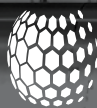


REFINING NZ

NOTICE OF ANNUAL MEETING 2018

2.00PM, MONDAY 23 APRIL 2018
SOUTH STAND LEVEL 4 LOUNGE,
EDEN PARK, AUCKLAND



REFINING NZ
Your Energy Hive

Notice is hereby given that the fifty-seventh Annual Meeting of The New Zealand Refining Company Limited ("**Company**" or "**Refining NZ**") will be held at South Stand Level 4 Lounge at Eden Park in Auckland, on Monday, 23 April 2018 commencing at 2:00pm.

Shareholders are invited to join the Directors for afternoon tea following the meeting.

BUSINESS

PRESENTATIONS

- (a) Chairman's Address;
- (b) Chief Executive Officer's Review;
- (c) Statutory Accounts and Annual Report for the financial year ended 31 December 2017.

To receive and consider the Annual Report, including the consolidated financial statements and the Independent Auditor's Report, for the year ended 31 December 2017.

RESOLUTIONS

Item 1: Auditor's fees and expenses

"That Directors be authorised to fix the fees and expenses of PricewaterhouseCoopers as auditors to the Group, including The New Zealand Refining Company Limited and its subsidiary, for the financial year ending 31 December 2018."

Item 2: Election of Directors

In accordance with Clause 8.9 of the Constitution, Ms V C M Stoddart and Mr M Tume retire by rotation and being eligible, offer themselves for re-election. Under Clause 8.8 of the Constitution, Ms D C Boffa and Mr L Jones were appointed by the Directors to fill the vacancies created by the resignations of Mr M H Elliott and Mr M J Bennetts and being eligible, offer themselves for election. Accordingly, it is proposed that the shareholders consider and, if thought fit, pass the following ordinary resolutions for the purposes of NZX Main Board Listing Rules 3.3.6 and 3.3.11:

- (a) **Re-election of Ms V C M Stoddart as a Director of the Company.**
"That Ms V C M Stoddart, who retires by rotation in accordance with clause 8.9 of the Constitution, be re-elected as a Director of the Company."
- (b) **Re-election of Mr M Tume as a Director of the Company.**
"That Mr M Tume, who retires by rotation in accordance with clause 8.9 of the Constitution, be re-elected as a Director of the Company."
- (c) **Election of Ms D C Boffa as a Director of the Company.**
"That Ms D C Boffa be elected as a Director of the Company."
- (d) **Election of Mr L Jones as a Director of the Company.**
"That Mr L Jones be elected as a Director of the Company."

Item 3: Increase in the Director's Fee Pool

To consider and, if thought fit, pass the following ordinary resolution for the purposes of NZX Listing Rule 3.5.1 and clause 8.16 of the Constitution:

"That the total amount of Directors' fees payable annually to all Directors taken together be increased with effect from the commencement of the current financial year by \$50,000 from \$850,000 to \$900,000, such sum to be divided among the Directors as the Directors deem appropriate."

By Order of the Board



D M Jensen
Company Secretary
22 March 2018

EXPLANATORY NOTES

AGENDA ITEM 1: AUDITOR'S FEES AND EXPENSES

PricewaterhouseCoopers (**PwC**) is the current auditor of the Company. Under the Companies Act 1993, a company's auditor is automatically reappointed unless the shareholders resolve to appoint a replacement auditor or certain other specified reasons exist for the auditor not to be reappointed.

However, notwithstanding the automatic reappointment of an auditor under the Companies Act 1993, the auditor's fees and expenses must be fixed by the Company at the annual meeting, or in the manner that the Company determines at the annual meeting.

Therefore, shareholders are being asked to resolve that the Directors be authorised to fix the fees and expenses of PwC for the audit of the Company's consolidated financial statements for the year ending 31 December 2018.

AGENDA ITEM 2: ELECTION OF DIRECTORS

Item 2(a) Re-election of Ms V C M Stoddart

B Com/LLB (Hons), PGDip Professional Ethics

Term of Office:

Appointed a Director on 20 May 2013 and last re-elected at the 2016 Annual Meeting.

Board Committees:

Chair of the Nominations and Remuneration Committee and a member of the Independent Directors and the Health, Safety, Environment and Operations Committees.

Vanessa Stoddart is a Director of Heartland Bank Ltd, Financial Markets Authority and Alliance Group Ltd, Commissioner for The Tertiary Education Commission and member of MBIE and DOC Audit and Risk Committees amongst other positions. Ms Stoddart was previously Group General Manager Engineering and People Air New Zealand Ltd and Chief Executive of the Australian Packaging Division of Carter Holt Harvey Ltd. Ms Stoddart is an Independent Director as defined in the NZX Main Board Listing Rules.

The Board is supportive of the re-election of Ms Stoddart as a Director of the Company.

Item 2(b) Re-election of Mr M Tume

BBS

Term of Office:

Appointed a Director on 1 August 2007 and last re-elected at the 2016 Annual Meeting. The Board has asked that Mr Tume extend his term by a further year, as part of the Board's succession plan.

Board Committees:

Chair of Audit, Risk and Finance Committee and a member of the Independent Directors and Health, Safety, Environment and Operations Committees.

Mark Tume is a professional director with governance experience in the infrastructure, energy and financial sectors in both New Zealand and Australia. Directorships include Infratil, Ngai Tahu Holdings Corporation Ltd, and Te Atiawa Iwi Holdings Management Ltd. Mr Tume is an Independent Director as defined in the NZX Main Board Listing Rules.

The Board is supportive of the re-election of Mr Tume as a Director of the Company.



**VANESSA
STODDART**
Independent
Director



**MARK
TUME**
Independent
Director



**DEBORAH
BOFFA**

Non-Independent
Director

Item 2(c) Election of Ms D C Boffa

B Eng (Hons)

Term of Office:

Appointed a Director on 23 August 2017.

Board Committees:

Member of the Health, Safety, Environment and Operations Committee.

Deborah Boffa is Vice President Fuels NZ and Managing Director BP New Zealand Limited. Ms Boffa joined BP in 1997 and has held positions in Engineering, Terminals, Retail, Sales & Marketing, Strategy and General Management with BP in NZ, Australia and the USA. Ms Boffa is also a Director of BP Oil New Zealand Limited, BP Pacific Investments Limited, Rural Fuel Limited, McFall Fuel Limited and RD Petroleum Limited, having held governance positions in the industry since 2012. Ms Boffa is not an Independent Director as defined in the NZX Main Board Listing Rules.

The Board is supportive of the election of Ms Boffa as a Director of the Company.



**LINDIS
JONES**

Non-Independent
Director

Item 2(d) Election of Mr L Jones

B Com (Hons), BSc, MFin

Term of Office:

Appointed a Director on 19 March 2018.

Board Committees:

Member of the Health, Safety, Environment and Operations Committee.

Lindis Jones is General Manager Corporate at Z Energy Limited. Mr Jones worked for Shell for 13 years, primarily in retail operations and strategy in Europe, Asia and New Zealand and was Head of Property at ANZ National Bank before joining Z Energy. Mr Jones is not an Independent Director as defined in the NZX Main Board Listing Rules.

The Board is supportive of the election of Mr Jones as a Director of the Company.

AGENDA ITEM 3: INCREASE IN THE DIRECTORS' FEE POOL

NZX Main Board Listing Rule 3.5.1 and Refining NZ's Constitution requires that the maximum annual remuneration that can be paid to all Directors taken together (the "Fee Pool") must be authorised by an ordinary resolution of shareholders. The Fee Pool may then be divided amongst the Directors as the Board deems appropriate.

The Fee Pool was last increased six years ago at the 2012 Annual Meeting.

Refining NZ now seeks shareholder approval to increase the Fee Pool from \$850,000 to \$900,000.

The proposed increase will provide the Board with the ability to:

- gradually increase Directors' fees over time as appropriate, and
- manage its future succession where there may be periods of time in which there is an overlap of members on the Board.

The Board engaged Ernst & Young Limited (**EY**) to conduct a review of Directors' fees, comparing the market positioning of Refining NZ's Chair, Independent Directors, Representative (Non-Independent) Directors and Committee Members' fees. EY provided their independent consultant report on 28 February 2018 and a summary is attached to this notice.

When selecting the specific comparator group, EY primarily focussed on organisations within the infrastructure and utilities industries.

EY's recommended fee structure is as follows:

ROLE	REFINING NZ'S CURRENT PRACTICE (\$)	RECOMMENDED FEE (\$)
Chairman Base Fees	170,000	180,000
Representative Directors' Base Fee	72,000	75,000
Independent Directors' Base Fee	88,000	75,000
Committee Fees		
Audit, Risk and Finance Committee – Chair	25,000	30,000
Audit, Risk and Finance Committee – Member	12,500	12,500
Nominations and Remuneration Committee – Chair	10,000	20,000
Nominations and Remuneration Committee – Member	5,000	5,000
Health, Safety, Environment and Operations Committee – Chair	-	10,000
Health, Safety, Environment and Operations Committee – Member	-	-
Independent Directors Committee – Member	-	20,000

To maintain parity with the comparator group and promote greater transparency around the fee structure, EY propose a change to the current differentiated fee base for Directors by:

- Implementing a Director base fee of \$75,000 paid to all Directors, other than the Chairman, being 85% of the market median of the comparator group.
- Introducing a new fee paid to the Independent Directors Committee (excluding the Board Chair) of \$20,000, to more clearly link the additional payment for these Directors to the work of the Independent Directors' Committee. The combined base fee for the Independent Directors of \$95,000 (base fee plus Independent Directors Committee fee) would position their fees between the median and upper quartile of the comparator group data sample, reflecting the relative workload of these Directors compared to the Representative Directors and market practice.

In addition, the Board has recently convened a Health, Safety, Environment and Operations Committee. While all Directors will be members of the Committee, only the Committee Chair will receive an additional payment of \$10,000 to recognise the workload associated with that role.

Based on the above recommendation, the total base remuneration payable to individual Directors of Refining NZ would amount to \$767,500. With the current fee pool, this amounts to 'headroom' of \$82,500 which is less than the recommended base fee payable to an Independent Director.

EY recommend that the fee pool is increased to \$900,000, allowing Refining NZ to hire an additional Director to manage its succession and to allow for gradual Director's fee increases over time as appropriate. Increasing the fee pool to \$900,000 will ensure that Refining NZ's headroom equates to approximately 1.4 times the proposed Director base fees.

In accordance with Recommendation 5.2 of the NZX Corporate Governance Code, the Board believes that the Directors' fixed fees reflect the time commitment and responsibilities of the Director's role including for committee work. Further, there will not be any performance-based remuneration for non-executive Directors (currently all Directors are non-executive) and none of the Directors will receive equity based compensation.

Under the NZX Main Board Listing Rules, the Directors and their associated persons are disqualified from voting in favour of this resolution. The associated persons include BP New Zealand Holdings Limited, Mobil Oil New Zealand Limited and Z Energy Limited as some of the Directors of the Company are also employees or Directors of those entities.

PROCEDURAL NOTES

PERSONS ENTITLED TO VOTE

The persons who will be entitled to vote at the Meeting are those persons (or their proxies or representatives) registered as holding Ordinary Shares on the Company's share register at 2:00pm on Monday, 23 April 2018.

PROXIES

A shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be another shareholder of the Company. A shareholder may appoint "The Chairman of the Meeting" as Proxy. The Chairman intends to vote any undirected proxies held by him in favour of resolutions 1, 2(a), 2(b), 2(c) and 2(d). The Chairman is disqualified from voting on an undirected proxy in favour of resolution 3 (the resolution to increase the Directors' fee pool).

A Proxy/Voting Form is enclosed with this Notice of Meeting. If used to appoint a proxy, it must be deposited with the Company in accordance with the instructions on the form no later than 48 hours before the time for holding the meeting (i.e. on or before 2:00pm on Saturday, 21 April 2018).

POSTAL VOTING

Shareholders who are entitled to attend and vote at the Meeting may cast a postal vote instead of attending in person or appointing a proxy.

A Proxy/Voting Form is enclosed with this Notice of Meeting. If used to cast a postal vote, it must be deposited with the Company in accordance with the instructions on the form no less than 48 hours before the time for holding the meeting (i.e. on or before 2:00pm on Saturday, 21 April 2018).

ONLINE APPOINTMENT OF PROXIES AND VOTING

A shareholder of the Company entitled to attend and vote at the Meeting may appoint a proxy online or may vote online on the website of the Company's share registry, Computershare Investor Services Limited: www.investorvote.co.nz.

To appoint a proxy or vote online shareholders will be required to enter their CSN/Securityholder Number, postcode/country of residence and the secure access Control Number that appears on the front of their Voting/Proxy Form. Proxies and votes submitted in this way must be received on or before 2:00pm on Saturday, 21 April 2018.

The Company Secretary, Denise Jensen, has been authorised by the Board to receive and count postal votes, including online votes, at the Meeting.

RESOLUTIONS

Resolutions 1, 2(a), 2(b), 2(c), 2(d) and 3 are to be considered as separate ordinary resolutions. To be passed, those resolutions require the approval of a simple majority of the votes cast by holders of securities of the Company entitled to vote and voting.

RIGHTS TO VOTE

All shareholders of the Company are entitled to vote on the resolutions, subject to the below disqualifications.

DISQUALIFICATION FROM VOTING

Pursuant to the NZX Main Board Listing Rules, the Directors and their associated persons are disqualified from voting in favour of resolution 3 (the resolution to increase the Directors' fee pool). The associated persons include BP New Zealand Holdings Limited, Mobil Oil New Zealand Limited and Z Energy Limited as some of the Directors intended to receive payment are also employees or Directors of those entities respectively.

Directors and their associated persons are disqualified from voting discretionary proxies in favour of resolution 3, but may vote in accordance with a shareholder's express instructions.

NZX REGULATION

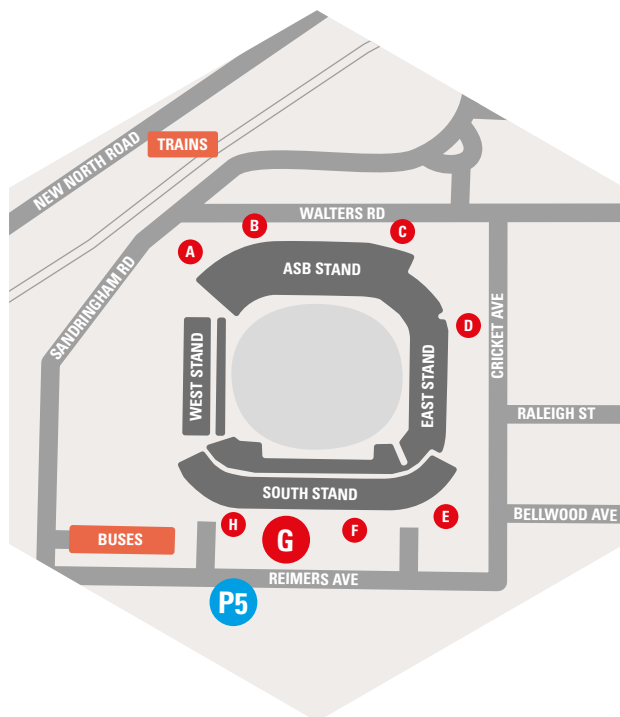
NZX Regulation has not reviewed and approved this Notice of Meeting. NZX Regulation takes no responsibility for any statement in the Notice of Meeting or Explanatory Notes accompanying the Notice of Meeting.

VENUE AND PARKING

Refining NZ's Annual Meeting will be held at:

South Stand Level 4 Lounge
Eden Park
Gate G
42 Reimers Ave, Kingsland
Auckland

- Free parking is available in area P5 off Reimers Ave
- Security will assist with directing you to the nearest available car parking spaces
- Enter Eden Park via Gate G
- Take the lift to Level 4
- Enter the South Stand Level 4 Lounge



Eden Park is well served by rail and bus services. Kingsland train station is immediately opposite Eden Park. For full route, timetable and fare information call Auckland Transport's Contact Centre on 09 366 6400 or 0800 10 30 80 or visit Auckland Transport online at www.at.govt.nz/bus-train-ferry.

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