation.

Over FY22, Z has continued to embed its operational risk management system across the business and our approach to safety and wellbeing has continued to mature. One of the greatest shifts within Z's approach to risk management has been the development of a single digital system in which all risk-related data is held. This digitisation of risk management systems has served to make operational safety data easier to record and much more accessible.

Our risk management capability has progressively improved through improved access to high-quality data where and when we need it.

The ZORM system is now well embedded into our operations and culture, capturing more and more data from right across the business into a single digital system providing much greater levels of clarity, insight and control around incidents, accidents, the controls we put in place, and ownership and accountability for risk management.

The ZORM system exemplifies the benefits Z is generating and realising through previous investments in digital technology and capability. Our approach to operational safety and risk management is data-driven, immediate, accessible and transparent — from incidents occurring at our retail sites, to the processes and controls we are introducing to ensure supply chain security during the transition to a new operating model.

MATERIALITY

Safety and Wellbeing

Supporting our people through Covid-19

The focus of our response to Covid-19 in FY22 has been on keeping our people safe and keeping our business running safely and reliably as an essential service. Our objective was that our people move through the Covid-19 pandemic with a greater understanding of their own wellbeing, enhanced connection with their colleagues and an increased awareness of how they can influence their own wellbeing.

We embraced new technology to engage, adapted our way of working to reflect the home environment during lockdowns, and recognised that broad levels of support were needed that allowed flexibility for our 500 people located across 14 different geographic locations.

Communication was key. We engaged internally through a variety of channels, including frequent all staff meetings, daily updates, a confidential inbox for email enquiries, dedicated pages on our intranet linking to support material, the latest information from the Ministry of Health and, most importantly, our safety and wellbeing approach to help staff.

Through all of this our Executive Team and Crisis Management Team (CMT) were highly visible.

We consulted our team of 500 staff in important Covid-19-related decisions, (including vaccination requirements for the return to office), to determine what support they needed and valued rather than making assumptions.

This approach led to the implementation of several wellbeing initiatives including the introduction of 10 days of special leave, online support tools, payments to support working from home, wellbeing workshops, staff surveys, check-ins and visibility by leadership in all staff communications.

Discussions across a range of topics from mindfulness to virology were provided to all staff, depending on what was most present for our people at the time based on the feedback received/requested.

We sought to normalise conversations on wellbeing in teams and with managers in 1:1 conversation and remove any fear around this. Recognising that wellbeing is different for everyone, we used a range of internal and external speakers to provide context, research and the ability for a different perspective.

This achieved results, with Z in the top five percent of organisations globally, as measured by our engagement service provider, Peakon, in terms of our employee health and wellness Net Promotor Score across all four key drivers:

- Mental Wellbeing
- Physical Wellbeing
- Social Wellbeing
- Organisational Support.

Adopt an Aucklander

Z acknowledges the sacrifice of Aucklanders in particular during FY22 as they endured a 14-week lockdown due to Covid-19, buying the country critical time to raise vaccination rates. In support of our Auckland team, our non-Auckland-based people developed an 'adopt an Aucklander' campaign in which we actively supported and protected the wellbeing of our Auckland team. This took the form of additional communication, contact and sending personalised care packages to provide some comfort and additional support.

Vaccination: keeping our whole team safe

Z approached the question of staff vaccination in a way that respects the diversity of our team. As an essential service we focused on keeping our whole workforce safe, protecting the safety of the consumers and customers we serve, and balancing individual considerations and organisational needs.

We worked with our people to develop a Covid-19 vaccination approach that was informed by credible scientific information and Government guidance and aligned with our Values and our Diversity and Inclusion stand. We consulted with our staff on the policy, with 99 percent of people saying that the policy protected them, made them feel comfortable while being at work and was aligned to our Purpose. We provided RAT testing for staff as a way of providing them with additional peace of mind.

In January 2022 we again closed our offices and worked from home ahead of the Omicron outbreak across the country.

Across the two years of Covid-19 disruption to our business, with multiple regional and national lockdowns and a heavy dependence on working from home, Z has continued to benefit from previous significant investments in technology and the capability of our people to use it and work from wherever they are.

We have continued to focus on deliberate communication with an emphasis on protecting the wellbeing of our people and their role in execution of strategy throughout this period.

See the Our people section on page 35 for information on Z's levels of staff engagement over FY22.

Focus on retail as pressures rise

As Covid-19 has dragged through a full second year and looks set to be a significant factor in FY23, pressures across many parts of the community have increased. Unfortunately, these pressures have shown up on our retail service station forecourts in the form of increased numbers of frustrated, angry and abusive customers.

Prices for fuel across the world have flowed through into the New Zealand market, with record high prices seen in the last quarter of FY22. Tobacco prices have also increased over the year and some customers have objected to mask mandates with these factors contributing to increased levels of on-site stress, anxiety and aggression from customers.

Additionally, there remains a persistent level of racism within all of our communities towards members of our team that we will not tolerate.

As well as the pressure our retail site teams are feeling within their own families while providing an essential service to their local communities, we have focused on how best to support teams in this environment to protect their safety.

Over FY22 we invested significant time and effort in a range of training initiatives with our Retailer team to support them in leading their teams and providing training in de-escalating situations.

We have empowered our retail teams to use our technology, such as closed-door transactions, if they feel unsafe for whatever reason, as well as to trespass individuals where appropriate.

We're deeply grateful for the work of our retail teams across the country at a time when our country and communities really needed them. We've got their back and will do whatever we can to ensure they are safe and treated with the respect they deserve.

Ko tātou Tangata— Our People

As we close our second year characterised by almost continuous disruption and uncertainty, actively protecting our people and culture has been critical to our success.

We are proud of the way our people have led through multiple Covid-19 disruptions and the uncertainty for some people with the sale of all Z shares to Ampol.

While working remotely for much of the time and moving through various Covid-19 lockdowns and alert levels, Z's people have focused tightly on execution of strategy — particularly the critically important elements like preparing for safe and reliable transformation of the fuel supply chain, transforming our retail offer and managing an essential nationwide supply chain while keeping our people and our communities safe.

MATERIALITY

Ampol transaction, Organisational resilience

Engagement

The engagement of Z's people is a distinctive asset for Z, so we measure it monthly. Z closed FY22 with an employee engagement Net Promotor Score of +61 using the global Peakon staff engagement measurement tool. This is more than double the average for corporates internationally (+27) and firmly positions Z in the top 10 percent globally. This is also an increase on our FY21 score of +53 which is a very strong result in light of the level of disruption and uncertainty that has faced the business over FY22.

Our staff engagement levels indicate a highly committed team with clear alignment between individual roles and company strategy. Over the last two years we have worked hard to clearly articulate strategy and priorities, put in place the right teams and structures, build the capabilities we need and adopted agile ways of working that maintain focus on delivery and execution.

In December 2021, Z was awarded the 'Results' Award at the Betterworks Global HR Summit. The judges described Z's achievements in engagement as "astounding" with particular focus on how increased engagement in strategy, goal setting, communication and individual development plans contribute to excellence in execution.

Ampol transaction

The Ampol transaction to acquire the shares in Z would, for many organisations, have generated a sense of deep uncertainty and angst. Z has sought to lead through this transaction in a distinctive way and to realise the significant opportunities that will likely come through the transaction.

Internally, Z has committed to standing for four elements throughout this transaction:

- To maintain our integrity and focus on executing our strategy objectives
- To ensure who we are is not lost
- To re-establish our leadership position in New Zealand's energy transition
- To ensure our people continue to experience personal growth and fulfillment through the transaction and beyond.

We have welcomed the Ampol approach to the transaction. Ampol has publicly acknowledged the opportunity for each organisation to learn from each other and establish trans-Tasman centres of excellence. Ampol has also committed to Z operating as a local subsidiary with a local management team. Ampol has acknowledged the value of the Z brand and the role of Z's values in the company's culture, and has committed to preserving them, as well as prioritising the retention of key Z personnel.

As a result of the resilience we have built across the Z team and the focus on the transaction being a win-win outcome for both companies, Z increased staff engagement over the period of the transaction and has approached the transaction with optimism and confidence.

Investing in development

We are committed to our people and their development. In addition to learning opportunities provided to build organisational capabilities, all Z people are encouraged to have an individual development plan with 90 percent of our people opting to create a formal individual development plan in FY22. Individual development plans can be focused on improving performance in their current role, or be more about the person's future aspirations or both.

Our people have embraced our partnership approach to learning, and blended learning options are embedded in their individual development plan.

On average, 70 percent of learning happens on the job, 20 percent from developing through others and 10 percent is more formal learning. Z people are offered a range of learning opportunities from eLearning, workshops, conferences, coaching or mentoring, partnering with thought leaders, stretch assignments, webinars, 'lunch & learns', technical clinics or curated content via our intranet.

Internal moves as a part of career progression are common at Z with 35 percent of vacancies being filled internally in FY22.

Over recent years, Z has invested in:

- Individualised leadership programmes resulting in strong leadership capability
- Building organisational capabilities in the areas of execution, customer experience, digitisation and innovation.

With our capabilities and leadership foundations in place, our leadership development focus is on leveraging the investment made and ensuring we have the right skills, diversity of thinking and capability to succeed in a rapidly changing context.

Additional information about our people, including parental leave, education and remuneration can be found in the Additional disclosures section on pages 37 to 48.

Tō tātou kāhui amorangi— Our Executive Team

Mike Bennetts
Chief Executive Officer
Joined 1 April 2010

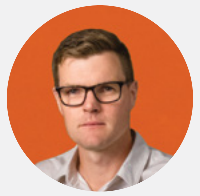
Debra Blackett
General Counsel and Chief Governance Officer
Joined 2 June 2015

Lindis Jones
Chief Financial Officer
Joined 10 May 2010

Helen Sedcole
Chief People Officer
Joined 29 January 2018

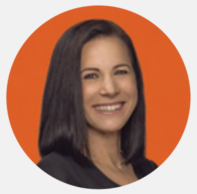
Julian Hughes
General Manager, Supply
Joined 16 February 2015

Andy Baird
General Manager, Retail and Customer
Joined 1 April 2019



Nicolas Williams
General Manager, Strategy and Risk
Joined 7 June 2011

Mandy Simpson
Chief Digital Officer
Joined 19 February 2019



Nicola Law
General Manager, Commercial
Joined 3 March 2014

- David Binnie left Z in December 2021 and was replaced as General Manager, Supply by Julian Hughes, previously General Manager, Transition and General Manager, Strategy and Risk.
- Figen Ulgen, Chief Customer Officer, left Z in January 2022 with her functions moved to Z's General Manager, Retail and Customer and Z's Chief Digital Officer.

Ngā puakanga tāpiri—Additional disclosures

While Z's reporting requirements have changed with the company's change of ownership, there are a number of disclosures we choose to make in the spirit of transparency. We acknowledge that there remains significant interest in Z from our stakeholders, our customers, our own people and the communities we serve.

It is consistent with our values and commitment to New Zealand to continue to demonstrate leadership and commitment in the following areas.

Modern slavery

On 23 November 2021, Z published its second Modern Slavery Statement, (for the 12 month period ending 31 March 2021), in compliance with the Australian Modern Slavery Act 2018: https://modernslaveryregister.gov.au/statements/5695/

This statement outlines the steps Z has already taken, and those it intends to take, to continue to identify, manage and mitigate the specific risks of modern slavery across its operations and supply chain.

The statement describes the types of risks for vulnerable workers in our supply chain and operations and the actions we took over the course of FY21 to address them. The statement evaluated the effectiveness of our actions, noting the heightened risk for vulnerable workers during the Covid-19 pandemic.

Z has not identified any situations or instances of modern slavery practices in its operations or supply chains for the 12 months ending 31 March 2022, and will continue to monitor the risk of modern slavery at Z.

We acknowledge that the Ministry of Business, Innovation & Employment (MBIE) is seeking feedback on a legislative response on modern slavery and worker exploitation, and Z welcomes this as the risk of modern slavery practices requires a whole of society response. The planned legislation is likely to be more extensive than that required under Australia's Commonwealth Modern Slavery Act, and Z is committed to taking further action on these practices and the ongoing development required throughout our business.

Fines or non-compliance

During the period, no significant fine or monetary sanction was imposed against Z by any government authority, nor was Z made aware that it has broken any material law.

Z is not aware of any material non-compliance with any environmental laws and/or regulations.

Diversity

The following tables provide additional detail to our Diversity and Inclusion stand, refer pages 28 to 30.

Number of individuals by gender, age and ethnicity

	Employees		Executive Team	
	FY22	FY21*	FY22	FY21
Gender				
Female	194	194	4	4
Male	284	303	5	6
Non Binary/Not Disclosed	3	1	0	0
Age Group				
Under 30 years	87	80	0	0
30–50 years	280	299	4	4
Above 50 years	114	119	5	6
Ethnicity				
NZ European/Pākehā	276	318	8	8
European	49	60	1	2
Asian (including Indian and Pakistan)	73	75	0	0
Other Ethnicity	12	10	0	0
Information Not Provided	21	5	0	0
Middle Eastern/Latin American/African	9	10	0	0
Māori	32	15	0	0
Pacific Islander	9	5	0	0

Notes
* Please note an adjustment to the figures reported in our FY21 report which included permanent staff only. The above figures include fixed term contractors.
Age groups and diversity were expressed in percentages in the FY21 report.

Total number of employees by employment contract (permanent and temporary) by gender

Employee Type	Female	Male	Non Binary/ Not Disclosed	Total
Permanent	185	276	3	464
Fixed Term	9	8	0	17

Total number of employees by location (permanent and temporary) by gender

Region	Female	Male	Non Binary/ Not Disclosed	Total
Auckland	42	53	0	95
Canterbury	6	43	0	49
Otago	1	3	0	4
Mini-Tankers Driver	0	5	0	5
Bay of Plenty	1	9	0	10
Hawke's Bay	0	4	0	4
Nelson	1	9	0	10
Wellington	141	154	3	298
Home Office	2	4	0	6

Total number of employees by employment type (full time and part time), by gender

Employee Type	Female	Male	Non Binary/ Not Disclosed	Total
Full Time	165	275	3	443
Part Time	18	8	0	26
On Parental Leave	11	1	0	12

Notes re total employees tables

1. Variations across the numbers above are due to the operational side of the business, with more males employed in those roles which are predominantly based in regions outside of the main centres.
2. This data has been extracted from Z's payroll system.

Gender pay ratios

Z's primary method for tracking gender pay internally measures the gap across all career levels, excluding the Executive, as their remuneration is driven by market rates for their individual roles.

When excluding our Executive, the gender pay gap across Z in FY22 was five percent in total. However, the methodology that is required to be reported in this section includes our Executive and CEO, whose higher remuneration influences these figures significantly.

Z is committed to closing its gender pay gap to zero by FY24 across all employee levels and to supporting work in support of pay equity across the economy.

The ratios of average female to male remuneration for Z's permanent employees at 31 March 2022 are set out below.

Significant locations of operation are those regions where at least 20 males and females are employed.

Ratio of basic salary and remuneration of women to men

Ratio	Overall	Wellington	Auckland
Average base salary women to men (all Z)	0.94:1	0.89:1	0.82:1
Average base salary women to men (excl. CEO & Exec)	0.95:1	0.92:1	0.82:1
Average base salary women to men (excl. CEO)	0.96:1	0.92:1	0.82:1

Ratio of basic salary and remuneration of women to men for each employee category

By role	Wellington	Auckland
Leader of Self	0.97:1	0.85:1
People Leader	0.92:1	1.11:1
Senior Leader	0.93:1	0.82:1
Exec	0.7:1	n/a

Parental leave

Parental leave at Z is based on supporting all staff to achieve a satisfying and productive life/work balance. The intent is to support staff with a contribution of time and financial support to minimise personal and financial stress, maintain their job and career opportunities, and maximise their ability to return to the workplace in good mental and physical health.

Total number of employees that were entitled to parental leave, by gender

Female	Male	Non Binary/ Not Disclosed	Total
194	284	3	481

Total number of employees that took parental leave, by gender

Female	Male	Non Binary/ Not Disclosed	Total
23	1	0	24

Total number of employees that returned to work in the reporting period after parental leave ended, by gender

Female	Male	Non Binary/ Not Disclosed	Total
12	0	0	12

Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender

Female	Male	Non Binary/ Not Disclosed	Total
8	1	0	9

Return to work and retention rates of employees that took parental leave, by gender

	Female	Male	Non Binary/Not Disclosed
Return to work rate	100%	100%	NA
Retention rate	89%	100%	NA

Education

The following table provides information about the education levels of employees.

Employee education levels

Education Level	Number
Tertiary	268
Post Graduate	110
Secondary	60
None or unknown	43

New employee hires and employee turnover

The following tables provide information about new employees and turnover of existing employees.

Total number and rate of new employee hires during the reporting period, by age group, gender and region

	Number	Rate
Gender		
Female	50	48%
Male	52	50%
Non Binary/Not Disclosed	3	3%
Region		
Auckland	15	14%
Canterbury	6	6%
Otago	0	0%
Mini-Tankers Driver	5	5%
Bay of Plenty	0	0%
Hawke's Bay	0	0%
Nelson	1	1%
Wellington	77	73%
Home Office	1	1%
Age Groups		
Under 30 years	38	36%
30–50 years	60	57%
Above 50 years	7	7%

Total number and rate of employee turnover during the reporting period, by age group, gender and region

	Number	Rate
Gender		
Female	50	43%
Male	64	56%
Non Binary/Not Disclosed	1	1%
Region		
Auckland	20	17%
Canterbury	4	3%
Otago	0	0%
Mini-Tankers Driver	11	10%
Bay of Plenty	2	2%
Hawke's Bay	0	0%
Nelson	1	1%
Wellington	76	66%
Home Office	1	1%
Age Groups		
Under 30 years	18	16%
30–50 years	78	68%
Above 50 years	19	17%

Pay for performance

We believe in creating a clear link between performance and reward. We report on remuneration earned for the respective year of performance, rather than remuneration paid, as a more appropriate way of illustrating how pay relates to performance.

Z seeks to benchmark total fixed remuneration (base pay) to the upper quartile of the external market. This means that with our short-term incentive (STI) annual bonus payment (a cash bonus), the total rewards we offer are in the top 10 percent of the New Zealand market when people deliver results above plan. This includes both individual targets and company-wide targets.

Every permanent Z employee's remuneration package comprises a base salary, an STI component, and health insurance (with Southern Cross) for themselves and their immediate family. Z also makes a five percent employer contribution to KiwiSaver.

All Z employees had regular performance and career development reviews during the reporting period.

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

Short-term Incentive (STI) scheme at Z FY22

Our STI model is focused on setting clear performance goals for Z overall, and rewarding all our people for working together to deliver these.

STI payments are calculated as a percentage of base salary and are determined based on the complexity of individual roles. Employees' STI payments are determined following a review of the company's performance and may be paid out at a multiplier of between zero to two times an individual's STI target. While the value of the employee STI payments are solely driven by company performance, (with the exception of the Executive Team and Commercial Sales employees), any individual who is underperforming is not eligible for participation in this scheme.

In February/March 2021, the CEO and the Board agreed on the company objectives to be achieved in the following financial year. The company objectives are targets aligned to the four strategic objectives which are: to always be safe and reliable, deliver awesome customer experiences, generate heaps of free cash flow and grow non-fossil fuel income. The Z Board assessed them in April 2022, after year end. In determining an overall performance rating, the Board assesses the key result areas individually and considers any additional achievements beyond plan.

An STI bonus will be paid only if 85 percent of the annual company RC EBITDAF target has been met. Once this threshold has been met, payment is subject to the overall company performance rating. The Board considered the following areas of performance when determining the overall level of company performance:

- Significant Safety and Wellbeing incidents, such as fatalities
- Significant adverse reputational incidents, such as customer reaction to an operational failure
- The company's reputational alignment with being a world-class Kiwi company.

The CEO Target bonus amounts for Z meeting expectations for both company and individual performance is 50 percent of base salary. If the individual and/or the company's overall performance is below or exceeds expectations a multiplier is applied.

	Individual performance	Unacceptable	Below expectations	Strong performance	Exceeds	Extraordinary
Company	Extraordinary	0.00	0.00	2.00	2.50	3.00
	Exceeds	0.00	0.00	1.50	2.00	2.50
	Strong performance	0.00	0.00	1.00	1.50	2.00
	Below expectations	0.00	0.00	0.50	1.00	1.50
	Unacceptable	0.00	0.00	0.00	0.00	0.00

Z's STI cash bonus is based on three things for the CEO:

1. Company performance ratings
2. Individual performance rating
3. Base salary and the on-target bonus for role.

Performance Rights Long-Term Incentive Plan (PRLTIP)

Prior to the implementation of the scheme of arrangement between Z and Ampol, the Z Executive team and selected senior employees were also eligible to participate in a Performance Rights Long-Term Incentive Plan (PRLTIP). Each Performance Right under the PRLTIP (Performance Right) entitled the holder to acquire one Z Energy Share, subject to the holder remaining employed by Z Energy until the end of the vesting period, achieving performance hurdles, and Board discretion.

On 30 March 2022, the Board resolved to issue new Performance Rights, then to accelerate the vesting or lapse and cancellation of all Performance Rights. Those Performance Rights that vested were either converted into Z Energy shares from treasury stock, then transferred to participants, or were cash-settled. By 28 April 2022, there were no Performance Rights remaining, the PRLTIP was wound up, and all remaining treasury stock had been cancelled.

See sections 3.18, 6.14, and 6.19 of the Scheme Booklet, as well as Z Energy's announcement page at https://www.nzx.com/companies/ZEL/announcements for more information.

Employee remuneration

Z employees' remuneration

The total number of corporate employees is 481, of which 464 are permanent.

348 Z employees (or former employees) received remuneration and other benefits over $100,000 in their capacity as employees during FY22, as set out in the table below. This includes salary, short-term incentive payments, settlement payments and redundancy payments for all permanent employees.

This disclosure is based on actual amounts received in the year. Z notes the high proportion of employees (72 percent) earning above $100,000 reflects Z's business model decisions. For example, traditionally lower-earning employee roles (like call centre staff) are presently outsourced to other New Zealand-based organisations.

Amount of remuneration	Employees
$100,000 to $110,000	29
$110,001 to $120,000	32
$120,001 to $130,000	24
$130,001 to $140,000	32
$140,001 to $150,000	28
$150,001 to $160,000	31
$160,001 to $170,000	23
$170,001 to $180,000	22
$180,001 to $190,000	27
$190,001 to $200,000	18
$200,001 to $210,000	14
$210,001 to $220,000	15
$220,001 to $230,000	11
$230,001 to $240,000	4
$240,001 to $250,000	4
$260,001 to $270,000	5
$270,001 to $280,000	7
$280,001 to $290,000	4
$290,001 to $300,000	1
$300,001 to $310,000	3
$310,001 to $320,000	1
$320,001 to $330,000	1
$340,001 to $350,000	1
$370,001 to $380,000	1
$460,001 to $470,000	1
$470,001 to $480,000	1
$550,001 to $560,000	2
$670,001 to $680,000	1
$680,001 to $690,000	1
$700,001 to $710,000	1
$840,001 to $850,000	1
$880,001 to $890,000	1
$1,990,001 to $2,000,000	1
Total	**348**

Flick Energy employees' remuneration

The data in this table relates to Flick Energy permanent employees only and the figures include all remuneration and benefits.

Amount of remuneration	Employees
$100,000 to $110,000	5
$110,001 to $120,000	1
$120,001 to $130,000	3
$130,001 to $140,000	1
$140,001 to $150,000	3
$150,001 to $160,000	2
$160,001 to $170,000	1
$170,001 to $180,000	1
$180,001 to $190,000	1
$190,001 to $200,000	0
$200,001 to $210,000	0
$210,001 to $220,000	0
$220,001 to $230,000	0
$230,001 to $240,000	0
$240,001 to $250,000	0
$250,001 to $260,000	1
$260,001 to $270,000	0
$270,001 to $280,000	1
$280,001 to $290,000	0
$290,001 to $300,000	1
$300,001 to $310,000	0
$310,001 to $320,000	0
$320,001 to $330,000	0
$330,001 to $340,000	0
$340,001 to $350,000	0
$350,001 to $360,000	1
Total	**22**

Directors' and senior officers' interests in bonds

None of Z's directors over the course of FY22 held any interest in Z Energy bonds.

None of Z's Executive team hold any Z bonds.

Charitable donations

For the year ended 31 March 2022, Z made total donations of $780,121 (2021: $683,040).

Flick Energy Limited made donations of $nil (2021: $3,000) during this period.

Z Energy shares

Z Energy shares were suspended from trading on the NZX Main Board and ASX from close of trading on 28 April 2022 and ceased to be quoted on the NZX Main Board and ASX from close of trading on 10 May 2022.

Distribution of ordinary bonds and bondholders

ZEL050 and ZEL060 continue to trade on the New Zealand Debt Market (NZDX) under the ZEL ticker.

At 31 March 2022

ZEL 050

Size of holding	Number of bondholders	%	Number of bonds
1–1,000	0	0.00	0
1,001–5,000	78	8.63	390,000
5,001–10,000	204	22.57	1,976,000
10,001–50,000	520	57.52	14,500,000
50,001–100,000	69	7.63	5,726,000
100,001 and over	33	3.65	47,408,000
Totals	**904**	**100**	**70,000,000**

ZEL 060

Size of holding	Number of bondholders	%	Number of bonds
1–1,000	0	0.00	0
1,001–5,000	126	19.38	630,000
5,001–10,000	169	26.00	1,605,000
10,001–50,000	296	45.54	7,308,000
50,001–100,000	29	4.46	2,372,000
100,001 and over	30	4.62	113,085,000
Totals	**650**	**100**	**125,000,000**

Our 20 largest registered bondholders

At 31 March 2022

ZEL 050

Rank	Holder name	Account	Total units	% issued capital
1	CUSTODIAL SERVICES LIMITED	4	14,287,000	20.41
2	FNZ CUSTODIANS LIMITED		8,864,000	12.66
3	FORSYTH BARR CUSTODIANS LIMITED	1-CUSTODY	5,537,000	7.91
4	NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED		3,918,000	5.6
5	JBWERE (NZ) NOMINEES LIMITED	NZ RESIDENT	2,843,000	4.06
6	INVESTMENT CUSTODIAL SERVICES LIMITED	<C A/C>	2,522,000	3.6
7	FORSYTH BARR CUSTODIANS LIMITED	1 E	2,280,000	3.26
8	HOBSON WEALTH CUSTODIAN LIMITED	RESIDENT CASH	1,327,000	1.9
9	FNZ CUSTODIANS LIMITED	DTA NON RESIDENT	824,000	1.18
10	KARL HEINZ LEHMANN & ANNE MARIE LEHMANN		600,000	0.86
11	JBWERE (NZ) NOMINEES LIMITED	<56413 A/C>	308,000	0.44
12	KIWIGOLD.CO.NZ LIMITED	KIWIGOLD	300,000	0.43
12	ZHAOXI LU		300,000	0.43
13	CUSTODIAL SERVICES LIMITED	6	265,000	0.38
14	GREEN LANE RESEARCH & EDUCATION FUND BOARD		250,000	0.36
15	CUSTODIAL SERVICES LIMITED	12	221,000	0.32
16	MATTHEW MARSHALL CAMPBELL	CAMPBELL FAMILY	200,000	0.29
16	JBWERE (NZ) NOMINEES LIMITED	NR USA	200,000	0.29
16	LUKENNEDY NOMINEES LIMITED		200,000	0.29
16	CHRISTOPHER GEOFFREY SIMMONDS & JUDITH FLORENCE SIMMONDS	SIMMONDS FAMILY	200,000	0.29
16	THE HENRY & WILLIAM WILLIAMS MEMORIAL TRUST (INC)		200,000	0.29
17	LINDSAY MORRELL JONES & DIANN MAY JONES		180,000	0.26
18	FEI LIU & TAO YANG		167,000	0.24
19	FNZ CUSTODIANS LIMITED	DRP NZ	155,000	0.22
20	FORSYTH BARR CUSTODIANS LIMITED	1 NRL AIL	150,000	0.21
20	WILLIAM FAUGHN HESTER & MARILYN JOYCE HESTER		150,000	0.21
20	HOBSON WEALTH CUSTODIAN LIMITED	EQUITIES DTA	150,000	0.21
20	ANGELA FRANCES MIDDLEMASS		150,000	0.21
20	RICHARD WILLIAM STANNARD	ESME & TOM TOMBLESON CHARITABLE	150,000	0.21
20	JACOBUS JOHANNES MARIA VAN BERGEN & RUTH MARIE VAN BERGEN & KFS TRUSTEES LIMITED	HALCEYON INVESTMENT	150,000	0.21

ZEL 060

Rank	Holder name	Account	Total units	% issued capital
1	CUSTODIAL SERVICES LIMITED	4	41,877,000	33.5
2	FORSYTH BARR CUSTODIANS LIMITED	1-CUSTODY	19,450,000	15.56
3	NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED		17,199,000	13.76
4	FNZ CUSTODIANS LIMITED		13,669,000	10.94
5	HOBSON WEALTH CUSTODIAN LIMITED	RESIDENT CASH	6,961,000	5.57
6	JBWERE (NZ) NOMINEES LIMITED	NZ RESIDENT	5,757,000	4.61
7	FORSYTH BARR CUSTODIANS LIMITED	1 E	1,036,000	0.83
8	NZX WT NOMINEES LIMITED	CASH	850,000	0.68
9	FNZ CUSTODIANS LIMITED	DTA NON RESIDENT	746,000	0.6
10	INVESTMENT CUSTODIAL SERVICES LIMITED	<C A/C>	619,000	0.5
11	CUSTODIAL SERVICES LIMITED	6	557,000	0.45
12	HOBSON WEALTH CUSTODIAN LIMITED	EQUITIES DTA	451,000	0.36
13	BEST FARM LIMITED		400,000	0.32
14	JBWERE (NZ) NOMINEES LIMITED	32086	300,000	0.24
15	FNZ CUSTODIANS LIMITED	DRP NZ	253,000	0.2
16	CLUTHA NOMINEES LIMITED		250,000	0.2
16	JBWERE (NZ) NOMINEES LIMITED	50986	250,000	0.2
16	JBWERE (NZ) NOMINEES LIMITED	<58225 A/C>	250,000	0.2
17	CUSTODIAL SERVICES LIMITED	12	234,000	0.19
18	FORSYTH BARR CUSTODIANS LIMITED	1 NRL AIL	220,000	0.18
19	JBWERE (NZ) NOMINEES LIMITED	<56413 A/C>	205,000	0.16
20	ANDREW GEORGE ANSON & JOANNE PATRICIA ANSON	CENTURION FAMILY	200,000	0.16
20	DUNEDIN DIOCESAN TRUST BOARD	INCOME FUND	200,000	0.16
20	F S INVESTMENTS LIMITED		200,000	0.16
20	KPS SOCIETY LIMITED		200,000	0.16
20	WOOLF FISHER TRUST INC		200,000	0.16

Pūrongo Pūtea—Financial Statements

as at 31 March 2022

Statement of comprehensive income for the year ended 31 March 2022

	Notes	2022 $m	Restated 2021 $m
Revenue	6	**5,002**	3,520
Expenses			
Purchases of crude, product and electricity		**2,762**	1,765
Excise, carbon and other taxes		**1,270**	1,149
Primary distribution		**40**	43
Operating expenses	3, 7	**360**	274
Share of loss of associate companies (net of tax)		**18**	1
Depreciation and amortisation	2, 12, 13	**118**	134
Net financing expense	8	**36**	38
Impairment	12, 13	**-**	-
Net lease expenses	10	**34**	32
Fair value movements in interest rate derivatives		**(33)**	(10)
Loss on sale of property, plant and equipment		**1**	-
Increase in decommissioning and restoration provision	17	**12**	1
Total expenses		**4,618**	3,427
Net profit before taxation		**384**	93
Taxation expense	9	**115**	30
Net profit for the year		**269**	63
Net profit attributable to the owners of the company		**266**	67
Net profit/(loss) attributable to non-controlling interest	5	**3**	(4)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Valuation adjustment of land and buildings	12	**179**	15
Revaluation of investments	15	**27**	(15)
Decommissioning and restoration provision increase		**(4)**	-
Total items that will not be reclassified to profit or loss		**202**	-
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge and cost of hedging		**(16)**	17
Other comprehensive income net of tax		**186**	17
Total comprehensive income after taxation		**455**	80
Total comprehensive income attributable to owners of the company		**452**	84
Total comprehensive income/(loss) attributable to non-controlling interest		**3**	(4)
Basic and diluted earnings per share (cents)		**52**	12

Statement of changes in equity for the year ended 31 March 2022

	Notes	Capital $m	Retained earnings $m	Investment revaluation reserve $m	Employee share reserve $m	Hedging reserve $m	Asset revaluation reserve $m	Non-controlling interest $m	Total equity $m
Balance at 1 April 2020		**430**	**(17)**	**(76)**	**(6)**	**(1)**	**270**	**2**	**602**
Prior period restatement	2	-	(11)	-	-	-	-	-	(11)
Restated balance at 1 April 2020		**430**	**(28)**	**(76)**	**(6)**	**(1)**	**270**	**2**	**591**
Net profit/(loss) for the year (restated)		-	67	-	-	-	-	(4)	63
Other comprehensive income		-	-	(15)	-	17	15	-	17
Total comprehensive income for the year		**-**	**67**	**(15)**	**-**	**17**	**15**	**(4)**	**80**
Transactions with owners recorded directly in equity:									
Issue of shares		347	-	-	-	-	-	-	347
Equity raise costs		(10)	-	-	-	-	-	-	(10)
Share-based payments and own shares acquired		-	-	-	(2)	-	-	-	(2)
Total transactions with owners recorded directly in equity		**337**	**-**	**-**	**(2)**	**-**	**-**	**-**	**335**
Restated balance at 31 March 2021		**767**	**39**	**(91)**	**(8)**	**16**	**285**	**(2)**	**1,006**
Balance at 1 April 2021		**767**	**39**	**(91)**	**(8)**	**16**	**285**	**(2)**	**1,006**
Net profit/(loss) for the year		-	266	-	-	-	-	3	269
Other comprehensive income		-	-	27	-	(16)	175	-	186
Total comprehensive income for the year		**-**	**266**	**27**	**-**	**(16)**	**175**	**3**	**455**
Transfers between reserves:									
Share-based scheme not vesting		-	1	-	(1)	-	-	-	-
Disposal of revalued assets		-	3	-	-	-	(3)	-	-
Transactions with owners recorded directly in equity:									
Cancelled shares		-	(1)	-	1	-	-	-	-
Share-based payments		-	-	-	3	-	-	-	3
Dividends to equity holders		-	(109)	-	-	-	-	-	(109)
Supplementary dividends to equity holders		-	(9)	-	-	-	-	-	(9)
Tax credit on supplementary dividends		-	9	-	-	-	-	-	9
Total transactions with owners recorded directly in equity		**-**	**(110)**	**-**	**4**	**-**	**-**	**-**	**(106)**
Balance at 31 March 2022		**767**	**199**	**(64)**	**(5)**	**-**	**457**	**1**	**1,355**

Statement of financial position At 31 March 2022

	Notes	2022 $m	Restated 2021 $m
Shareholders' equity			
Equity attributable to owners of the company	2	**1,354**	1,008
Non-controlling interest		**1**	(2)
Total equity		**1,355**	1,006
Represented by:			
Current assets			
Cash and cash equivalents		**15**	162
Accounts receivable and prepayments		**513**	299
Inventories	11	**629**	570
Derivative financial instruments	19	**26**	77
Other current assets		**3**	1
Total current assets		**1,186**	1,109
Non-current assets			
Property, plant and equipment	12	**1,011**	816
Right-of-use assets	10	**278**	280
Goodwill	13	**158**	158
Intangible assets	2, 13	**815**	489
Investments	15	**90**	42
Derivative financial instruments	19	**31**	38
Other non-current assets		**12**	13
Total non-current assets		**2,395**	1,836
Total assets		**3,581**	2,945
Current liabilities			
Accounts payable, accruals and other liabilities		**885**	605
Income tax payable	9	**102**	15
Provisions	17	**8**	21
Short-term borrowings	18	**130**	169
Derivative financial instruments	19	**17**	33
Lease liability	10	**18**	16
Total current liabilities		**1,160**	859
Non-current liabilities			
Other liabilities		**5**	8
Provisions	17	**99**	72
Derivative financial instruments	19	**4**	25
Deferred tax	2, 9	**99**	91
Long-term borrowing	18	**579**	601
Lease liability	10	**280**	283
Total non-current liabilities		**1,066**	1,080
Total liabilities		**2,226**	1,939
Net assets		**1,355**	1,006

Approved on behalf of the Board on 27 May 2022

Matthew William Halliday
Director

Gregory David Barnes
Director

Statement of cash flows for the year ended 31 March 2022

	Notes	2022 $m	Restated 2021 $m
Cash flows from operating activities			
Receipts from customers		**4,800**	3,542
Interest received		**28**	26
Payments to suppliers and employees	2	**(3,714)**	(2,394)
Excise and other taxes paid		**(879)**	(995)
Interest paid		**(80)**	(80)
Taxation received/(paid)	9	**(20)**	22
Net cash inflow from operating activities		**135**	121
Cash flows from investing activities			
Proceeds from assets held for sale		**-**	5
Proceeds from sale of property, plant and equipment		**(1)**	-
Lease payments received from leases	10	**1**	1
Purchase of intangible assets	2	**(11)**	(16)
Purchase of investments		**(34)**	(11)
Purchase of property, plant and equipment		**(63)**	(47)
Net cash outflow from investing activities		**(108)**	(68)
Cash flows from financing activities			
Issue of shares	20	**-**	347
Equity raising costs		**-**	(10)
Net proceeds/(repayment) from bank facility	18	**111**	(231)
Purchase of shares	21	**-**	(3)
Dividends paid to owners of the company	20	**(118)**	-
Repayment of bonds	18	**(150)**	-
Payment of lease liabilities	10	**(17)**	(13)
Net cash inflow/(outflow) from financing activities		**(174)**	90
Net increase/(decrease) in cash		**(147)**	143
Cash balances at beginning of year		**162**	19
Cash at end of year		**15**	162

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

	Notes	2022 $m	Restated 2021 $m
Net profit for the year	2	**269**	63
Adjustments to reconcile profit to net cash inflow from operating activities			
Depreciation and amortisation	2	**118**	134
Impairment		**-**	-
Share of loss of associate companies (net of tax)		**18**	1
Change in ETS units		**(371)**	70
Other		**7**	(38)
Changes in assets and liabilities, net of non-cash, investing and financing activities			
Change in accounts receivable and prepayments		**(214)**	(2)
Change in inventories		**(59)**	(5)
Change in accounts payable, accruals and other liabilities		**280**	(143)
Change in taxation		**87**	41
Net cash flow from operating activities		**135**	121

Notes to the financial statements for the year ended 31 March 2022

(1) Basis of accounting

Reporting entity

Z Energy Limited is a profit-oriented company registered in New Zealand under the Companies Act 1993 and a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Z Energy Limited is listed, its ordinary shares quoted on the NZX Main Board equity security market (NZX Main Board), on the Australian Stock Exchange (ASX) and has bonds quoted on the NZX debt market.

The financial statements presented are those of Z Energy Limited (the Company, Parent) together with its subsidiaries, interests in associates and jointly controlled operations (Z or "the Group").

Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and part 7 of the Financial Markets Conduct Act 2013. They comply with the New Zealand 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 External Reporting Board (XRB) Accounting Standards Framework, as a listed entity.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of certain assets, investments and financial instruments as identified in the accompanying notes. The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest million ($m), unless otherwise stated. The financial statements have been prepared on a GST-exclusive basis except billed receivables and payables, which include GST.

Basis of consolidation

Consistent accounting policies are employed in preparing and presenting 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

The accounting policies have been applied consistently to all years presented in these Group financial statements, except as noted below.

The Group has amended its accounting policy on intangible software. This is subsequent to an agenda decision published by the IFRS Interpretations Committee ('IFRIC') in April 2021 on the configuration and customisation costs incurred relating to a Software-as-a-Service ('SaaS') arrangement. The nature and effect of the changes resulting from application of this policy is described below.

SaaS arrangements are arrangements in which the Group does not control the underlying software used in such arrangements. Under the revised accounting policy, costs incurred to configure or customise SaaS arrangements that result in the creation of an identifiable resource, and where the Group has the control to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, then these costs are recognised as a separate intangible software asset. The cost is amortised over the useful life of the software on a straight-line basis. If costs do not meet the recognition criteria, they are expensed when incurred. The amortisation is reviewed each reporting period and any changes are treated as changes in accounting estimates. The Group has applied the new accounting policy retrospectively. The effects of this change in accounting policy are shown in the following tables:

	Balance as at 1 April 2020 $m	Adjustments $m	Restated balance as at 1 April 2020 $m	Audited year ended 31 March 2021 $m	Adjustments $m	Restated Balance for year ended 31 March 2021 $m
Statement of comprehensive income						
Operating expenses				273	1	274
Depreciation and Amortisation				143	(9)	134
Taxation expense				28	2	30
Statement of financial position						
Intangible assets	628	(16)	612	497	(8)	489
Deferred tax	(74)	5	(69)	(94)	3	(91)
Retained earnings	(17)	(11)	(28)	44	(5)	39
Statement of cash flows						
Payments to suppliers and employees				(2,393)	(1)	(2,394)
Purchase of intangible assets				(17)	1	(16)

No other changes to accounting policies have been made during the year and policies have been consistently applied to all years presented.

(3) Critical accounting estimates and judgements

The preparation of financial statements requires management to make the following judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Channel Infrastructure NZ transition to an import terminal service (ITS) model (notes 13, 15)

On 22 November 2021, Channel Infrastructure NZ Limited (previously Refining NZ) confirmed the final investment decision (FID) had been made to cease domestic refining and transition the business to an import-only fuel terminal. This transition was made on 1 April 2022. Z, in addition to other existing Channel Infrastructure NZ customers, has entered into a long-term agreement for the provision of import terminal services. It has been agreed by all customers and Channel Infrastructure NZ to withdraw existing dispute notices issued under the refining Processing Agreement from the commencement of import terminal services under the terms of the Terminal Services Agreement.

Z has assessed the financial impact and disclosure requirements in compliance with NZ IFRS, predominantly NZ IAS 36 Impairment of Assets (NZ IAS 36), NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets (NZ IAS 37), NZ IAS 2 Inventories (NZ IAS 2) and NZ IAS 10 Events after the Reporting Period (NZ IAS 10). There are some one-off conversion impacts of this change, including one-off costs and a write-down in the value of the quantity of both partially refined and refined stock owned by Z at the refinery to facilitate the conversion to an ITS.

The impact on the Channel Infrastructure NZ Processing and Distribution Agreement intangible asset has been assessed in note 13.

There will be no impact on the treatment of the investment in Channel Infrastructure NZ; this will continue to be recognised at the NZX-listed share price at balance date, disclosed in note 15.

(3) Critical accounting estimates and judgements (continued)

Winding up of Coastal Oil Logistics Limited (note 15)

In January 2022, the joint venture partners of Coastal Oil Logistics Limited (COLL) confirmed they would be winding up the joint venture arrangement, ceasing services provided by the joint venture. Z has assessed the financial impacts of this decision. Z is required to fund its share of the one-off costs associated with termination of contracts within the joint venture. These costs have been recognised in 'Share of loss of associate companies (net of tax)'.

Useful Life (notes 10, 12, 13, 17)

Z accounts for some assets and liabilities within the Statement of financial position utilising their valuation based on the present value of the expected future economic benefits or obligations. Where appropriate, Z has updated its estimates of the useful life of these assets and liabilities based on Z's House View of future fuels demand. Any updates to valuation as a result of a change in the expected timing of cash flows is recorded consistent with a change in accounting estimate.

Provisions (note 17)

Liabilities are estimated for decommissioning and restoration (D&R) of certain sites of operation. The Decommissioning and Restoration rates for tanks and terminals have been increased following a triennial independent valuation review. In addition, the estimated useful economic lives have been reviewed and updated where relevant.

Measurement of fair value (notes 12, 15 and 19)

Some of the Group's accounting policies and disclosures require the measurement of fair values.

Goodwill (note 13)

Goodwill is an indefinite-life intangible asset and is tested annually for impairment by estimating the future cash flows that the Group is expected to generate. Estimating future cash flows requires key judgements including expected fuel volume growth or decline, expected future margins, and the discount rate for valuing future cash flows.

Covid-19 Provisions

The Group has recorded the following provisions to account for the impacts of the Covid-19 pandemic on the 31 March 2022 financial results:

	Doubtful debts $m	Secondary distribution $m	2022 $m
Recognition in the Statement of comprehensive income	Operating expenses	Operating expenses	
Balance at 1 April 2021	7	-	7
Created	-	2	2
Utilised	-	-	-
Released	(7)	-	(7)
Balance at 31 March 2022	-	2	2

The provisions have been updated to reflect the current estimate of the impact of the Covid-19 pandemic. Despite ongoing lockdowns and traffic light setting changes over the year, Z has not observed the anticipated increase in customer debt defaults due to the pandemic. Movements in the provision balances since 1 April 2021 relate to release of provisions no longer required and the identification of additional distribution costs incurred as a result of the Covid-19 pandemic.

(4) Replacement cost reconciliation

Replacement cost (RC) is a non-GAAP measure used by the downstream fuel industry to report earnings. RC removes the impact of changes in crude oil and refined product prices on the value of inventory held by Z. Z manages the Group's performance based on RC. The difference between Historical Cost (HC) earnings and RC earnings is a cost of sales adjustment (COSA), foreign exchange, commodity gains and losses and the associated tax impact.

Income statement on RC basis

	2022 $m	Restated 2021 $m
Revenue	5,002	3,520
Expenses		
Purchases of crude, product and electricity	3,064	1,755
Excise, carbon and other taxes	1,270	1,149
Primary distribution	40	43
Operating expenses (net of foreign exchange and commodity gains/losses on fuel purchases)	378	335
Total expenses	4,752	3,282
RC operating EBITDAF*	250	238
Share of loss of associate companies (net of tax)	18	1
RC EBITDAF	232	237
Below RC EBITDAF expenses		
Depreciation and amortisation	118	134
Net financing expense	36	38
Impairment	-	-
Lease depreciation	23	20
Lease interest income	(1)	(1)
Lease interest expense	12	13
Fair value movements in interest rate derivatives	(33)	(10)
Loss on sale of property, plant and equipment	1	-
Increase in decommissioning and restoration provision	12	1
Total below RC EBITDAF expenses	168	195
RC net profit before taxation	64	42
Taxation expense	30	33
RC net profit after taxation	34	9

* 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).

Reconciliation from statutory net profit after tax to RC net profit after tax

	2022 $m	Restated 2021 $m
Statutory net profit after tax	269	63
COSA	(302)	10
Net foreign exchange and commodity (gains)/losses on fuel purchases	(18)	(61)
Tax expense on COSA	85	(3)
RC net profit after tax	34	9

(5) Non-controlling interest

Z owns 74% (2021: 70%) of Flick Energy Limited (Flick) with 26% (2021: 30%) owned by non-controlling interest (NCI). Z consolidates 100% of Flick's results and presents the portion of profit/(loss) and other comprehensive income attributable to NCI.

In October 2021 Z had participated in a call option and the outcome was Z purchased an additional 3.39% shareholding in Flick Energy Limited, increasing Z's ownership from 70% to 74%.

Flick results for the year ended 31 March 2022

	Flick 2022 $m	Flick 2021 $m
NCI Percentage	**26%**	30%
Assets		
Cash	**1**	3
Other current assets	**11**	31
Intangible assets	**2**	3
Income tax receivable	**1**	-
Other non-current assets	**20**	1
Total assets	**35**	38
Liabilities		
Trade payables	**(12)**	(9)
Deferred tax	**(8)**	-
Provisions	**-**	-
Income tax payable	**-**	(8)
Other non-current liabilities	**-**	-
Total liabilities	**(20)**	(17)
Net assets	**15**	21
Net assets attributable to NCI	**4**	6
Revenue	**54**	47
Net Gain/(Loss)	**14**	(8)
Other comprehensive income	**-**	-
Total comprehensive income/(loss)	**14**	(8)
Total comprehensive income/(loss) attributable to NCI before consolidation	**4**	(2)
Other losses attributable to NCI on consolidation	**(1)**	(2)
Total comprehensive income/(loss) attributable to NCI	**3**	(4)

(6) Revenue

Revenue from major business activities — fuel and convenience retail

Revenue comprises the fair value of consideration received or receivable for the sale of fuel, convenience retail or other, which contains electricity income, in the ordinary course of the Group's activities. The Group's performance obligations are typically satisfied when the Group has supplied the product to the customer, the customer has accepted the product and the collectability of the related receivable is reasonably assured.

Fuel invoices are raised following delivery and settled in accordance with agreed payment terms. Some international customers are required to pay prior to delivery. Transaction price is based on agreed contract rates and delivered volumes and is allocated on delivery. Convenience revenue is recognised at the time of sale. Transaction price is based on the ticketed or contract price.

	2022 $m	2021 $m
Fuel	**4,869**	3,399
Convenience retail	**69**	65
Other	**64**	56
Total revenue	**5,002**	3,520

(7) Audit fees

Included in operating expenses are fees paid to the auditors. There were no fees paid to the auditors other than for Audit and Audit-related fees outlined (presented in whole dollars):

	2022 $	2021 $
Audit fees		
Audit and review of financial statements	**448,025**	348,900
Audit and review of 2020 financial statements additional fee	**-**	30,000
Cost of sales adjustment review	**10,500**	10,250
Total audit fees	**458,525**	389,150
Audit-related fees		
Greenhouse Gas Statement reasonable assurance	**30,000**	30,000
Agreed upon procedures — licence fee return	**4,600**	4,500
Total audit-related fees	**34,600**	34,500
Total audit and audit-related fees	**493,125**	423,650

(8) Net financing expense

	2022 $m	2021 $m
Financing income		
Interest income from derivatives	**26**	24
Interest income from cash	**1**	1
Other finance income	**1**	1
Total financing income	**28**	26
Financing expense		
Interest expense on bonds	**12**	14
Interest expense on derivatives	**28**	25
Interest expense on secured bank facilities	**3**	2
Interest expense on USPP notes	**16**	16
Financing fees	**1**	1
Other finance expense	**4**	6
Total financing expense	**64**	64
Net financing expense	**36**	38

(9) Taxation

Taxation expense or benefit is determined as follows:

	Notes	2022 $m	2021 $m
Net profit before taxation	2	**384**	93
Share of loss of associate companies (net of tax)		**18**	1
Net profit before taxation excluding share of earnings from associates		**402**	94
Taxation expense on profit for the year at the corporate income tax rate of 28% (2021: 28%)		**112**	26
Taxation adjustments:			
Non-deductible expenditure		**5**	-
Reinstatement of depreciation on buildings		**-**	5
Over-provision in prior periods		**(2)**	(1)
Taxation expense		**115**	30
Current taxation		**123**	8
Deferred taxation		**(8)**	22
Taxation expense		**115**	30

Deferred tax

Deferred tax assets and liabilities are presented as a net deferred tax asset/(liability) in the Statement of financial position. 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 2020	(19)	(87)	1	3	7	17	4	(74)
Prior period restatement	5	-	-	-	-	-	-	5
Restated balance at 1 April 2020	(14)	(87)	1	3	7	17	4	(69)
Recognised in the Statement of comprehensive income (restated)	5	3	-	-	(3)	(17)	(3)	(15)
Over-provision in prior periods in the Statement of comprehensive income	(5)	-	(1)	3	-	-	1	(2)
Reinstatement of depreciation on buildings	(5)	-	-	-	-	-	-	(5)
Restated balance at 31 March 2021	(19)	(84)	-	6	4	-	2	(91)
Restated balance at 1 April 2021	**(19)**	**(84)**	**-**	**6**	**4**	**-**	**2**	**(91)**
Recognised in the Statement of comprehensive income	**11**	**8**	**1**	**-**	**(2)**	**(1)**	**(6)**	**11**
Over-provision in prior periods in the Statement of comprehensive income	**-**	**1**	**1**	**-**	**-**	**-**	**(5)**	**(3)**
Recognised in Other comprehensive income	**(16)**	**-**	**-**	**-**	**-**	**-**	**-**	**(16)**
Balance at 31 March 2022	**(24)**	**(75)**	**2**	**6**	**2**	**(1)**	**(9)**	**(99)**

	2022 $m	Restated 2021 $m
Deferred tax expected to be settled within 12 months	**(31)**	(19)
Deferred tax expected to be settled after 12 months	**(68)**	(72)
Deferred tax	**(99)**	(91)

Imputation credits available for use in subsequent reporting periods are $92m (2021: $106m). These credits are available for use in subsequent periods provided a 66% shareholder continuity is maintained as defined in the Income Tax Act 2007.

(10) Leases

Leases as a Lessee

Under NZ IFRS 16, Z recognises right-of-use assets and lease liabilities for most property leases.

On inception of a new lease, the lease liability is measured at the present value of the remaining lease payments, discounted using Z's incremental borrowing rate at that date. The right-of-use assets are measured at an amount equal to the lease liability and are depreciated over the estimated remaining lease term on a straight-line basis. Z presents the right-of-use assets and lease liabilities separately on the face of the Statement of financial position.

Z applies the following practical expedients when applying NZ IFRS 16:

- A single discount rate to a portfolio of leases with similar characteristics;
- Exemption to not recognise right-of-use assets for low-value leases; and
- Exemption to not recognise right-of-use assets for leases with less than 12 months remaining.

Nature of lease payments as a lessee

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

Information about leases for which Z is a lessee is presented below:

Right-of-use assets	2022 $m	2021 $m
Balance at 1 April 2021	**280**	282
Depreciation charge for the year	**(23)**	(20)
Additions to right-of-use assets	**19**	9
Adjustments to existing right-of-use assets	**4**	9
Derecognition of right-of-use assets	**(2)**	-
Balance at 31 March 2022	**278**	280

Right-of-use assets related to leased properties that do not meet the definition of investment property are represented as property, plant and equipment.

Amounts recognised in profit or loss	2022 $m	2021 $m
Leases under NZ IFRS 16		
Lease depreciation	**23**	20
Interest expense on lease liabilities	**12**	13
Lease expense on short-term leases	**2**	1

Maturity analysis	2022 $m	2021 $m
Leases liabilities as lessee		
Between 0 to 1 year	**18**	16
Between 1 to 5 years	**74**	80
More than 5 years	**206**	203
Lease liabilities as lessee	**298**	299

(10) Leases (continued)

Leases as a Lessor

Z acts as a lessor for subleases on sites that Z leases. Z assesses each sublease based on the right-of-use asset and expected useful life of the head lease, and where a sublease is for a significant part of the expected life of the lease, Z derecognises part of the right-of-use asset and records this as sublease receivable. Sublease receivables are measured using the present value of the future sublease income, discounted using Z's incremental borrowing rate at that date. Subleases which are not classified as being for a significant part of the expected life of the lease or of marginal costs are classed as operating leases.

Z has receivables from leases as a lessor relating to the lease of premises as shown below:

Operating lease income as a lessor	2022 $m	2021 $m
Income from subleasing right-of-use assets	**1**	1

Total lease expenses/(income) as lessor and lessee	2022 $m	2021 $m
Lease interest income	**(1)**	(1)
Lease depreciation	**23**	20
Lease interest expense	**12**	13
Net lease expenses	**34**	32

Useful life

Z also reviewed the estimates of useful life of property leases based on Z's House View of future fuels demand (see Note 3).

This resulted in:

- a decrease in the carrying value of the Right of use assets of $3m. This will result in a lower depreciation charge of $3m over the asset's remaining life
- a decrease in Lease liability of $6m. This will result in lower lease payments for the remaining useful life.

The net change to the Statement of financial performance for FY22 was a $3m gain against Net lease expenses.

(11) Inventories

Inventory is stated at the lower of cost or net realisable value (NRV). The cost of inventories is based on the first-in-first-out principle. NRV is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory write down at 31 March 2022 was $6m (2021: $3m). The write down is recorded in cost of goods sold.

(12) Property, plant and equipment

Property, plant and equipment (PPE) is measured at fair value based on periodic valuations, less accumulated depreciation and any impairment after the date of revaluation.

An independent revaluation of all land and buildings (including terminal plants) is undertaken by an independent valuer every five years using a level 3 fair value methodology in line with the fair value hierarchy. In the years between independent valuations, the carrying value of land is adjusted annually by a land inflation index provided by an independent valuer based on recent sales, as underlying land values are considered the significant determinant of fair value changes for Z. An assessment of other PPE fair values is also performed annually by Z to assess the underlying assumptions for each asset class and determine whether any revaluation is required. Additions to PPE after the most recent valuation are recorded at cost.

Independent revaluation of land, buildings and terminal plant was performed at 31 March 2022, with the next revaluation scheduled for March 2027.

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

Buildings	9–35
Plant and machinery	2–35
Land improvements	14–35
Terminal plant	5–35

Year ended 31 March 2022

Cost/valuation	Construction in progress $m	Buildings $m	Land and improvements $m	Plant and machinery $m	Terminal plant $m	2022 Total $m	2021 Total $m
Balance at beginning of year	30	121	336	420	227	**1,134**	1,087
Additions	62	-	-	-	-	**62**	46
Disposals	-	(1)	-	(9)	-	**(10)**	(14)
Transfers between asset classes	(28)	2	4	12	10	**-**	-
Impairment	-	-	-	-	(1)	**(1)**	-
Impairment reversal	-	-	2	-	-	**2**	-
Valuation adjustment	-	31	134	-	30	**195**	15
Offset accumulated depreciation on revaluation	-	(34)	(10)	-	(68)	**(112)**	-
Balance at end of year	**64**	**119**	**466**	**423**	**198**	**1,270**	1,134
Accumulated depreciation and impairment							
Balance at beginning of year	-	(37)	(16)	(214)	(51)	**(318)**	(268)
Depreciation	-	(10)	(3)	(34)	(15)	**(62)**	(63)
Disposals	-	1	-	8	-	**9**	13
Transfers between asset classes	-	-	-	2	(2)	**-**	-
Offset accumulated depreciation on revaluation	-	34	10	-	68	**112**	-
Balance at end of year	**-**	**(12)**	**(9)**	**(238)**	**-**	**(259)**	(318)
Carrying amounts							
At 1 April 2021	30	84	320	206	176	**816**	
At 31 March 2022	**64**	**107**	**457**	**185**	**198**	**1,011**	

Included in buildings ($9m) and plant and machinery (nil) are assets held under finance leases (2021: buildings $13m 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 $46m (2021: $48m); land and improvements $132m (2021: $132m); terminals $146m (2021: $149m); plant and machinery $169m (2021: $184m).

(12) Property, plant and equipment (continued)

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

Asset class	Valuation techniques during full revaluation	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Valuation adjustments between full revaluation
Land and buildings	Direct capitalisation approach based on a sustainable market rental is capitalised at an appropriate rate of return or yield derived from comparable asset sales. The market rental is built up from: - fuel throughput margin - estimated shop rental (for non-fuel sales). The value ascribed to the land is allocated using a value estimated based on recent comparable land sales with the residual value being allocated to buildings.	Throughput rental rate (cents/litre) 1.6-3.25 (Retail) Throughput rental rate (cents/litre) 2.5 (truck stop) Shop rental $150-$750 per square metre Capitalisation rate 4%–7%	The estimated fair value would increase (decrease) if: • throughput margins were higher (lower) • shop rental rates were higher (lower) • capitalisation rates were lower (higher).	Land and land improvements are adjusted based on a land inflation index marker. Land and buildings are assessed for impairment annually.
Terminal plant, and plant and machinery	Depreciated replacement cost approach is based on the gross current replacement cost, reduced by factors providing for age, physical depreciation, and technical and functional obsolescence considering 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 was lower (higher).	Assessed for impairment.
Finance leases (buildings)	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).	Assessed for impairment.

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.

Assets held for sale

There are no assets held for sale at 31 March 2022.

Useful life

Z also reviewed the estimates of useful life of PPE assets based on Z's House View of future fuels demand (see Note 3). This resulted in no change to the carrying value. It is estimated that there will be no material change to depreciation expense for FY23 onwards.

(13) Intangible assets

Year ended 31 March 2022

	Software in progress $m	Goodwill $m	Brands $m	Contracts acquired $m	Emissions units $m	Other $m	**2022 Total $m**	Restated 2021 Total $m
Balance at beginning of year	2	158	7	249	191	40	**647**	786
Prior period restatement	-	-	-	-	-	-	**-**	(16)
Restated balance at beginning of the year	2	158	7	249	191	40	**647**	770
Additions	11	-	-	-	372	-	**383**	154
Transfers between asset classes	(11)	-	-	-	-	11	**-**	-
Utilised	-	-	-	-	-	-	**-**	(191)
Reacquired/(leased)	-	-	-	-	-	-	**-**	37
Sale of units	-	-	-	-	-	-	**-**	(52)
Impairment	-	-	-	(1)	-	-	**(1)**	-
Amortisation	-	-	(6)	(21)	-	(29)	**(56)**	(71)
Balance at end of year	**2**	**158**	**1**	**227**	**563**	**22**	**973**	647
Cost	2	193	37	445	563	190	**1,430**	1,051
Accumulated impairment	-	(35)	-	(62)	-	-	**(97)**	(96)
Accumulated amortisation	-	-	(36)	(156)	-	(168)	**(360)**	(308)
Balance at end of year	**2**	**158**	**1**	**227**	**563**	**22**	**973**	647

Goodwill

Goodwill is the excess of purchase consideration over net identifiable assets acquired. Goodwill is not amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, by estimating future cash flow considering expected fuel volumes, margin and discount rates.

(13) Intangible assets (continued)

Chevron acquisition goodwill

On 1 June 2016, Z acquired 100% of the share capital of Chevron New Zealand (renamed Z Energy 2015 Limited), an importer, distributor and seller of transport fuel and related products. The acquisition has strengthened the Group's fuel network within New Zealand. Z recognised $158m of goodwill as part of the purchase price allocation. As at 31 March 2022, an annual impairment test of the goodwill was undertaken. The impairment test considered the impacts of Covid-19 on the carrying amount of the goodwill.

The recoverable amount of the cash generating unit (CGU) containing the goodwill has been calculated based on the present value of future cash flows expected to be derived from the CGU (value in use). This was calculated using a Z Board approved discounted cash flow valuation (DCF) to 2040. Significant assumptions within the DCF include:

- Post-tax discount rate of 8% (nominal terms), which is the current weighted average cost of capital (WACC) estimated by Z
- Terminal value growth rate of -3%
- Future sales volumes which have been estimated based on Z's House View of future fuel demand (https://www.nzx.com/announcements/376860), informed by extensive reference to external industry commentators and emissions forecasts, and in particular the Climate Change Commission's recommendations on a path to meet our international climate change commitments. The forecast market demand profile has the most significant impact on value, shown in the sensitivity table presented below.

Change in key assumptions	Reduction in valuation $m	Increase in valuation $m	Would the indicated sensitivity result in impairment?
Discount rate [+/-0.50%]	(104)	207	No
Retail margins [-/+ 1cpl]	(140)	233	No
Capital expenditure [+/- $10m] per annum	(97)	97	No
Market demand change [CCC Demonstration/Tailwinds]	(722)	(404)*	Yes

*Both Climate Change Commission demand scenarios tested present a downside case relative to our House View of Demand.

The Scheme of Arrangement with Ampol Limited to acquire 100% of Z shares at $3.78200 (including an Implementation Date Adjustment of $0.02200 per share) received final Court approval on 26 April 2022. The acquisition price provides further market-tested evidence of the recoverable amount of the CGU exceeding the carrying amount.

Z will continue to monitor market conditions on an ongoing basis and make necessary judgement on the need for impairment of the goodwill.

Brands

Brands were acquired as part of the Chevron acquisition and are amortised over six years on a straight-line basis.

Chevron retail customer contracts

On 1 June 2016, Z acquired the Caltex NZ business from Chevron. Included in this purchase was an allocation for the intangible assets relating to Caltex retail customer contracts. These were valued at the net present value of future cash flows and amortised over 21 years on a straight-line basis. Contracts acquired are a finite life intangible asset that have a measurable life which can be amortised over a measurable period. This type of asset must be tested for impairment when there is an indicator of impairment. There were no indicators of impairment during the year.

Chevron commercial customer contracts

On 1 June 2016, Z acquired the Caltex NZ business from Chevron. Included in this purchase was an allocation for the intangible assets relating to Caltex contracts with commercial customers, specifically distributors. These were valued at the net present value of future cash flows and amortised over 21 years on a straight-line basis. Contracts acquired are a finite life intangible asset that have a measurable life which can be amortised over a measurable period. This type of asset must be tested for impairment when there is an indicator of impairment.

The passing into law of the Fuel Industry Amendment Regulations 2021 in July 2021 was an indicator of potential impairment of this intangible asset, triggering an impairment test to be performed.

Cash flow projections are based on Z's expected volume and margin for the relevant customers for year ending 31 March 2023 adjusted for the estimated impact of the Fuel Industry Amendment Regulations. In estimating the cash flow projections beyond FY23, Z has based subsequent years on the fuel volume change implied by Z's House View of future fuel demand, with extensive reference to external industry commentators and emissions forecasts, and in particular the Climate Change Commission's recommendations on a path to meet New Zealand's international climate change commitments.

The assumptions for the 31 March 2022 impairment test are as follows:

- Discounted cash flow valuation with a forecast period out to 2040
- Terminal value growth rate of -3%
- Commercial gross margin based on FY22 actual margins for these contracts, and management's long-term margin assumptions
- Post-tax discount rate of 8.0% (nominal terms), which is the current weighted average cost of capital (WACC) estimated by Z
- Future sales volumes which have been estimated based on Z's House View of future fuel demand and tested against the CCC's Demonstration Path and Tailwinds scenarios.

Using these assumptions, the recoverable amount as at 31 March 2022 was determined to be greater than the carrying amount, meaning no impairment is required to be recognised.

Channel Infrastructure NZ (previously Refining NZ) processing and distribution agreement

On 1 June 2016, Z acquired the Caltex business from Chevron. Included in this purchase was an allocation of $46m for the intangible asset relating to the Processing Agreement (The Agreement) Chevron had with Channel Infrastructure NZ. Contracts acquired are a finite life intangible asset that have a measurable life which can be amortised over a measurable period. This type of asset must be tested for impairment when there is an indicator of impairment. There were no indicators of impairment during the year.

Other contracts acquired

Contracts acquired include customer contracts, supply agreements and leases acquired as part of the Chevron acquisition. These contracts are amortised over 3 to 21 years on a straight-line basis. There were no indicators of impairment during the year.

Emissions trading scheme

Units acquired are carried at cost less any accumulated impairment. Refer to note 14 for the number of units held.

Other intangibles

Other intangibles include software, franchise rights, domain name and contacts acquired. Acquired computer software is capitalised based on the costs incurred to acquire, bring to use the specific software and where Z has control over these related assets. See note 2 for detail on accounting policy change. These costs are amortised over three years on a straight-line basis. Contacts acquired are amortised over the useful life of the asset which is up to the lease's first right of renewal date. 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.

Useful life

Z also reviewed the estimates of useful life of intangible assets based on Z's House View of future fuels demand (see Note 3). There was no change to the carrying values of the assets but a change in the useful life of the assets. This will result in an increase in amortisation expense for FY23 of $5m.

(14) Emissions trading scheme

The Group is required to deliver emission units to a Government agency to be able to sell products that emit pollutants. A provision for this obligation is recognised in the Statement of financial position.

Stock of units	2022 Units millions	2021 Units millions
Balance at beginning of year	6	10
Units acquired and receivable	6	4
Units sold	-	(2)
Units reacquired/(leased)	-	1
Units surrendered	-	(7)
Balance at end of year	**12**	6

Obligation	2022 Units millions	2021 Units millions
Obligation payable at 31 March	**9**	9

The Emissions Trading Scheme obligation of $391m (2021: $303m) is included within accounts payable, accruals and other liabilities and is valued at the weighted average cost of units, where units have been acquired to settle the Group's obligation. Any shortfall in units needed to settle the obligation is measured at fair value.

(15) Investments

The Group's investment in Channel Infrastructure NZ (previously Refining NZ) is recognised at the NZX-listed share price at 31 March 2022 of $1.04 (2021: $0.47) giving rise to a $27m increase in the fair value for the financial year, which is accounted for in other comprehensive income.

	2022 $m	2021 $m
Investment in Channel Infrastructure NZ (fair value hierarchy level 1)	**50**	23
Investment in associates	**40**	19
Total investments	**90**	42

The Group wholly owns or has a partial interest in the below associates and subsidiaries:

Associates and subsidiaries		2022 % Holding	2021 % Holding
Drylandcarbon One Limited Partnership	Associate	**37%**	37%
Mevo Limited	Associate	**32%**	32%
Loyalty NZ Limited	Associate	**25%**	25%
Wiri Oil Services Limited (WOSL)	Associate	**44%**	44%
Coastal Oil Logistics Limited (COLL)	Associate	**50%**	50%
Flick Energy Limited	Subsidiary	**74%**	70%
Z Energy 2015 Limited (formerly Chevron New Zealand)	Subsidiary	**100%**	100%
Z Energy ESPP Trustee Limited	Subsidiary	**100%**	100%
Z Energy LTI Trustee Limited	Subsidiary	**100%**	100%

(16) Investment in joint operations

The Group has participating interests in four unincorporated jointly controlled operations relating to the storage and distribution of petroleum products. The revenues and expenses are allocated in the financial statements on a performance/usage basis rather than the ownership 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 2022, there were no contingent liabilities for the jointly controlled operations (2021: nil). The value of assets in these interests is $13m (2021: $13m).

	Principal activity	2022 % Holding	2021 % Holding
Joint User Hydrant Installation	Fuel storage	**33%**	33%
Joint Interplane Fuelling Services	Fuel distribution	**50%**	50%
Jointly Owned Storage Facility	Fuel storage	**50%**	50%
Wiri to Auckland Airport Pipeline	Fuel distribution	**40%**	40%

(17) Provisions

Decommissioning and restoration (D&R) provision is recognised at the estimated future cost, discounted back to reporting date.

The inflation and discount rates applied to the different assets are the CPI and New Zealand Government Bond rates respectively as per New Zealand Treasury. The terms and rates applied are as follows.

	Term (years)	CPI rates (%)	NZ Govt Bond rates (%)
Homebase	30	2.15	3.05
Truckstop	10 – 12	2.2 - 2.22	2.45 - 2.53
Aviation	14	2.19	2.61
Terminals	30	2.15	3.05
Retail	10 – 30	2.15 - 2.22	2.45 - 3.05
BioDiesel	30	2.15	3.05
Caltex Retailer-operated	10	2.2	2.4

The CPI and New Zealand Government bond rates are revised annually.

D&R costs expected to be settled within one year are classified as current liabilities. D&R costs expected to be settled between 1 and 30 years are classified as non-current liabilities.

Z engages a third party to provide an estimate of the D&R obligations for Z. Estimates are reviewed every three years. This was completed in December 2021 with the resulting uplift making up the majority of the provision created in the table below. The next review is due in FY25. The current D&R obligations are between $50k–$60k per tank for above-ground tanks and $80k–$95k per tank for below-ground tanks.

Z also reviewed the estimates of useful life of assets that the D&R provision relates to, based on Z's House View of future fuels demand (see Note 3). This resulted in an increase in the carrying value of the D&R provision of $4m, recognised as accretion expense for $4m.

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 1 and 30 years, depending on the location.

For the year ended 31 March 2022	Decommissioning, restoration and remediation $m
Balance at beginning of year	93
Created	16
Utilised	(2)
Released	(2)
Other movements	2
Balance at end of year	**107**
Current	8
Non-current	99
Balance at end of year	**107**

(18) Borrowings

Financing arrangements

The Group's debt includes bank facilities, bonds and US Private Placement (USPP) notes secured against certain assets of the Group. The facilities require Z to maintain securities and operate within defined performance and gearing ratios. The arrangements also include restrictions over the sale or disposal of certain assets without lender agreement. The Group has complied with all debt covenant requirements imposed by lenders for the year ended 31 March 2022.

Bank facilities and bonds are recorded initially at fair value, net of transaction costs. After initial recognition, bank facilities and bonds are measured at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in the Statement of comprehensive income over the period of the borrowing. USPP notes are recorded initially at fair value, net of transaction costs, and are revalued monthly.

Bank facilities', bonds' and USPP notes' 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 method.

Banking facilities

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 1.5% to 2.7% (2021: 1.5% to 2.3%).

	2022 $m	2021 $m
Secured bank facilities available	530	530
Balance at end of year (facilities drawn down)	130	19
Current	130	19
Non-current	-	-
Balance at end of year	130	19

The facilities comprise a $180m revolving-term debt facility drawn to $0m plus a $350m working capital facility drawn to $130m, both maturing in September 2024.

Bonds

	2022 $m	2021 $m
Balance at beginning of year	344	343
Bonds repaid	(150)	-
Amortisation	-	1
Balance at end of year carrying value	194	344
Current	-	150
Non-current	194	194
Balance at end of year carrying value	194	344
Fair value of bonds	196	362

USPP notes

	2022 $m	2021 $m
Balance at beginning of year	407	509
Movement in fair value hedge	(25)	(35)
Movement in foreign-exchange revaluation	3	(67)
Balance at end of year carrying value	385	407
Current	-	-
Non-current	385	407
Balance at end of year carrying value	385	407
Fair value of USPP notes	425	456

(19) Financial risk management

The Group has 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 that guides management and the Board in identifying, assessing and monitoring 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.

Summary of the Group's exposure to financial risk and the management of those:

Financial risk	Exposure	Product	Management of risk
Market risk			
Foreign exchange risk	Movement in foreign exchange rates	Bills Libor (Basis swap)	Quarterly resetting notional (based on the actual FX spot rate of the NZD/USD) on the 8-, 10- and 12-year basis swaps offset with the 2-year basis swap, reviewed bi-annually for renewal.
		Forward exchange contract	Reduce price fluctuations risk of foreign currency commitments, mainly associated with purchasing hydrocarbons.
		Cross currency interest rate swaps (CCIRS)	Hedge variability risk in cash flows arising from price fluctuations of foreign currency of the USD USPP notes. To mitigate profit or loss volatility, the CCIRS is designated into a fair value hedge and cash flow hedge relationship.
Sensitivity to FX	Foreign-currency: At 31 March 2022, 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), after-tax profit would change by $389k higher/$1m lower (2021: $3m higher/$7m lower) and the change in other comprehensive income for the year would be $3m higher/$4m lower (2021: $5k higher/$2m lower).		
Interest rate risk	Movement in interest rates	Interest rate swaps (IRS)	Minimise the cost of debt (interest) and manage the volatility to the Group's earnings.
		Cross currency interest rate swaps	The CCIRS is designated into a fair value hedge and cash flow hedge relationship to mitigate profit or loss volatility.
		Bills Libor (Basis swap)	Reduce exposure on the basis cost of the CCIRS.
Sensitivity to interest rate	At 31 March 2022, if bank interest rates at that date had been 100 basis points higher/lower (with all other variables held constant), after-tax profit would change by $4m higher/$4m lower (2021: $6m higher/$2m lower) and the change in other comprehensive income for the year would be $22k higher/$3m lower (2021: $2m higher/$13k lower).		
Commodity price and timing risk	Changes in crude and product prices	Commodity swaps	Match commodity purchase and sales.
Sensitivity to electricity prices	At 31 March 2022, if forward electricity prices at that date had been $25/MWH higher/lower (with all other variables held constant), after-tax profit would change by $3m higher/$3m lower (2021: $0m higher/$0m lower) and the change in other comprehensive income for the year would be $1m higher/$1m lower (2021: $8m higher/$8m lower).		
Liquidity risk			
	Risk that the Group will not be able to meet its financial obligations as they fall due		Active management of cash flow, access to committed funds and lines of credit and the maturity profile of its financial obligations.
Credit risk			
	Risk of loss to the Group due to customer or counterparty default		Limited exposure due to credit checks carried out on new customers, credit terms and standard payment terms. Less than 4% of the Group's receivables are overdue (2021: 2%).
	Risk of derivative counterparties and cash deposits being lost		Bank facilities are maintained with A or above rated financial institutions, with a syndicate of 5 bank counterparties to ensure diversification.

The CCIRS is classified as level 2 in fair value hierarchy and are hedge accounted. All other products are level 2 and accounted for as fair value through the Statement of comprehensive income.

The fair value of the CCIRS and IRS excludes accrued interest. All other derivatives do not contain interest components.

(19) Financial risk management (continued)

Recognition and measurement of derivatives

Derivative financial instruments are recognised initially at fair value at the date they are entered into (trade date). After 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 immediately, unless the instruments are designated in an effective hedge accounting relationship.

Liquidity risk

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

At 31 March 2022	6 months or less $m	6 to 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							
Working capital loan	130	-	-	-	-	130	130
Accounts payable	322	-	-	-	-	322	322
Lease liabilities	17	17	34	93	289	450	298
Bonds	4	4	77	127	-	212	194
USPP notes	8	8	16	172	281	485	385
Non-derivative financial liabilities	**481**	**29**	**127**	**392**	**570**	**1,599**	**1,329**
Derivative financial instruments							
IRS	3	1	3	1	-	8	7
Commodity hedges	(16)	(2)	(9)	(11)	-	(38)	(38)
CCIRS	-	3	7	12	(3)	19	(5)
Basis swap	(1)	-	(1)	(1)	(1)	(4)	-
Derivative financial instruments	**(14)**	**2**	**-**	**1**	**(4)**	**(15)**	**(36)**

At 31 March 2021	6 months or less $m	6 to 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							
Working capital loan	19	-	-	-	-	19	19
Accounts payable	151	-	-	-	-	151	151
Lease liabilities	16	16	31	117	291	471	299
Bonds	7	155	8	205	-	375	344
USPP notes	8	8	15	175	289	495	407
Non-derivative financial liabilities	201	179	54	497	580	1,511	1,220
Derivative financial instruments							
IRS	(4)	(4)	(6)	(6)	-	(20)	(20)
Commodity hedges	32	10	6	-	-	48	48
CCIRS	3	3	5	8	1	20	26
Basis swap	1	1	9	-	(2)	9	3
Derivative financial instruments	32	10	14	2	(1)	57	57

Discussions on refinancing bank-debt facilities will normally begin at least six months before maturity with facility terms agreed at least three months before maturity.

Interest rate risk analysis

At 31 March 2022	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	5+ years $m	Total notional $m
Interest-rate exposure borrowing	**-**	**70**	**251**	**252**	**573**
Cross-currency swaps	**378**	**-**	**(126)**	**(252)**	**-**
Interest-rate swaps	**(55)**	**-**	**55**	**-**	**-**
Net interest-rate exposure	**323**	**70**	**180**	**-**	**573**

At 31 March 2021	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	5+ years $m	Total notional $m
Interest-rate exposure borrowing	150	-	321	252	723
Cross-currency swaps	378	-	(126)	(252)	-
Interest-rate swaps	(380)	200	(55)	125	(110)
Net interest-rate exposure	148	200	140	125	613

(19) Financial risk management (continued)

Offsetting of financial instruments

Z enters into derivative transactions under International Swaps Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the Statement of financial position for accounting purposes. This is because Z does not have any current legally enforceable right to offset recognised amounts. Under the ISDA agreements, the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. The potential net impact of this offsetting is disclosed in: 'Amount after applying rights of offset under ISDA agreements'. Z does not hold and is not required to post collateral against its derivative positions.

	Derivative position 2022 $m	Amount after applying rights of offset under ISDA agreements $m	Derivative position 2021 $m	Amount after applying rights of offset under ISDA agreements $m
Derivative assets	57	38	115	64
Derivative liabilities	(21)	(2)	(58)	(7)
Derivative financial assets/(liabilities)	**36**	**36**	57	57

Hedge accounting

The nature and the effectiveness of the hedge accounting relationship will derive where the gains and losses on re-measurement are recognised. The CCIRS derivatives are designated as either:

- **Fair value hedges**: the derivative is used to manage the variability in the fair value of recognised liabilities, to hedge the interest-rate risk (the hedged risk) arising from the USD USPP notes (the hedged items).

  The following changes are recognised in profit or loss:

  - The change in fair value of the hedging instruments
  - The change in fair value of the underlying hedged items attributable to the hedged risk.

  Once hedging is discontinued, the fair value adjustments to the carrying amount of the hedged item arising from the hedged risk is amortised through profit or loss from that date through to maturity of the hedged item.

- **Cash flow hedges**: derivatives are used to manage the variability in cash flows of highly probable forecast transactions, to hedge the variability in cash flows arising from interest rate and foreign currency exchange rate movements of the USD USPP notes (the hedged items).

  The following changes are recognised in profit or loss (interest costs):

  - any gain or loss in relation to the ineffective portion of the hedging instrument
  - fair value changes in the hedging instrument previously accumulated in other comprehensive income, transfer to profit or loss when the underlying transactions are recognised in the Statement of comprehensive income.

Once hedging is discontinued, any cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss (interest costs) either:

- at the same time as the forecast transaction, or
- immediately if the transaction is no longer expected to occur.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting.

Z designates the entire CCIRS to hedge its foreign-currency risk and interest-rate risk and applies a hedge ratio of 1:1, except for the cross-currency basis elements of the CCIRS that are excluded from the designation and are separately accounted for as a cost of hedging. This cost is recognised in other comprehensive income in a cost of hedging reserve. The Group's Treasury Policy is for the critical terms of the CCIRS contracts to align with the hedged item.

Z determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of the respective cash flows, reference interest rates, tenors, repricing dates, maturities and notional amounts. Z assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main source of ineffectiveness is the effect of the counterparty and Z's own credit risk on the fair value of the CCIRS.

Hedge ineffectiveness for the year ended 31 March 2022 was $1m (2021: $1m).

Electricity Price Hedges

To mitigate profit and loss volatility, some electricity derivatives are designated into cash flow hedge relationships. Z determines the existence of an economic relationship between the hedging instrument and the hedged item based on the amount and timing of their respective cash flows, reference nodes, maturities and volumes. Z assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting the changes in cash flows of the hedged item.

In these hedge relationships the main source of ineffectiveness is where the volume of electricity sold at fixed price is lower than the volume of the derivative contracts for more than 10% of all half-hour intervals over the life of the hedge. Other sources of ineffectiveness include location factor differences (location of hedging and consumption nodes) and credit risk.

The assessment of any hedge as ineffective has no impact on cashflow or tax payable as the amount in profit and loss will reverse over time if the electricity derivative is held to settlement. There will only be realised gain at time of settlement which is offset against spot price electricity purchases in the Statement of financial performance.

Electricity Price Hedge ineffectiveness for the year ended 31 March 2022 was $2m (2021: $10m).

The effect of Z's hedge accounting policies in managing its foreign-exchange risk, interest-rate risk and electricity price risk related to the underlying hedging instrument is presented in the tables below. The details of the hedging instruments and items at 31 March 2022 are recognised in the Statement of financial position within derivative financial instruments and borrowings as follows:

At 31 March 2022	Nominal amount (hedging instrument)	Carrying amount (hedged item) $m	Accumulated fair value hedge adjustment to carrying amount (hedge item) $m	Carrying value of derivatives (hedging instrument) $m	Life to date change in value used for calculating hedge ineffectiveness $m	Accumulated cost of hedging reserve $m
Cash flow hedge and fair value hedge						
Interest-rate risk and foreign-currency risk						
8 years, rate 3.83%	$90m USD	(128)	2	1	2	-
10 years, rate 4.04%	$90m USD	(128)	1	2	2	(1)
12 years, rate 4.14%	$90m USD	(129)	-	2	3	(1)
Commodity hedge						
Commodity price risk and timing risk						
Outstanding notional volumes	136,992 MWh	-	-	5	5	-
Total		**(385)**	**3**	**10**	**12**	**(2)**

The hedged item is recognised in Borrowings and the hedging instrument is recognised in Derivative financial instruments.

At 31 March 2021	Nominal amount (hedging instrument)	Carrying amount (hedged item) $m	Accumulated fair value hedge adjustment to carrying amount (hedge item) $m	Carrying value of derivatives (hedging instrument) $m	Life to date change in value used for calculating hedge ineffectiveness $m	Accumulated cost of hedging reserve $m
Cash flow hedge and fair value hedge						
Interest-rate risk and foreign-currency risk						
8 years, rate 3.83%	$90m USD	(136)	(7)	9	10	(1)
10 years, rate 4.04%	$90m USD	(136)	(8)	9	10	(1)
12 years, rate 4.14%	$90m USD	(135)	(8)	8	9	(1)
Commodity hedge						
Commodity price risk and timing risk						
Outstanding notional volumes	354,866 MWh	-	-	31	31	-
Total		**(407)**	**(23)**	**57**	**60**	**(3)**

(20) Share capital and distributions

Ordinary shares (fully paid)	2022 $m	2021 $m
Total authorised and issued capital at beginning of year	767	430
Movements in issued and fully paid ordinary shares	-	337
Total authorised and issued capital at end of year	767	767

Issued capital	2022 Shares millions	2021 Shares millions
Total issued capital at end of year	520	520

The par value of one share is $1.

During March 2022, Z cancelled 199,125 shares.

Z holds Treasury stock of 475,320 shares at a cost of $1.4m (2021: 106,935, $0.7m) and 1,493,006 shares at a cost of $8m for Z's Performance Rights Long-Term Incentive Plan (PRLTIP) (2021: 1,861,391 shares, $8m).

Dividends	$m	cents per share
2021 Final dividend (paid June 2021)	73	14.0
2022 Interim dividend (paid December 2021)	36	7.0

(21) Share-based payments

Z Energy Restricted Share Long-Term Incentive Plan (RSLTIP)

Z provided the RSLTIP for selected senior employees between 2013 and 2019. Under the RSLTIP, ordinary shares in the Parent were purchased on-market by Z Energy LTI Trustee Limited (the Trustee). Participants purchased shares from the Trustee with funds lent to them by the Parent. Z stopped offering new offers under the RSLTIP after the year ended 31 March 2019. The last plan ended 31 March 2021.

Z Energy Limited — Performance Rights Long-Term Incentive Plan (PRLTIP)

In the year ended 31 March 2020, the Group moved to a new stock settled share rights scheme for selected senior employees (PRLTIP). Under the scheme, performance rights have been granted at no cost to the holder. For each performance share right that vests, one share will be issued.

Under the PRLTIP the number of shares that vest will depend on Z's total shareholder return ranking within a peer group of the NZX 50 over a three-year period, although a reduced period may be used in some cases. If the individual is still employed at the end of the vesting period, the shares are then transferred to the employee.

Modification of share-based payment arrangements

On 24 September 2021 the Board approved a change in the rules of the PRLTIP scheme to cater for a change of control of Z Energy allowing for an acceleration of the vesting to participants should the Ampol acquisition occur. The 'In-play' tranches will vest at 100% of on-target, proportionate to their relative years of maturity. On 11 October 2021 the CEO notified participants that the Board had approved the acceleration of vesting of the outstanding offers in the event of a successful completion of the Ampol acquisition.

As a result of this change, the share-based payment expense increased by $1.5m in FY22. This was due to the fair value of the performance rights being re-measured at 11 October 2021 and the amortisation period for the scheme being reduced. The net effect of the change in fair value was the incremental change in the fair value of the performance rights at modification date using modified plan terms against the fair value of the performance rights at modification date using original plan terms.

Following the 26 April 2022 approval by the High Court of New Zealand of the Scheme of Arrangement, 980,005 performance rights were vested to participants on 27 April 2022.

Plan share balances

Plan type	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
	2022								
PRLTIP	11 April 2019	31 March 2022	$6.25	530,297	-	-	(56,918)	473,379	-
PRLTIP	8 June 2020	31 March 2023	$2.97	1,331,094	11,965	-	(226,351)	1,116,708	-
PRLTIP	10 June 2021	31 March 2024	$1.11	-	1,446,745	-	(172,892)	1,273,853	-
				1,861,391	1,458,710	-	(456,161)	2,863,940	-
	Weighted average exercise price					$0.00	$2.67	$2.68	
	2021								
RSLTIP	22 May 2018	31 March 2021	$6.93	212,320	-	-	(212,320)	-	-
PRLTIP	11 April 2019	31 March 2022	$6.25	584,603	-	-	(54,306)	530,297	-
PRLTIP	8 June 2020	31 March 2023	$2.97	-	1,404,067	-	(72,973)	1,331,094	-
				796,923	1,404,067	-	(339,599)	1,861,391	-
	Weighted average exercise price					$0.00	$5.97	$3.90	

Measurement of fair values

The fair value of the RSLTIP has been determined using the framework of the Black-Scholes and Margrabe option pricing models for the schemes vesting 2017–2020. For the RSLTIP and PRLTIP schemes vesting after 2020, a Monte Carlo Simulation has been used.

Original fair value assumptions

For the measurement of fair value the table below summarises the input values used in the Monte Carlo Simulation valuation model and the estimated fair value per share.

	Plan type			
	PRLTIP	PRLTIP	PRLTIP	RSLTIP
	Vesting date of scheme			
	31 March 2024	31 March 2023	31 March 2022	31 March 2021
Weighted average share price at grant date	$2.60	$3.11	$6.18	$7.45
Contractual life	2.81 years	2.81 years	2.77 years	2.85 years
Risk-free rate	0.45%	0.25%	1.0%	2.0%
Standard deviation of Z's TSR	26.3%-33.7%	28%-40%	19%-22%	25%-27%
Standard deviation of peers' TSR	13.2%-168.3%	14%-90%	9%-48%	18%-21%
Correlation between Z's TSR and peers' TSR (average)	0.20-0.34	0.33-0.42	0.12-0.15	0.15-0.16
Estimated fair value per share	$1.11	$0.89	$2.52	$3.78

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 RSLTIP.

(21) Share-based payments (continued)

Modification of PRLTIP

The modified fair value of the PRLTIP scheme has been determined using the framework of the Monte Carlo Simulation.

Modified fair value assumptions

For the measurement of fair value the table below summarises the input values used in the Monte Carlo Simulation valuation model and the estimated fair value per shares.

	Plan type	
	PRLTIP	PRLTIP
	Vesting date of scheme	
	31 March 2024	31 March 2023
Weighted average share price at grant date	$2.87	$2.97
Contractual life	2.48 years	1.48 years
Risk-free rate	1.19%	1.00%
Standard deviation of Z's TSR	28.1%-33.3%	28.1%-33.3%
Standard deviation of peers' TSR	9.0%-126.9%	9.0%-126.9%
Correlation between Z's TSR and peers' TSR (average)	0.19-0.33	0.19-0.33
Estimated fair value per share	$1.91	$0.40

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 RSLTIP in the year ended 31 March 2022 was nil (2021: $0.7m) as the scheme ended on 31 March 2021. The expense relating to the PRLTIP in the year ended 31 March 2022 was $3m (2021: $0.9m) mainly due to the modification to the plan for the expected change of control to Ampol.

Employee benefits payable, excluding share-based payments are $20m (2021: $16m).

(22) Related parties

Certain Z Directors have relevant interests in several companies with which Z has transactions in the normal course of business. Some Z Directors are also non-executive directors of other companies. Any transactions undertaken with these entities have been entered into as part of ordinary business.

Key management personnel have been defined as the Directors, the CEO and the Executive team for the Group. Executive members also participate in the Group's Restricted Share Long-Term Incentive Plan (refer to note 21).

Included in operating expenses are directors' fees of $1m (2021: $1m).

Transactions with related parties received/(paid)	2022 $m	2021 $m
Associates		
Sale of goods and services		
- Channel Infrastructure NZ	**1**	-
Processing fees, Customs and excise duties		
- Channel Infrastructure NZ	**(578)**	(567)
Purchase of goods and services		
- Coastal Oil Logistics Ltd — distribution	**(41)**	(46)
- Wiri Oil Services Ltd	**(7)**	(7)
- Loyalty New Zealand Ltd	**(5)**	(6)
Reimbursement of cost		
- Coastal Oil Logistics Ltd	**6**	9
Key management personnel		
- Short-term employee benefits	**(14)**	(7)
Balances at the end of period		
- Channel Infrastructure NZ — processing fees, Customs and excise duties	**27**	42

(23) Commitments

Commitments relate to property, plant and equipment of $20m (2021: $23m) and Drylandcarbon One Limited Partnership investment commitment of $4m (2021: $28m).

(24) Contingent assets and liabilities

Flick guarantees contingent liability

Z currently guarantees a total potential exposure relating to Flick Energy Ltd of up to $23m as per the table below.

Counterparty	2022 $m	2021 $m
Westpac	**9**	7
Mercury	**10**	4
Meridian	**-**	4
Genesis	**3**	3
NZ Wind Farms	**1**	-
Total exposure	**23**	18

The Group has no other guarantees (2021: nil).

(25) Events after balance date

Acquisition by Ampol Limited

On 26 April 2022, the High Court of New Zealand issued orders approving the Scheme of Arrangement under which Ampol Limited would acquire all shares in Z Energy. The Scheme implementation date was 10 May 2022, with Ampol Holdings NZ Limited, a wholly owned subsidiary of Ampol Limited, acquiring all Z Energy shares. Also on this date, Z Energy ordinary shares were delisted from the NZX Main Board and ASX. Z's Debt Securities ("ZEL050") and ("ZEL060") will remain listed on the NZX Debt Market.

Following the approval of the Scheme of Arrangement, the 'in-play' tranches of the Z Energy Limited Performance Rights Long-Term Incentive Plan (PRLTIP) were vested to participants on 27 April 2022 in line with the modified vesting dates approved by the Board in the event the Ampol acquisition successfully completed. 980,005 shares were transferred from treasury stock to eligible participants, and 988,321 treasury shares were cancelled. These transactions reduced the Z treasury stock to nil.

As required by the Income Tax Act 2007, following Z Energy Limited's change on 10 May 2022 to 100% ownership by Ampol NZ Holdings Limited, a wholly owned subsidiary of Ampol Limited, Z's Imputation Credit Account was debited by $96m, reducing the balance to Nil. Z made subsequent taxation payments during May 2022, after the change of ownership, that were credited to the Imputation Credit Account. Imputation credits now available for use are $100m.

Forest Partners

On 11 April 2022, Z entered into the Forest Partners partnership with 20.5% share, with a commitment to invest up to $55m over 5 years.

Pūrongo kaitātari—Auditors' Report

KPMG

Independent Auditor's Report

To the shareholder of Z Energy Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Z Energy Limited (the 'company') and its subsidiaries (the 'group') on pages 50 to 79:

i. present fairly in all material respects the group's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date, in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 March 2022;

— the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation to cost of stock adjustment review, greenhouse gas assurance, and royalty return agreed upon procedures. 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.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $15.8 million, determined with reference to a benchmark of group total revenue. We chose the benchmark because, in our view, this is a key measure of the group's performance. The

KPMG

group also evaluates its own performance on replacement cost profit, and we have benchmarked against this measure and historical cost profit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholder, as a body, may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of, our statutory audit opinion on the consolidated financial statements as a whole, and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Valuation of property, plant and equipment	
As disclosed in Note 12 of the consolidated financial statements, the group has property, plant and equipment of $1,011 million (2021: $816 million), with land and buildings and terminal plant making up the majority of this balance. The group has a policy of recording property, plant and equipment at fair value, with valuations undertaken at least every 5 years, with a material change assessment carried out in intervening years.	
Land and buildings and terminal plant ($762 million) Valuation of land and buildings and terminal plant is considered to be a key audit matter due to the significance of the assets to the group's consolidated statement of financial position, and due to the judgement involved in the assessment of the fair value of these assets by the group's Directors. The judgment relates to the valuation methodology used and the assumptions used in each of those methodologies. A full independent revaluation of land and buildings and terminal plant assets was carried out as at 31 March 2022.	Our procedures to assess the land and buildings and terminal plant valuations included, amongst others: • Assessing the competence, independence and objectivity of the independent valuers used by the group; • In conjunction with our valuation specialists, assessing the key assumptions which are judgemental in nature and which have the largest impact on the value of land and buildings and terminal plant. This comprised: ▪ assessing the appropriateness of valuation methodologies applied across the land and buildings and terminal plant asset categories; ▪ assessing the capitalisation rate applied against market evidence from sales of comparable assets; ▪ assessing shop rental and land value data for sampled sites against recent market sales data; ▪ assessing the reasonableness of the throughput cents per litre applied for sites valued through the "Direct Capitalisation" method, by agreeing volumes sold within the calculation to audited sales volumes reports, and comparing the estimated throughput rent for sampled sites against available 'market' data; ▪ performing a comparison of fixed asset register information against valued sites to check all sites have been included in the year end revaluation exercise.
	We found the valuation methodologies and inputs used in the valuation of land and buildings and terminal plant assets to be appropriate.

Pūrongo kaitātari— Auditors' Report (continued)

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chief Executive Officer's review. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent 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 shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible 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;

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and

— to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Ed Louden

For and on behalf of

KPMG

KPMG
Wellington

27 May 2022

Te Kuputohu TCFD — Task Force on Climate-related Financial Disclosures (TCFD) Index

These are the 11 recommended disclosures from the Task Force on Climate-related Financial Disclosures, with an overlay to show Z's completed and planned disclosures:

Disclosure	Page no.	Further information
Governance		**Disclose the organisation's governance around climate-related risks and opportunities**
Describe the Board's oversight of climate-related risks and opportunities	13, 17, 23, 25	The Z Board committed to responding to the challenge of climate change in an integrated way. The Board agreed Z's approach to TCFD in FY20, with progress against the roadmap reviewed in FY22. In FY22, the Board provided oversight of Z's Enterprise Risk Management System (ERMS), including monitoring all of Z's enterprise risks, including climate change, and systems of internal control. Monitoring of risks, controls and opportunities for climate change was performed through the Board's Audit and Risk Committee (ARC), which met quarterly to review all Z's risks and conducted substantive reviews twice a year.
Describe management's role in assessing and managing climate-related risks and opportunities	4, 13, 17, 18, 25	The Chief Executive Officer (CEO) has overall responsibility for the management of Z. Day-to-day management of Z's operations is delegated to the General Managers who make up the Executive Leadership Team (ELT). The ELT are responsible for providing direction and assurance on Z's ERMS, with each principal risk assigned to an ELT member. Z's General Manager, Strategy and Risk is the responsible business owner for managing climate-related risks and opportunities identified within the ERMS. The ELT as a whole approves climate-related risks and opportunities identified within Z's business strategy, including Z's climate-related metrics and targets which are included in company performance targets.
Strategy		**Disclose the actual and potential impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material**
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	23, 24, 25	A qualitative assessment of Z's climate-related risks and opportunities was completed in FY21. Transitional and physical risks were considered over the short term (2020–2025), medium term (2025–2040) and long term (2040–2060). See page 24. Stranded assets and significant decreases in revenue have been identified as key climate-related risks for Z.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	7, 10, 23, 24, 25	The impact of climate-related risks and opportunities and Z's business response are outlined in the 'Qualitative Analysis of Z's climate-related risks and opportunities' infographic in the TCFD section of this report. Z's long-term modelling will also help us to understand the potential for stranded assets and implications of movement in prices, policy, and physical impacts of climate change. Z is undertaking further work to quantify the impacts identified to integrate these into financial planning.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario	17, 23, 25	Z built a 20-year long-term fuel demand model to run results, undertake sensitivity analysis and test scenarios. This model builds on the range of scenarios used previously to assess climate-related risk and the Climate Change Commission's 'demonstration path' transport emissions scenario. Our investment decisions and strategy are informed by this forecast. Investment decisions on core business are also limited by a five-year financial payback.

Disclosure	Page no.	Further information
Risk Management		**Disclose how the organisation identifies, assesses and manages climate-related risks**
Describe the organisation's processes for identifying and assessing climate-related risks	25	Z's risk management approach is informed by both a top-down assessment of risks at the enterprise level and site-level surveys to identify transitional and physical climate-related risks in line with TCFD guidance. Further detail is provided under 'Risk Management' in the TCFD section of this report.
Describe the organisation's processes for managing climate-related risks	24	Z has developed a business response in the form of current or future controls for the key climate-related risks identified, see the 'Qualitative Analysis of Z's climate-related risks and opportunities' infographic.
Describe how processes for identifying, assessing and managing climate-related risk are integrated into the organisation's overall risk management	25	The process for identifying, assessing and managing climate-related risks is in line with Z's ERMS. Climate-related risks are incorporated into our ERMS as a principal risk. In FY22, all principal risks were on the Board's watchlist for active monitoring. Risks were updated by Z management and reviewed by the Board.
Metrics and Targets		**Disclose the metrics and targets used to assess climate-related risks and opportunities where such information is material**
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	22	Metrics highlighted in this report include a combination of quantitative data including greenhouse gas emissions, carbon intensity and carbon emissions for our obligatory and voluntary offsets, and qualitative data including climate risk reviews. Z has paused making any new commitments on scope three emissions until after its pending change of ownership is confirmed.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	22	Scope 1, Scope 2, and Scope 3 greenhouse gas emissions are disclosed.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	20-21	Z's progress against its FY30 operational emissions reduction target is described in the Environmental Sustainability section of this report.

Te Kuputohu GRI — Global Reporting Initiative (GRI) Index

GRI Disclosures: Description	Page	Supporting Details
General Standard Disclosures		
102 - 1 Name of the organisation	Front cover	
102 - 2 Activities, brands, products, and services	4-7, 12-13, 14-15, 17-23	
102 - 3 Location of headquarters	89	
102 - 4 Location of operations	4-7, 13, 89	Operates in New Zealand only
102 - 5 Ownership and legal form	2	
102 - 6 Markets served	12-13, 14-15	
102 - 7 Scale of the organisation	8-9, 50	
102 - 8 Information on employees and other workers	8, 13, 28-30, 31-33, 34-36, 39	
102 - 9 Supply chain	4-7, 12-13, 14-15	
102 - 10 Significant changes to the organisation and its supply chain	2, 4-7, 10, 12-13, 14-15, 34-35	
102 - 11 Precautionary principle or approach	17-22, 23-25	
102 - 12 External initiatives	10, 18, 20-22, 26, 28, 32-33, 46-48, 71, 78	
102 - 13 Membership of associations	10, 18, 23	
Strategy		
102 - 14 Statement from senior decision-maker	4-7	
102 - 15 Key impacts, risks, and opportunities	Inside spread, 10-11, 20-21, 23-25	
Ethics, Values & Integrity		
102 - 16 Values, principles, standards, and norms of behaviour	Inside spread, 12	
Governance		
102 - 18 Governance structures	36, 89	
Stakeholder engagement		
102 - 40 List of stakeholder groups	10	
102 - 41 Collective bargaining agreements	N/A	None
102 - 42 Identifying and selecting stakeholders	10	
102 - 43 Approach to stakeholder engagement	10	
102 - 44 Key topics and concerns raised	Inside spread, 10	
Reporting practice		
102 - 45 Entities included in the consolidated financial statements	54	
102 - 46 Defining report content and topic boundaries	2, 12-13	
102 - 47 List of material topics	Inside spread, 10	
102 - 48 Restatements of information	4, 8, 22, 30, 38, 51, 60, 65	
102 - 49 Changes in reporting	10	
102 - 50 Reporting period	Front cover	
102 - 51 Date of most recent report	2	
102 - 52 Reporting cycle	2	Financial year from 1 April to 31 March
102 - 53 Contact point for questions regarding the report	89	
102 - 54 Claims of reporting in accordance with the GRI Standards	2	
102 - 55 GRI content index	86-88	
102 - 56 External Assurance	22, 25, 80-82	

GRI Disclosures: Description	Page	Supporting Details
Material Topic Standard Disclosures		
Economic Sustainability		
103 - Management Approach	12-13, 14-15	
201 - 1 Direct economic value generated and distributed	8-9, 11, 14-15, 50-53	
201 - 2 Financial implications and other risks and opportunities due to climate change	23-25, 71, 84-85	
Climate Change		
103 - Management Approach	10, 13	
305 - 1 Direct (Scope 1) GHG emissions	22	
305 - 2 Energy indirect (Scope 2) GHG emissions	22	
305 - 3 Other indirect (Scope 3) GHG emissions	22	
305 - 4 GHG emissions intensity	22	
305 - 5 Reduction of GHG emissions	18, 20-22	
Fossil Fuel Substitutes (Future Fuels)		
103 - Management Approach	10, 17-21	
GRI G4-DG14		0 litres biodiesel produced, 0 litres imported
Environmental Sustainability		
103 - Management Approach	20-21	
306 - 2 Waste by type and disposal method	22	
306 - 3 Significant Spills	31	
Responsible consumption & production, Product Quality & Security of Supply		
103 - Management Approach	14-15	
308 - 1 New suppliers that were screened using environmental criteria	20	
308 - 2 Negative environmental impacts in the supply chain and actions taken	18, 20-22	
Organisational Resilience		
103 - Management Approach	10, 34-36	Z corporate employees. This excludes retail site staff
401 - 1 New employee hires and employee turnover	41	
401 - 2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	42-43	
401 - 3 Parental leave	40	

Te Kuputohu GRI — Global Reporting Initiative (GRI) Index (continued)

GRI Disclosures: Description	Page	Supporting Details
Material Topic Standard Disclosures (continued)		
Occupational Health, Safety & Wellbeing		
103 - Management Approach	10, 31-33, 38	
403 - 2 Hazard identification, risk assessment, and incident investigation	31-33	
403 - 6 Promotion of worker health	10, 31-33	
403 - 9 Work-related injuries	31	
Asset Integrity and Process Safety		
103 - Management Approach	31-33	
G4 - OG13 Process Safety Events	31	
Organisational Capability		
103 - Management Approach	12, 34-36	
404 - 2 Programmes for upgrading employee skills and transition assistance programs	12, 36, 40	
404 - 3 Percentage of employees receiving regular performance and career development reviews	42	
Diversity & Inclusion		
103 - Management Approach	28	
405 - 1 Diversity of governance bodies and employees	30, 38	
405 - 2 Ratio of basic salary and remuneration of women to men	28, 39-40	
Resilient Communities		
103 - Management Approach	13, 26, 38	
413 - 1 Operations with local community engagement, impact assessments, and development programmes	20, 26	100% retail sites allocated funding for and engaged in local community activities
Cyber Security & Data Privacy		
103 - Management Approach	10	
418 - 1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	10	No substantiated complaints or data breaches
Market Transparency & Fairness		
103 - Management Approach	10, 36	
419 - 1 Non-compliance with laws and regulations in the social and economic area	38	
Customer Experience and Brand Values		
103 - Management Approach	11, 13	
Own measure - Customer NPS Score	8-9	Business & Retail net promoter scores

Ngā Pārongo— Company directory

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Resigned 10 May 2022:
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Mark Cross
Blair O'Keeffe
Julia Raue
Mark Malpass
Stephen Reindler

Appointed from 10 May 2022:
Matthew Halliday
Greg Barnes
Penny Winn

Executive Team

Mike Bennetts
Chief Executive Officer
Pou Matua

Lindis Jones
Chief Financial Officer
Pou Tiaki Pūtea

Andy Baird
General Manager, Retail and Customer
Pou Hokohoko, Kiritaki

David Binnie
General Manager, Supply
Pou Punakora
(resigned 31 December 2021)

Debra Blackett
General Counsel and
Chief Governance Officer
Pou Arataki

Julian Hughes
General Manager, Transition
Pou Whakawhiti
(to 31 December 2021)

General Manager, Supply
Pou Punakora
(from 1 January 2022)

Nicola Law
General Manager, Commercial
Pou Pakihi

Helen Sedcole
Chief People Officer
Pou Tangata

Mandy Simpson
Chief Digital Officer
Pou Matihiko

Figen Ulgen
Chief Customer Officer
Pou Kiritaki
(Resigned 31 January 2022)

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Z ENERGY ANNUAL REPORT 2022

Ahu whakamua me te wā

Moving with the times