



Corporate Governance Statement FY18

This year, Z is moving to an online annual report. This corporate governance statement is linked to the report and is also a standalone document available at Z's investor centre. This document demonstrates Z's compliance with the new NZX Corporate Governance Code. Other information on the board's activity this year and plans for next year can be found in the [online report](#).

Z considers that, during the reporting period, the company materially complied with the NZX Corporate Governance Code.

Principle 1:

Code of Ethical Behaviour

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organisation.”

Recommendation 1.1 Code of conduct for Z’s people and directors

“The board should document minimum standards of ethical behaviour to which the issuer’s directors and employees are expected to adhere (a code of ethics).”

The [Code of Conduct](#) is the cornerstone of expected behaviour and company culture at Z and is published on our website. The code applies to all of Z’s people (directors, employees, contractors, and consultants). They are required to read and understand the Code of Conduct and acknowledge that they have done so.

Z reviews the Code of Conduct on a 3-year cycle (or as required) to keep it up to date with employee and stakeholder expectations. The document was last reviewed in April 2016. In 2017, the board agreed to disestablish the ‘Director Code of Ethics’ and for directors to be subject to Z’s Code of Conduct, making the requirements for directors the same as for all of Z’s people.

The Code of Conduct requires Z’s people to carry out their roles honestly and diligently and in the best interests of Z, to declare any conflicts of interest, to disclose any gifts over \$200, and to ensure any gifts under that value do not compromise them. It requires Z’s people to maintain confidentiality of all of Z’s information, including information about our business, customers, and people, and not to use Z’s information or assets (including intangible assets) improperly.

The Code of Conduct also provides a range of escalation procedures for reporting ethical breaches, including the assurance of anonymity for whistleblowers, consistent with the Protected Disclosures Act 2000.

All of Z’s people are also expected to comply with the [Z Why](#). This document sets out what matters at Z and the ‘why we do things around here’. In choosing to work for Z, people commit to the Z Why, which captures the identity, the meaning, values, and beliefs of Z’s people individually, and then collectively as an entire firm. This document was updated in 2017.

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

Recommendation 1.2 Financial dealing policy

“An issuer should have a financial product dealing policy which applies to employees and directors.”

Z is committed to the integrity of financial markets and to ensuring compliance with all regulatory market requirements at all times. Z’s [Insider Trading Policy](#) is a critical part of this commitment and of ensuring every member of the Z team is aware of their obligations and legal requirements for trading in Z securities. All of Z’s policies are owned by the board or a board delegate and are regularly reviewed. The Insider Trading Policy was most recently reviewed by the Audit and Risk Committee in February 2018.

The policy applies to all of Z’s people, or any of its subsidiaries, who intend to deal in Z’s securities.

Principle 2:

Board composition and performance

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

Recommendation 2.1 Board charter

“The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.”

The [Z Board Charter](#) sets out how the board exercises and discharges its powers and responsibilities, including through committees established by the board. The Charter defines and prescribes the relationship between the board, the CEO, and the executive team.

The board has statutory responsibility for the business affairs of Z, including overall responsibility for the strategy, governance, culture, and performance of Z, working with and through the CEO.

Day-to-day management and administration of Z’s affairs is delegated to the CEO by Z’s Delegated Authority Framework. The CEO sub-delegates authority within specified financial and non-financial limits.

This framework is consistent with our philosophy of ‘freedom in a framework’ and describes the purpose of delegations as enabling ‘Z’s employees to carry out business activities efficiently without overly restrictive approval requirements’. Part of Z’s governance philosophy includes preventing unnecessary ‘corporate spread’.

When Z’s people make decisions under a delegated authority, they are authorised to exercise appropriate and informed decision-making within a controlled, accountable, and transparent framework. They must refer to budgets, comply with the law, and meet Z’s objectives throughout the organisation. Z’s governance structure also includes a commitment by all of Z’s people to its policies, stands, values, and business purpose.

Recommendation 2.2 Nominating and appointing directors to the board

“Every issuer should have a procedure for the nomination and appointment of directors to the board.”

Board succession is the responsibility of the People and Culture Committee, on behalf of the board.

Z uses an external search agency to produce a long list of potential candidates, based on the skills matrix, consideration of the current and future mix and composition of the board, diversity considerations, and several other factors. The agency then works with the PCC to narrow the list down to a short list.

The potential candidates on the short list are then interviewed by the Chair and a subcommittee of the board. Background checks are conducted on the person’s character, experience, education, criminal record, and bankruptcy history. The prospective director also undergoes psychometric testing to ensure the appropriate balance of fit and diversity of thought with the existing board. This also assists the Chair to bring the best out of the board as a collective.

The procedure for the nomination and appointment of directors to the board is set out in the [Z Board Charter](#). The Board Charter allows directors to seek independent professional advice at Z’s cost.

Recommendation 2.3 Written agreements with each director

“An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.”

Z’s directors enter in to a written agreement establishing the terms of their appointment, including Z’s expectations for the role of director.

Recommendation 2.4 Information on directors

“Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests.”

Paul Fowler and Justine Munro stood down from Z’s board on 31 October 2017 and 6 December 2017, respectively. A further director search is under way with consideration for what mix best suits the future of Z.

Profiles of each director’s experience can be found on the [website](#) and in the [annual report on page 16](#).

Peter Griffiths Chair – Independent 2 April 2010 (8 years)	Abby Foote Independent 15 May 2013 (4 years, 10 months)
Alan Dunn Independent 2 April 2010 (8 years)	Julie Raue Independent 15 February 2016 (2 years, 1 month)
Mark Cross Independent 28 August 2015 (2 years, 7 months)	Stephen Reindler Independent 1 May 2017 (11 months)

* Paul Fowler left Z’s board on 31 October 2017 after 7 years, 7 months.

* Justine Munro left Z’s board on 6 December 2017 after 4 years, 7 months.

Directors’ interests in shares and bonds

Directors disclosed the following relevant interests in shares and bonds at 31 March 2018.

Director	Number of shares or bonds in which a relevant interest is held
Abby Foote	Z Energy Limited – 14,285 shares
Peter Griffiths	Z Energy Limited – 42,857 shares

Recommendation 2.5 Diversity Policy

“An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity’s progress in achieving them. The issuer should disclose the policy or a summary of it.”

Z is committed to a culture that promotes and values diversity and inclusion. In FY18, Z’s board adopted a new [Diversity and Inclusion Stand](#) and 3-year implementation plan in support of the [Diversity Policy](#). These set out Z’s diversity philosophy, its practical application, and process for reviewing and measuring progress towards achieving the objectives of the policy.

Based on internal research, the key priorities for FY19 are gender, Te Ao Māori, and Asian inclusion (engagement scores show early improvement to this, but previously Asian inclusion has been lower than other groups). Z achieved Rainbow Tick certification in March 2018. During the year, the board engaged in unconscious bias training. Based on this experience, Z is rolling out Inclusive Leadership training throughout the business.

Z is yet to reach its diversity targets (in the table below) for the whole organisation and the executive. The aim to reflect the ethnic diversity of New Zealand has not yet been met for Z’s employees.

The numbers reported under Principle 2 relate to Z’s permanent employees only and do not include contractors, consultants, or employees of Z- or Caltex-branded retail sites, who are employed directly by retail operators.

Gender

Z’s gender composition

	2020 Objective: % Female	Actual % Female
Board	50	33
Executives	50	36
Rest of organisation	50	42

These figures were assessed on 31 March 2018.

Below is the gender composition of Z’s permanent employees at 31 March 2018 compared with the previous year.

Female

	FY2018		FY2017	
	#	%	#	%
Leader of self*	130	42	138	42
People leader**	48	38	31	33
Executive	4	36	4	36
Whole organisation	184	41	176	40
Board	2	33	3	43

Male

	FY2018		FY2017	
	#	%	#	%
Leader of self*	178	58	187	58
People leader**	78	62	62	67
Executive	7	64	7	64
Whole organisation	267	59	260	60
Board	4	67	4	57

Percentages are represented as whole numbers.

* Leader of self does not have direct reports.

**People leader has direct reports.

Z's gender-pay ratios

The ratios of female to male average pay for Z's permanent employees at 31 March 2018 are set out below. Z was awarded a YWCA Equal Pay Best Practice Compact for 2017–2018 for our approach to achieving gender-pay parity.

	Leader of self %	People leader %	Executive %	Board %
Average base salary woman to man	93	93	67	NA
Average remuneration* woman to man	91	92	66	NA
Directors' fees female to male**	NA	NA	NA	79

* Remuneration comprises a base salary, a short-term incentive (% on top of salary), health insurance, any other allowances, and a long-term incentive for certain senior employees.

**All directors are paid the same base fee, except for the Chair who has a higher base fee. Committee chairs and members are paid an additional fee on top of their base fee.

Age

Z's age composition

The age groups of Z's permanent employees and board at 31 March 2018 are as follows.

	Leader of self %	People leader %	Executive %	Board %
Under 30 years	15	2	0	0
30–50 years	59	77	64	17
Over 50 years	26	21	36	83

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

	New employee		Employee turnover	
	#	%	#	%
Male	29	7	32	7
Female	34	8	29	7
Under 30 years	12	3	13	3
30–50 years	44	10	31	7
Over 50 years	7	2	17	4
Total employees at the end of the period				445

Ethnicity

Information is collected from permanent employees and contractors on which ethnicities they choose to identify with. Reporting fields align with New Zealand census-collection data, although employees are able to select 'other' or choose not to respond.

Z's Diversity and Inclusion Stand includes an aspiration for the mix of Z's people to reflect the diversity of Aotearoa New Zealand.

Compared with the latest New Zealand census data (2013), Z has the same proportion of European and Asian people as the general population does. Z's Māori population is materially lower than the rest of New Zealand, and Z is pursuing several pathways to address this imbalance.

Diversity by ethnicity

The ethnicities of Z's permanent employees and board at 31 March 2018 are set out in the following table.

Employee ethnicity	Leader of self		People leader		Executive		Whole organisation		Board	
	#	%	#	%	#	%	#	%	#	%
NZ European/Pākehā	148	48	94	75	10	91	257	57	5	83
European	36	12	7	6	1	9	45	10	1	17
Asian (including India and Pakistan)	51	17	5	4	0	0	56	12	0	0
Multiple ethnicities	14	5	3	2	0	0	17	4	0	0
Other ethnicity	13	4	1	1	0	0	14	3	0	0
Middle Eastern/ Latin American/African	7	2	2	2	0	0	9	2	0	0
Māori	5	2	2	2	0	0	7	2	0	0
Pacific Islander	4	1	4	3	0	0	8	2	0	0
Information not provided	30	10	8	6	0	0	38	8	0	0
Total	308		126		11		451		6	

Percentages are represented as whole numbers.

Family responsibility

Employees' dependants

The percentage of Z's permanent employees with dependants at 31 March 2018 is as follows.

	Percentage of employees with dependants
	%
Leader of self	49
People leader	69
Executive	91
Whole organisation	56
Board	83

Return-to-work and retention rates after parental leave

All employees who are eligible by law are entitled to parental leave. In FY18, 9 male employees took two weeks' parental leave funded by Z.

The following table shows the return-to-work and retention rates of Z's permanent employees after exercising legal entitlements to parental leave, at 31 March 2018. We have adjusted the way we calculate annual leave for parents returning from a period of unpaid parental leave. As part of our commitment to pay equity, we now look at both current pay and average earnings over the last 52 weeks and use whichever of the two is higher to calculate the annual-leave payment.

	Employees who have taken parental leave in FY18	Employees due to return from parental leave in FY18	Returned to work after leave in FY18	Return-to-work rate	Returned to work after leave prior year	Employed 12 months after return to work from parental leave	Retention rate
Female	16	11	8	73%	9	8	89%
Male	1	1	1	100%	0	0	-

Education

The highest level of education reached by Z's permanent employees and board at 31 March 2018 is as follows.

	Secondary %	Tertiary %	Post-graduate %	None or unknown %
Leader of self	13	58	16	13
People leader	5	60	24	11
Executive	0	36	64	0
Whole organisation	10	58	19	12
Board	17	83	0	0

Percentages are represented in whole numbers.

Recommendation 2.6 Director training

"Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer."

Z is committed to the ongoing development of the board.

This year, the board had separate learning and development sessions on the following topics.

- Unconscious bias training (external trainer)
- Income inequality and potential social and economic implications (external speaker)
- Mobility as a service
- the Mini-Tankers business
- Food safety
- Major hazard facilities
- the post-election New Zealand political landscape and new coalition government (external speaker)
- Z's innovation lab

In FY18, Mark Cross spoke as a panellist at the Minter Ellison Corporate Governance Symposium on the topic of shareholder activism and chaired an Institute of Directors panel on stakeholder engagement. Directors participated in their own individual learning, such as Advanced Health and Safety Training. The board was also trained on conducting formal safety walk and talks.

Recommendation 2.7 Performance

"The board should have a procedure to regularly assess director, board and committee performance."

Z has a procedure to regularly assess the performance of directors, the board, and committees.

Z has obtained external review of the board, committees, and individual director performance every year since listing in 2013. The 2017 external review noted the performance of the Z Board was at a high level relative to benchmarks. It noted significant progress on board succession and on the performance of the Audit and Risk Committee and the Health, Safety, Security, and Environment Committee.

The review also noted progress on CEO succession and board learning, although further work was required with the performance of the People and Culture Committee. Directors also receive individual performance feedback from other directors and the executive, which is discussed in an individual meeting with the Chair.

Recommendation 2.8 Chair and CEO

"The Chair and the CEO should be different people."

Z's [Board Charter](#) states that the Chair is separate from the CEO. Peter Griffiths is the Chair of the board at Z, and Mike Bennetts is the CEO at Z.

Principle 3:

Board committees

“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

Recommendation 3.1 Audit committee

“An issuer’s audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board.”

Z’s Audit and Risk Committee (ARC) has a written charter and is made up of independent directors. The Chair of the ARC is not the Chair of the Board.

Audit and Risk Committee: (ARC)

Current members: Mark Cross (Chair), Abby Foote, Stephen Reindler

Members before 1 October 2017: Abby Foote (Chair), Paul Fowler, Peter Griffiths, and Mark Cross

The role of the ARC is defined in the [ARC Charter](#). The purpose of the ARC is to provide a specific governance focus on enterprise risks and the financial management, accounting, audit and reporting of Z Energy and its subsidiaries.

The ARC provides an independent reporting line for the Risk and Assurance Manager, and meets with the Risk and Assurance Manager and external auditors (either together or separately) as the ARC Chair considers appropriate.

The skills and relevant qualifications of each member of the Audit and Risk Committee are set out on [page 16 of the Annual Report](#) and include details of the ARC Chair’s accounting and financial background. For more information about auditing and reporting of Z’s financial performance, see Principle 4.

Recommendation 3.2 Employees attend audit committee

“Employees should only attend audit committee meetings at the invitation of the audit committee.”

Z’s employees only attend ARC meetings at the invitation of the Audit and Risk Committee.

Recommendation 3.3 Remuneration committee

“An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee”

Z’s People and Culture Committee (PCC) fulfils the functions of a remuneration committee.

Z’s PCC operates under a written [PCC Charter](#) and is made up of independent directors. Management only attend PCC meetings at the invitation of the PCC.

People & Culture Committee: (PCC)

Current members: Alan Dunn (Chair), Julia Raue

Members before 1 October 2017: Alan Dunn (Chair), Julia Raue, Justine Munro (resigned 6 December 2017), Mark Cross

The PCC’s role is to ensure that Z’s people and culture strategy (organisational design, remuneration strategy, succession planning, and any related strategy or policy) supports and delivers on Z’s business plan and strategy. The PCC also oversees Z’s commitment to continuously develop a strong and open culture, maintain public transparency on remuneration, and manage other people matters.

The PCC approves performance criteria and remuneration for the CEO, and recommends incentive payment or other adjustments to CEO remuneration to the board, taking into account the CEO’s performance review with the board. The PCC establishes, develops, and oversees a formal and transparent process for the board to review and evaluate the performance of the board, the committees, and individual directors. It also determines appropriate board remuneration, subject to shareholder approval.

As part of its responsibility for building Z’s culture, the PCC guides and oversees diversity and inclusion at Z. This includes making sure the business follows best-practice principles and practices of diversity and inclusion and equal-employment opportunities.

Recommendation 3.4 Nomination committee

“An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors”

The PCC fulfils the functions of a nomination committee and recommends director appointments to the board.

Recommendation 3.5 Other committees

“An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.”

Z also has a Health, Safety, Security, and Environment Committee (HSSE). All board committees operate under written charters. Membership of committees are reported above and below. Attendance is reported below.

Health, Safety, Security, and Environment Committee: (HSSE)

Current members: Abby Foote (Chair), Alan Dunn, Julia Raue, Peter Griffiths, Mark Cross, and Stephen Reindler

Members before 1 October 2017: Paul Fowler (Chair), Abby Foote, Alan Dunn, Julia Raue, Justine Munro, and Stephen Reindler.

The HSSE Committee is a committee of the full board, and operates under a [written charter](#).

The HSSE Committee provides a specific governance focus on managing operational HSSE risks, including all risks that could cause harm to people or the environment arising from Z's operations and activities. The HSSE Committee supports the board in managing the HSSE outcomes of Z's operational activities.

The HSSE Committee provides direction and engages in HSSE strategy, monitors and engages in the managing operational risks, and monitors HSSE performance and ensures that improvements are developed and implemented.

Attendance at board meetings

Directors attended the following board and committee meetings during the year.

	Board meetings	ARC	PCC	HSSE
Total number of meetings held	8	4	4	6
Peter Griffiths	8/8	2/2	-	3/3
Alan Dunn	8/8	-	4/4	6/6
Abby Foote	8/8	4/4	-	6/6
Paul Fowler*	5/5	2/2	-	4/4
Justine Munro*	6/6	-	2/2	3/4
Mark Cross	8/8	4/4	2/2	3/3
Julia Raue	8/8	-	4/4	6/6
Stephen Reindler*	6.5/7	2/2	-	3/3

If a director was not a member of a particular committee at the time of the relevant meetings, '-' has been recorded.

* Paul Fowler left Z's board on 31 October 2017.

* Justine Munro left Z's board on 6 December 2017.

* Stephen Reindler joined Z's board on 1 May 2017.

Before every board meeting, the board and executive meet for dinner to discuss business issues in an informal setting.

Recommendation 3.6 Protocols for takeover offer

“The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.”

Z has existing protocols to be followed in a takeover offer. The protocols were updated following the acquisition of Chevron New Zealand in 2016 including updating valuation methodology. Protocols include clarity of management and board roles, establishment of a monitoring framework and maintenance of up to date corporate finance modelling and valuations.

Z's [Insider Trading Policy](#) applies to all of Z's directors, officers, employees, and contractors and sets out the accepted procedure for dealing in Z's shares and the measures in place to prevent Z's people from trading using insider information. Z's people must read the policy before starting at Z and complete regular training on it. Members of the executive provide detailed reminders about the policy when notifying Z's people about blackout periods.

In FY19, Z plans to introduce a takeovers policy aimed at ensuring shareholders are appropriately informed in relation to a takeover offer.

Principle 4:

Reporting and disclosure

“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

Recommendation 4.1 Continuous disclosure

“An issuer’s board should have a written continuous disclosure policy.”

The [Market Disclosure Policy](#) helps the board keep Z’s investors and markets informed through a clear and balanced approach that communicates both positive and negative news. Consistent with Z’s values to ‘share everything’ and ‘be straight up’, the board is committed to providing timely, orderly, consistent, accurate, and credible information to the market.

Z’s standing Disclosure Committee is ultimately responsible for Z complying with its disclosure obligations. The Committee consists of the Chair, ARC Chair, CEO, CFO, Corporate Communications and Investor Relations Manager, General Counsel, and Chief Governance Officer.

The CEO and the executive team are required to provide all material information to the Disclosure Officers. The Disclosure Committee also monitors external markets to issue any corrections if a false market appears to develop.

Recommendation 4.2 Make key documents available

“An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.”

Z’s Code of Conduct, board and committee charters, and other policies recommended in the NZX Code, together with other key governance documents are available on Z’s [website](#).

Recommendation 4.3 Financial reporting

Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured

The ARC plays a central role in Z’s commitment to transparent reporting of its financial and non-financial performance. The [ARC Charter](#) clearly defines the roles of the board, the ARC, the executive, and external auditors.

Financial reporting

The executive is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies, and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations.

Z’s external auditor, KPMG, is responsible for planning and carrying out each external audit and review in line with applicable auditing and review standards. KPMG is accountable to shareholders through the ARC and the board respectively. The board retains overall responsibility for financial reporting.

The ARC makes sure that it and the full board are sufficiently informed about good-practice financial reporting and Z’s operations to know whether financial reporting is fit for purpose. This means it represents a balanced viewpoint, is factual and complete, and is effectively implemented.

As part of half-yearly CEO and CFO certifications, the ARC reviews Z’s risk-management systems and receives quarterly reports relating to risk management from Z’s risk and assurance function and management. The certifications provide assurance to the board that Z’s financial records have been properly maintained, and that the financial statements comply with generally accepted accounting principles and give a true and fair view of Z’s financial position and performance.

Non-financial reporting

Z is committed to transparency at all levels of the organisation, which includes sustainability reporting against the [Global Reporting Initiative](#) (GRI) and the [International Integrated Reporting Council](#) Guidelines. Both frameworks are recognised by the [Sustainable Stock Exchanges Initiative](#). Z also complies with the NZX Environmental, Social and Governance Guidance Note issued on 11 December 2017.

The ARC makes sure that it and the full board are sufficiently informed about good-practice non-financial reporting and Z’s operations to know whether reporting is fit for purpose. This means it represents a balanced viewpoint, is factual and complete, and is effectively implemented.

Principle 5:

Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

Recommendation 5.1 Director remuneration

“An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer’s annual report.”

Z has historically conducted an annual review of its non-executive director fees to ensure that the level of fees paid to its Chair and other non-executive directors are aligned with other organisations of similar scale and scope. Where a review indicated the pool should be increased, this was put to a shareholder vote by resolution at the annual shareholders meeting. In response to shareholder feedback, in the future Z will not participate in the market benchmarking surveys as a prime means of setting its director fees. Z will review the process for determining directors’ fees over the next year.

No fee pool increase will be sought at the ASM in June 2018.

Director remuneration received in FY18

	Board fees	ARC fees	PCC fees	HSSE fees	Total remuneration
Peter Griffiths					
Chair, Board of Directors					
Member, ARC (until 30 Sept 2017)	\$185,000	\$5,000		\$5,000	\$195,000
Member, HSSE (from 1 Oct 2017)					
Abby Foote					
Chair, ARC (until 30 Sept 2017)					
Member, HSSE (until 30 Sept 2017)	\$97,000	\$15,000		\$15,000	\$127,000
Chair, HSSE (from 1 Oct 2017)					
Member, ARC (from 1 Oct 2017)					
Alan Dunn					
Chair, PCC	\$97,000		\$20,000	\$10,000	\$127,000
Member, HSSE					
Julia Raue					
Member, HSSE	\$97,000		\$10,000	\$10,000	\$117,000
Member, PCC					
Justine Munro					
Member, HSSE	\$72,750		\$7,500	\$7,500	\$87,750
Member, PCC					
Mark Cross					
Member, ARC (until 30 Sept 2017)					
Chair, ARC (from 1 Oct 2017)	\$97,000	\$15,000	\$5,000	\$5,000	\$122,000
Member, PCC (until 30 Sept 2017)					
Member, HSSE (from 1 May 2017)					
Paul Fowler					
Chair, HSSE (until 31 Oct 2017)	\$56,545	\$5,833		\$11,667	\$74,045
Member, ARC (until 31 Oct 2017)					
Stephen Reindler					
Member, ARC (from 1 Oct 2017)	\$88,917	\$5,000		\$9,167	\$103,084
Member, HSSE (from 1 May 2017)					
Total	\$791,212	\$45,833	\$42,500	\$73,334	\$952,879

Notes:

The board restructured the committees this year. This took effect on 1 October 2017. Changes in memberships are outlined above. For this reason, fees do not represent a full year on committees for most board members.

Paul Fowler left Z’s board on 31 October 2017, so fees do not represent a full year.

Justine Munro left Z’s board on 6 December 2017, so fees do not represent a full year.

Stephen Reindler joined the board on 1 May 2017.

Recommendation 5.2 Remuneration policy for directors and officers

“An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.”

Z’s remuneration framework and policies are managed by the People and Culture Committee in line with the People and Culture Committee’s charter.

Remuneration of directors

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

In addition to directors’ fees, additional fees are paid to the Chair and members for work carried out by directors on various board committees to reflect the additional time involved and responsibilities of these positions.

The current total remuneration pool for Z’s non-executive directors at 31 March 2018 is \$1,200,000 per annum.

Approved director remuneration for FY18

	Position	Fees (per annum)
Board of Directors	Chair	\$185,000
	Non-executive director	\$97,000
Audit and Risk Committee (ARC)	Chair	\$20,000
	Member	\$10,000
People and Culture Committee (PCC)	Chair	\$20,000
	Member	\$10,000
Health, Safety, Security, Environment (HSSE) Committee	Chair	\$20,000
	Member	\$10,000

Remuneration of Z employees including executives

Our remuneration position is to benchmark Total Fixed Remuneration to the upper quartile of the external market. This means that with our Short-Term Incentive (STI), the total rewards we offer are in the top 10 percent of the New Zealand market when people deliver results above plan.

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 5 percent employer contribution to KiwiSaver. A limited number of senior employees are also invited to participate in a Restricted Share Long-Term Incentive Plan (RSLTIP). All remuneration packages are reviewed annually.

For further details on key executive remuneration, please see [page 126 of the annual report](#).

Base salary

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

Our Short-Term Incentive (STI) model is focused on articulating performance goals, driving for outcomes, differentiating high performance, and rewarding delivery.

STI values are calculated as a percentage of base salary and determined based on the complexity of the roles. Employees’ STI payments are determined following a review of the individual’s performance, and may be paid out at a multiplier of zero to three times an individual’s STI target, depending on the company’s performance.

Restricted Share Long-Term Incentive Plan

The Restricted Share Long-Term Incentive Plan (RSLTIP) is for the executive and selected senior employees.

The RSLTIP is intended to incentivise selected employees to achieve long-term shareholder returns by ensuring that their incentives are aligned with the interests of shareholders. The RSLTIP does this by providing a proportion of the employee’s remuneration on an at-risk basis aligned with the achievement of defined performance targets.

An amount in shares is held on trust for the employee for 3 years. After that time, the shares will be transferred to the employee if they have achieved their defined performance targets and the company achieves its Total Shareholder Return (TSR) targets.

The amount of shares granted is calculated as a percentage of the employee's base salary and, depending on the performance of the company, may be multiplied between zero to two times that percentage. The first time this scheme vested was in April 2016.

As a result of changes to the taxing of long term incentive plans, Z is performing a review of its current LTI scheme.

Employee Share Purchase Plan

Z also has an Employee Share Purchase Plan (ESPP) that any permanent employee of Z at the offer date (in 2013 and December 2016) can choose to participate in. Under the ESPP, employees are invited to buy shares in Z at a discount to the market price. Those shares are then held on trust by Z Energy ESPP Trustee Limited (ESPP Trustee) for employees until they vest at the end of a 3-year period. The ESPP is an IRD-approved DC12 plan.

Under the December 2016 grant, eligible employees could purchase up to 413 shares for a discounted price of 22 percent below the market price. Currently, 273 employees are participating in the 2016 grant of the ESPP. There were 123 participants in the 2013 grant of the ESPP that completed in November 2016.

Evaluating performance

Z's People and Culture Committee reviews and approves annual performance review programmes for executives and draws on external market information when considering remuneration arrangements.

The board is responsible for monitoring the performance of the CEO and the executive team against established objectives.

One hundred percent of all of Z's permanent employees, including management, have undertaken regular performance reviews in 2018. The percentage of employees who had individual development conversations that helped to develop their careers were: 91% of the executive, 65% of people leaders, and 64% of leaders of self*.

Z's employee remuneration tables

The data in this section relates to Z and Z Energy 2015 Limited permanent employees only. The total number of corporate employees is 467 (of which 445 are permanent).

294 Z employees (or former employees) received remuneration and other benefits over \$100,000 in their capacity as employees during FY18, as set out in the table below. This includes salary, short- and long-term performance bonuses, settlement payments, and redundancy payments for all permanent employees. This disclosure is based on actual amounts received in the year and differs from the disclosure on Executive Remuneration (see [page 126 of the annual report](#)) that reflects performance in FY18, not all of which is received during the current year.

Z notes the high proportion of employees (66%) earning above \$100,000 reflects Z's business model decisions. For example, traditionally lower-earning employee roles (like call centre staff) are currently outsourced.

Amount of remuneration	Employees	Amount of remuneration	Employees
\$100,001 to \$110,000	27	\$290,001 to \$300,000	4
\$110,001 to \$120,000	34	\$300,001 to \$310,000	3
\$120,001 to \$130,000	23	\$310,001 to \$320,000	1
\$130,001 to \$140,000	27	\$330,001 to \$340,000	3
\$140,001 to \$150,000	27	\$340,001 to \$350,000	1
\$150,001 to \$160,000	22	\$350,001 to \$360,000	1
\$160,001 to \$170,000	21	\$360,001 to \$370,000	1
\$170,001 to \$180,000	13	\$380,001 to \$390,000	1
\$180,001 to \$190,000	17	\$440,001 to \$450,000	1
\$190,001 to \$200,000	10	\$460,001 to \$470,000	1
\$200,001 to \$210,000	9	\$470,001 to \$480,000	1
\$210,001 to \$220,000	7	\$490,001 to \$500,000	2
\$220,001 to \$230,000	8	\$530,001 to \$540,000	1
\$230,001 to \$240,000	5	\$610,001 to \$620,000	3
\$240,001 to \$250,000	5	\$720,001 to \$730,000	1
\$250,001 to \$260,000	2	\$800,001 to \$810,000	1
\$260,001 to \$270,000	8	\$920,001 to \$930,000	1
\$270,001 to \$280,000	1	\$2,360,001 to \$2,370,000	1

* Leader of self does not have direct reports.

Recommendation 5.3 CEO remuneration

“An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.”

Mike Bennetts’ employment agreement for his role as CEO began on 1 April 2010.

In FY18, Mike had a base salary of \$799,500 per annum. The base salary is reviewed annually with effect from 1 April each year. In addition to his base salary, Mike may also be paid an annual Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary and a maximum payment of 150 percent of his base salary. Payment of an STI is at the board’s discretion and is assessed in the first quarter of each financial year, based on business performance in the previous financial year. If Mike is made redundant, he will be entitled to a proportional STI-based performance payment up to his departure.

Mike may also be entitled to Restricted Stock Long-Term Incentive (RSLTI) payments calculated against his base salary. Mike’s potential entitlements under the 2015 RSLTI will be paid in 2018, based on the company performance against specific financial objectives for each year, relative to the performance of other NZX-listed companies. The maximum payment to which Mike may be entitled under the RSLTI is 100 percent of his salary.

he values of Mike’s STI and RSLTI payments are determined by the People and Culture Committee and recommended to the board for approval. The committee assesses Mike’s performance against a range of key performance indicators. For FY18, this is a balanced scorecard that includes health and safety metrics (such as leading and lag indicators), operational performance (such as customer satisfaction), financial results, and delivery of strategic projects.

Details of Mike’s remuneration and a breakdown of what he earned in FY18, and what performance criteria were achieved to earn that remuneration, are on [page 126 of the Annual Report](#), along with the same details for the Senior Officers of Z.

Principle 6:

Risk management

“Directors should have a sound understanding of the key risks faced by the business, and should regularly verify there are appropriate processes to identify and manage these.”

Recommendation 6.1 Risk management framework

“An issuer should have a risk management framework for its business and the issuer’s board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.”

Z considers that it has carried out a robust risk assessment programme during the reporting period. Z has developed an overall enterprise Risk and Assurance system, designed to ensure a proactive, consistent, and systematic approach to managing risk, and ensuring independent and objective views on the design and operational effectiveness of internal controls.

The Risk and Assurance system recognises two principal functions: risk and assurance, and HSSE. Risk and assurance has a primary focus on enterprise and business risk (insurance, and financial risk including core financial controls, treasury, delegated authorities, and suspicious transactions). HSSE has a primary focus on operational and infrastructure risk.

Z’s [Risk Management Policy](#) provides clarity on roles and responsibilities for risk and assurance.

The board is responsible for the overall effectiveness of the risk management and internal control system, setting enterprise-risk appetite, and annually reviewing enterprise risk.

The Audit and Risk Committee (ARC) is responsible for oversight, monitoring, and reviews. In February each year, it approves and monitors the annual risk and assurance plan on behalf of the board. The review is designed to establish an integrated and forward-looking perspective on the entire risk landscape. It takes in the internal and external environment, changes in the likelihood and consequence ratings of existing risks, and the business-unit risk profiles. The review considers both specific risks and broader linkages between those specific risks.

The CEO is responsible for promoting a culture of proactively managing risks, reporting to the ARC and managing any changes to the rating of enterprise-wide risks. The CFO is responsible for providing a single framework for risk management at Z, consistent with the Risk Management Policy and the board’s risk appetite, including facilitating regular reviews and updates to the CEO and the ARC.

Principle 7:

Auditors

“The board should ensure the quality and independence of the external audit process.”

Recommendation 6.2 Health and safety risks

“An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.”

Because of the nature of Z’s business, health, safety, security, and environment (HSSE) risks are an area of continuous focus. The HSSE Committee oversees HSSE risk and is responsible for all risks that could cause harm to people or the environment arising from Z’s operations and activities.

The committee approves an annual HSSE enterprise plan, receives assurance and performance reports, monitors implementation of ZORM (Z’s Operational Risk Management system), and oversees the management of major hazard facilities.

Z discloses its HSSE indicators quarterly to the market in its [quarterly operational data](#).

These indicators are: lost time injuries; spills to ground; robberies; fuel quality incidents; process safety incidents; food safety incidents; its total recordable case frequency; and motor vehicle incident frequency.

Recommendation 7.1 Establish a framework

“The board should establish a framework for the issuer’s relationship with its external auditors.”

Z’s [External Auditor Independence Policy](#) sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do. This ensures the ability of the auditor to carry out their role is not impaired and could not be reasonably perceived to be impaired.

All non-audit work that the external auditor performs must be approved by the Chair of the ARC. The approval details what work is to be performed and how auditor independence and objectivity are maintained. The policy requires that the development of local and overseas practice for other related assurance services be continuously monitored so that Z’s policies comply with best practice.

KPMG has been the external auditor of Z and its subsidiaries for 6 years. The tenure and reappointment procedure of the external auditor is detailed in the External Auditor Independence Policy. In line with the external auditor rotation policy and KPMG’s policy, Graeme Edwards of KPMG is the engagement partner for Z and has been since the start of FY17.

Z is committed to having financial reports externally audited to meet international accounting standards. External assurance has not been sought over environmental, social, and governance (ESG) reporting.

Recommendation 7.2 External auditor attend Annual Meeting

“The external auditor should attend the issuer’s Annual Meeting to answer questions from shareholders in relation to the audit.”

In the past, Z’s external auditors have attended the Annual Shareholders’ Meeting (ASM), where they have been available to answer shareholders’ questions about the audit. Z expects the auditor to attend the 2018 ASM.

Recommendation 7.3 Internal audit

“Internal audit functions should be disclosed.”

The Enterprise Risk and Control Committee is a management committee chaired by the CFO. The committee has oversight of the implementation and operation of Z’s enterprise risk management system, and considers general risk and control matters consistent with the board’s risk appetite.

Z’s Enterprise Risk and Assurance function reviews and reports on the effectiveness of internal control systems and procedures. It has full access to the Audit and Risk Committee. Each year, the Audit and Risk Committee determines the scope and activities of Risk and Assurance.

The Risk and Assurance Manager reports to the Audit and Risk Committee, the executive, and the CEO for functional risk and assurance purposes, and the CFO for other purposes.

Principle 8:

Shareholder rights and relations

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Recommendation 8.1 Website

“An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.”

The [investor section](#) of Z’s website contains financial and operational information and key corporate governance information.

Recommendation 8.2 Investor communications

“An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.”

Z communicates with shareholders through multiple channels throughout the year: continuous market disclosure, half- and full-year reporting, investor roadshow meetings and an Annual Shareholders’ Meeting. (The 2018 ASM will be held on 21 June 2018 at 3.00pm at the Z Shed, 3 Queens Wharf, Wellington, 6140, New Zealand.)

Z provides and advocates for the option for investors to receive communications electronically, to and from both Z and its share registrar. Z’s ASM is a hybrid meeting, where shareholders may participate in person, over the phone, and online. In all paper communications with shareholders, including the Annual Report, Z provides a simple process to opt in to electronic-only communications and recommends this option as part of its sustainability initiatives.

Shareholders can directly access the board at any time through our dedicated email address governance@z.co.nz. Our CEO and CFO also respond directly to shareholder phone calls and emails.

Z held its third investor day in September 2017, carried out several investor roadshows in several cities and towns across New Zealand for both institutional and retail investors, and hosted an institutional corporate governance roadshow.

Recommendation 8.3 Shareholder right to vote

“Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in.”

Major decisions that may change the nature of Z’s business are presented as resolutions at the ASM and voted on by shareholders.

Recommendation 8.4 One vote per share

“Each person who invests money in a company should have one vote per share of the company they own equally with other shareholders.”

Z’s shareholders receive one vote per share, which is equal with all other shareholders.

Recommendation 8.5 Notice of Annual Meeting

“The board should ensure that the annual shareholders notice of meeting is posted on the issuer’s website as soon as possible and at least 28 days prior to the meeting.”

Each year, the annual shareholders notice of meeting is sent to shareholders by mail and email at least 28 days before the meeting. The notice is also made available on the [investor section](#) of Z’s website.

Other disclosures required under the Companies Act 1993

Disclosure of directors' interests

Directors disclosed, under section 140(2) of the New Zealand Companies Act 1993, the following interests at 31 March 2018.

Director	Position	Company
Peter Griffiths	Director	Z Energy Limited Z Energy 2015 Limited Great Barrier Airlines Limited Metro Performance Glass Limited
	Shareholder	The New Zealand Refining Company Limited
Alan Dunn	Director	Burger Fuel Worldwide Limited Nelson Regional Development Agency Limited New Zealand Post Limited Z Energy Limited Z Energy 2015 Limited Z Energy LTI Trustee Limited Z Energy ESPP Trustee Limited
	Director	Livestock Improvement Corporation Limited Z Energy Limited Z Energy 2015 Limited Television New Zealand Limited Sanford Limited
Abby Foote	Member	Museum of New Zealand Te Papa Tongarewa Board
	Shareholder	Air New Zealand Limited New Zealand Oil and Gas Limited
Mark Cross	Director	Alpha Investment Partners Limited Argosy Property Limited Chorus Limited Genesis Energy Limited Superannuation Investments Limited Milford Asset Management Limited MFL Mutual Fund Limited Virsa Group Limited Z Energy Limited Z Energy 2015 Limited
	Shareholder	Argosy Property Limited Aspect Productivity Technology Limited Chorus Limited Genesis Energy Limited Mitre Peak Nominee 1 Limited Virsa Group Limited
Julia Raue	Director	Television New Zealand Limited Southern Cross Health Society Z Energy Limited Z Energy 2015 Limited The Warehouse Group Limited Jade Software Corporation Limited
	Member	Risk and Audit Committee of the Treasury
	Shareholder	Air New Zealand Limited
Stephen Reindler	Director	Meridian Energy Limited Yachting New Zealand Pearl Coast Properties Pty Limited Broome Shared Services Pty Limited Broome International Airport Pty Limited Steel & Tube Holdings Limited Z Energy Limited Z Energy 2015 Limited
	Chair	Waste Disposal Services (unincorporated joint venture)
	Board Member	WorkSafe New Zealand
	Shareholder	Woodside Petroleum Limited Auckland International Airport Limited

Directors' interests in share transactions

None of the directors disclosed an acquisition or disposal of relevant interest in Z's shares or bonds during the year to 31 March 2018.

Senior officers' interests in shares and bonds

The senior officers disclosed the following relevant interests in shares at 31 March 2018.

Executive team members	Interests as registered holder of shares	Z RSLTIP interests	Z ESPP interest
Mike Bennetts	Z Energy Limited – 262,665 (of which 261,879 shares are held by Kammjam Trust)	83,970 shares for the period ending 31 March 2018 59,934 shares for the period ending 31 March 2019 63,318 shares for the period ending 31 March 2020	413
Chris Day	Z Energy Limited - 75,936 shares held by CW & CR Day Trust	25,930 shares for the period ending 31 March 2018 18,441 shares for the period ending 31 March 2019 21,145 shares for the period ending 31 March 2020	413
Lindis Jones	Z Energy Limited - 72,214 shares	20,152 shares for the period ending 31 March 2018 16,136 shares for the period ending 31 March 2019 17,800 shares for the period ending 31 March 2020	413
Mark Forsyth	Z Energy Limited – 73,599 shares (of which 44,208 shares are held by Forsyth Family Trust)	21,630 shares for the period ending 31 March 2018 15,675 shares for the period ending 31 March 2019 17,582 shares for the period ending 31 March 2020	413
David Binnie		19,817 shares for the period ending 31 March 2018 13,816 shares for the period ending 31 March 2019 16,465 shares for the period ending 31 March 2020	0
Nicolas Williams	Z Energy Limited - 22,096 shares	16,794 shares for the period ending 31 March 2018 14,753 shares for the period ending 31 March 2019 15,575 shares for the period ending 31 March 2020	413

Donations

For the year ended 31 March 2018, Z made donations of \$901,646 (2017: \$1,135,251). Z's subsidiaries made no donations during the period.

Indemnity and insurance disclosure

As permitted by its constitution, Z has entered into a deed to indemnify its directors and its personnel who serve as directors of related companies for potential liabilities or costs they may incur for acts or omissions in their capacity as directors of Z or its related companies. Z has a Directors' and Officers' Liability Insurance Policy in place. This provides insurance for the liabilities of the directors and employees of Z for acts or omissions in their capacity as directors or employees.

Neither the indemnity nor the insurance policies cover dishonest, fraudulent, malicious, or wilful acts or omissions. The directors have disclosed entry into the deed of indemnity and the directors' and officers' liability insurance in its interests register.

Results disclosure

The reporting period for this annual report relates to the 12 months before 31 March 2018. The previous reporting period relates to the 12 months before 31 March 2017.

Dividend disclosure

	Amount per security (cents)	Imputed amounts per security (cents)
FY18 Interim dividend	10.4 cents	4.0444 cents
Record date	24 November 2017	
Payment date	12 December 2017	
FY17 Final dividend	19.9 cents	7.7388 cents
Record date	26 May 2017	
Payment date	7 June 2017	

Net tangible assets per security

Net tangible assets per security at 31 March 2018: 9 cents (31 March 2017: 1 cent).

Group disclosures – subsidiaries

Subsidiary directors at 31 March 2018.

Person	Subsidiary directorships	Interests
Alan Dunn	Z Energy 2015 Limited	As listed on page 17
	Z Energy ESPP Trustee Limited	As listed on page 17
	Z Energy LTI Trustee Limited	As listed on page 17
Peter Griffiths	Z Energy 2015 Limited	As listed on page 17
Abby Foote	Z Energy 2015 Limited	As listed on page 17
Mark Cross	Z Energy 2015 Limited	As listed on page 17
Julia Raue	Z Energy 2015 Limited	As listed on page 17
Stephen Reindler	Z Energy 2015 Limited	As listed on page 17

Other disclosures

Director remuneration

The directors of Z Energy 2015 Limited, Z Energy ESPP Trustee Limited, and Z Energy LTI Trustee Limited are also directors of Z and do not receive any remuneration in their capacity as directors of those subsidiary companies.

Subsidiary employees

Neither Z Energy ESPP Trustee Limited nor Z Energy LTI Trustee Limited has any employees.

Details of the employees (or former employees) of Z Energy 2015 Limited who received remuneration and other benefits over \$100,000 in their capacity as employees during FY18 are included in the "Employee remuneration" on page 14.

Payments made to an auditor

None of Z Energy 2015 Limited, Z Energy ESPP Trustee Limited, or Z Energy LTI Trustee Limited paid any amounts to an auditor, for audit fees or otherwise, during the period.

Distribution of ordinary shares and shareholders

At 31 March 2018

Size of holding	Number of shareholders	%	Number of shares	%
1-1,000	1,950	22	1,330,429	0.3
1,001-5,000	4,956	56	12,589,916	3.2
5,001-10,000	1,254	14	8,942,253	2.2
10,001-100,000	660	7	13,496,983	0.6
100,001 and over	55	1	363,640,419	91.5
Totals	8,875	100	400,000,000	100

Distribution of ordinary bonds and bondholders

At 31 March 2017

ZEL 020

Size of holding	Number of bondholders	%	Number of bonds
1-1,000	-	-	0
1,001-5,000	424	14	2,120,000
5,001-10,000	810	27	7,817,000
10,001-100,000	1,632	55	53,528,000
100,001 and over	103	3	86,535,000
Totals	2,969	100	150,000,000

ZEL 030

Size of holding	Number of bondholders	%	Number of bonds
1-1,000	-	-	0
1,001-5,000	254	11	1,270,000
5,001-10,000	628	28	6,144,000
10,001-100,000	1,276	57	41,866,000
100,001 and over	75	3	85,720,000
Totals	2,233	100	135,000,000

ZEL 040

Size of holding	Number of bondholders	%	Number of bonds
1-1,000	-	-	0
1,001-5,000	119	10	595,000
5,001-10,000	293	24	2,837,000
10,001-100,000	754	61	26,765,000
100,001 and over	64	5	119,803,000
Totals	1,230	100	150,000,000

ZEL 050

Size of holding	Number of bondholders	%	Number of bonds
1-1,000	-	-	0
1,001-5,000	88	8	440,000
5,001-10,000	243	23	2,348,000
10,001-100,000	705	65	24,392,000
100,001 and over	41	4	42,820,000
Totals	1,077	100	70,000,000

Substantial product holders

According to notices given under the Financial Markets Conduct Act 2013, the following were substantial product holders of the company at 31 March 2018.

Substantial product holders	Number of voting products in substantial holding (ordinary Z shares)	Percentage of shares held at date of notice	Date of notice
Lazard Asset Management LLC	55,502,069	13.88	1/03/2018
Airlie Funds Management Pty Ltd	26,345,102	6.59	15/12/2016
Perpetual Limited	22,431,940	5.61	28/02/2018
Investors Mutual Limited	20,581,414	5.15	29/03/2017
Commonwealth Bank of Australia	20,154,186	5.04	1/02/2018
Accident Compensation Corporation	20,070,736	5.02	26/03/2018

The total number of Z ordinary shares on issue at 31 March 2018 was 400,000,000.

Our 20 largest shareholders

At 31 March 2018

Rank	Holder name	Holding	%
1	HSBC Custody Nominees (Australia) Limited	48,867,351	12.22
2	HSBC Nominees (New Zealand) Limited	40,872,428	10.22
3	HSBC Nominees (New Zealand) Limited	37,852,872	9.46
4	J P Morgan Nominees Australia Limited	28,900,785	7.23
5	Accident Compensation Corporation	20,070,736	5.02
6	Citibank Nominees (New Zealand) Limited	19,416,026	4.85
7	JPMorgan Chase Bank	15,700,670	3.93
8	Forsyth Barr Custodians Limited	11,053,136	2.76
9	HSBC Custody Nominees (Australia) Limited	10,264,322	2.57
10	BNP Paribas Nominees (NZ) Limited	10,061,850	2.52
11	Citicorp Nominees Pty Limited	9,602,076	2.4
12	New Zealand Superannuation Fund Nominees Limited	9,473,037	2.37
13	Cogent Nominees Limited	9,353,954	2.34
14	National Nominees Limited	8,057,029	2.01
15	BNP Paribas Nominees Pty Limited	7,170,072	1.79
16	FNZ Custodians Limited	6,555,850	1.64
17	Premier Nominees Limited	5,669,170	1.42
18	JBWere (NZ) Nominees Limited	5,014,593	1.25
19	National Nominees New Zealand Limited	4,853,914	1.21
20	Custodial Services Limited	4,559,123	1.14

NZX Main Board waivers

Z does not have any waivers from the requirements of the NZX Main Board/Debt Market Listing Rules.