Z Energy
2023 Annual Report

Hīrangatia a Aotearoa New Zealand

Ngā kiritaki, te hapori me te iwi

Whiria te kaha | Our context

Z's collective context is shaped by what we stand for, the choices we make and why we do what we do.

Our purpose, vision and values are the foundations of Z and our strategy determines how we create value and deliver against our aspirations.

The issues that matter most to our customers, communities and our own people round out Z's collective context, which we capture like this:

Te pūtake | Our purpose

Powering better journeys, today and tomorrow

Z has always been purpose- and values-driven. What we stand for and what we believe in drive the decisions we make and the way we behave. Over 2023 we revisited our purpose to ensure it tightly aligned with our operating context and with the broader Ampol Group of which Z is a part.

'Powering better journeys, today and tomorrow' succinctly captures our commitment to delivering value for our customers and our economy today, as well as through the transition to a lower carbon energy future.

The word 'better' is a simple word that encapsulates so much of our aspiration. It reflects our commitment to delivering value now – safe, secure, reliable transport energy – with the opportunity to deliver journeys with new energy solutions in a changing world.

Te oatī | Our brand promise

Z is for Aotearoa New Zealand

The foundation of Z's brand has always simply been 'Z is for Aotearoa New Zealand'. This has never changed and is a foundation for why we exist and the choices we make.

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

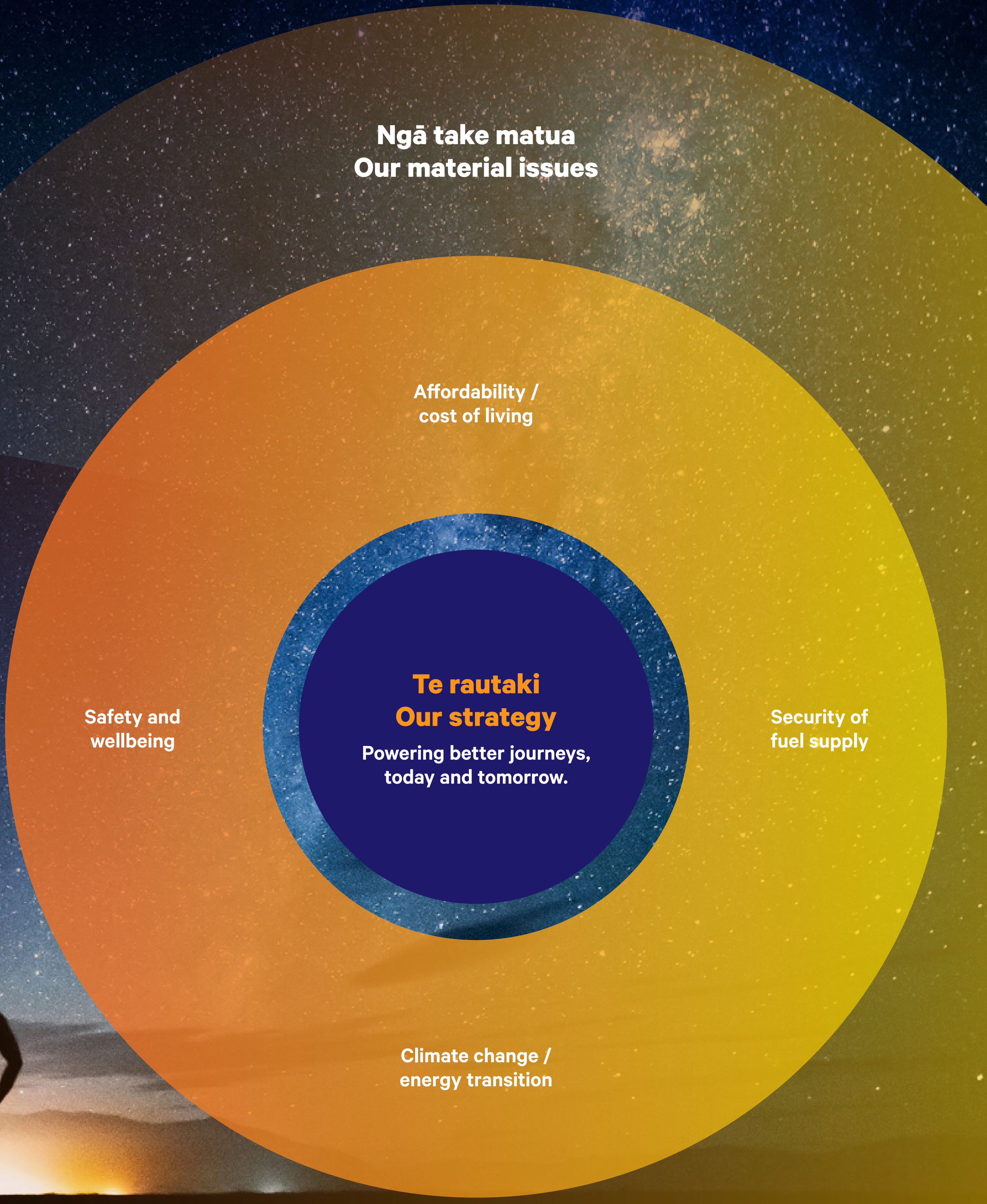
We believe extraordinary outcomes are fueled by active participation and dialogue.

We speak up with courage around what's important to us and encourage others to do the same.

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.



Each of these material issues is explored in more detail on pages 10-11.

Te pūrongo o te wā

About this report

Z has reported to its customers, communities, and wide range of stakeholders since the company was formed in 2010.

Across the stakeholder universe, interest in Z and the transport energy sector continues to increase. At a high level, stakeholder interest in Z is driven by its opportunity to support and enable customers' transition to a low carbon future; to ensure the resilience of the fuel supply chain; to ensure the secure operation of the national and regional economies; and to protect the safety and wellbeing of people.

Z has been an early adopter of integrated reporting <IR>. We believe this is the most transparent form of reporting and places an appropriate weighting between past performance and the company's strategy for creating future value.

This report covers Z's financial year to the end of December 2023. Where comparisons are made with the previous reporting period, these will be for the nine months ending 31 December 2022. This is the first annual report for a full financial year with Z a part of the Ampol Group following Ampol's acquisition of Z in 2022. Z carries out the New Zealand business of Ampol Limited, which is classified as a foreign exempt issuer under the NZX listing rules.

This report covers Z's environmental, social and governance (ESG) commitments. Z is no longer required to report against the NZX Corporate Governance Code, but continues to meet other legal disclosure requirements, including the NZX Debt Market Listing Rules while Z is an issuer of listed bonds.

Z will also publish its first climate statements under the mandatory Aotearoa New Zealand Climate Standards on 10 April 2024. Z is a Climate Reporting Entity (CRE) under the Financial Markets Conduct Act 2013 (FMC Act). CREs are required to publish climate-related disclosures from financial years commencing on or after 1 January 2023, in accordance with climate standards published by the External Reporting Board (XRB).

A link to where Z's climate statements will be published is contained on page 13.

This report should be read alongside Ampol Group's annual report, which reports for the Group against Global Reporting Initiative (GRI) standards. This report is organised around Z's four organisational stands and provides an overview of the five strategic priorities of Z's new business strategy.

We have a clear purpose: Powering better journeys, today and tomorrow.

This year's report is based around the ambition: Aspirational for Aotearoa New Zealand, our customers, our communities, and our people. It reflects the importance of Z remaining aspirational for the future of Aotearoa New Zealand while supporting our customers, our communities and our own people.

We are highlighting this aspiration during a period in which Z has made contributions to communities struggling with extreme weather and, through our Good In The Hood community investment programme, to those who support communities in need.

Implicit in this ambition is the support and leadership Z aims to provide in the transition to a low carbon energy future, while providing a safe and reliable supply of energy to New Zealanders today.

Rārangi ūpoko

Contents

Z biodiversity fund project: Puhinui regeneration

Tāmaki-makau-rau / Auckland

Table of contents

Te pūrongo a te kaihautū | CEO's report

Z Mount Maunganui Terminals
Mauao / Mount Maunganui

We are aspirational for Aotearoa New Zealand, our customers, communities and people.

Thirteen years ago, Z Energy was born with the simple promise of 'Z is for Aotearoa New Zealand'. We took a global oil brand and made it our own – capturing our company's local ownership, independent spirit, and unique Kiwi values.

While we have faced constant change and evolution over this time, our commitment to Aotearoa New Zealand has remained constant: a foundation for why we exist and the choices we make.

Powering better journeys, today and tomorrow

The 2023 financial year has been an important one for Z. We have successfully completed our first full year as an integrated part of the Ampol Group – a truly independent trans-Tasman energy company.

There is much that Z has in common with Ampol: as proudly independent market leaders in their respective countries, both have long histories in the transport energy industry going back well over 100 years, and both have developed strong, trusted brands in developing transport energy solutions for their customers.

Z is part of an independent regional transport energy company with the scale and capability to deliver value for customers and support them in their energy transitions.

We can set our own direction, make our own choices and stand for a different future. We now work together as one company, using our collective scale, capability and resources to deliver against our shared purpose of 'powering better journeys, today and tomorrow.'

Making informed choices about our future

In 2023, Z completed a four-year strategy phase which has successfully optimised our business and our assets to enable future growth across a changing energy landscape.

Through the choices we have made in the past, we are well positioned for the future. A reconfiguration of the domestic liquid fuel supply chain enables us to match supply with demand and provide the flexibility to move quickly as our customers' demands change. We continue to invest in the optimisation of the fuel supply chain to ensure it operates as safely and efficiently as possible and can continue to support our customers and economy as we move through what will be a decades-long energy transition.

Z's journey over the last 13 years has included multiple phases of strategy, iterations of ownership and different leadership, all of which combine to bring us to this point in time. We have been preparing for the energy transition and we have the ability to flex with it.

Underpinned by strong past financial performance from a tightly focused core business, Z has developed a refreshed strategy which aims to deliver as customer demand evolves and grows.

Delivering energy solutions for tomorrow

Z's strategy is anchored in what we call the 'world of both': supporting our customers and our economy with the fuels they need, while providing the products, offers and energy solutions when customers are ready to make different energy choices.

Electrification will be a core element of Aotearoa New Zealand's energy transition. Strategy decisions made more than five years ago now position Z to deliver customer value in unique ways.

In 2018, Z bought a majority share in electricity retailer Flick Electric (Flick), and in 2023 took 100 percent ownership of Flick. The early years of Z's ownership of Flick were challenging, with wholesale electricity market conditions negatively impacting the business. Flick has now become integrated into the Z business and is one of the country's fastest-growing electricity retailers.

We are beginning to deliver new low carbon energy solutions directly into customers' homes and Flick is an important platform for Z's future growth in electricity. As an example, we have launched an innovative new bundled electricity offer targeted at EV owners. Flick also demonstrates our commitment to harnessing the power of digital technology to benefit customers.

We are proud to be developing energy solutions for EV owners on the road, with 104 high-capacity EV charging bays across the Z network and counting. Z has partnered with innovative Kiwi companies like Red Phase Technologies to assist in the rollout of EV charging solutions.

Meeting Kiwi needs on-the-go

Z also continues to invest in its retail network. Over the year Z continued to roll out a major retail site refresh programme, including an upgraded convenience retail and high-quality coffee offer.

Our convenience retail capability has evolved over the Z journey. Z now sells over six million cups of coffee per annum. We continue to invest in our digital capabilities with an increasing number of coffee sales now made through Z's App. Our convenience retail contribution is an increasingly important part of Z's financial performance.

We continue to invest in a clear and consistent Z brand story that connects with customers and will continue to reward our customers for their loyalty.

Z's convenience offer will benefit from changes in customer needs associated with the growth of on-the-go EV charging. The development and commercialisation of low carbon energy solutions is an area where the independence and trans-Tasman scale of the Ampol Group can be of particular value to Z's commercial customers. Over 2023, we have created a combined Energy Solutions team that aims to provide leading solutions in the energy transition for our customers and key markets.

Safe and reliable operations

The interconnectedness between people and our planet works both ways. We must protect our planet in order to sustain people, but I also believe we cannot care for our environment if we do not care for our people.

It is a challenging time for Kiwi in the tough economic conditions we are seeing. Z will continue to invest in the support, training and technology to keep our people safe and we ask that you treat all of our people with respect all of the time.

Alongside the safety of our own team, Z has a responsibility to the safety of our customers and the communities we serve. A foundation of powering better journeys is safety and reliability.

Last year provided significant challenges in keeping our people safe. Z's response to Cyclone Gabrielle and the speed at which we restored fuel supplies to affected communities reflects the capability of our people, the resilience of our supply chain and our commitment to those communities.

Building on this ability to deal with the challenges of natural disasters and having the right plans and capabilities in place to support communities in times of need is an explicit priority for Z.

Z has everything to work for

Whaowhia te kete mātauranga – seize every chance to learn.

One year into this role as Chief Executive of Z, this whakataukī, Māori proverb, sums up an approach that has guided me stepping into this role and the responsibilities that come with it.

While I have been a part of Z since 2010, I have always been driven by the opportunity to learn more and encourage learning in others. The Z team I lead will seize the opportunity to learn more and partner with others; the transition to a low carbon economy requires partnership and collaboration between customers, businesses and government.

We will only succeed when we all play our part and work together to help each other.

This annual report is based around Z's values and purpose, which continue to drive the choices we make, what we stand for and how we behave.

The choices we have made in the past have set us up for success. We have the right strategy, the right people, and the key skills and capabilities we need to deliver for our customers and our economy.

Ultimately, our success will be determined by how we deliver for our customers today while enabling Kiwi households and businesses to transition to a low carbon future.

Our success will be determined by how we deliver for our customers today...

I want to thank every person who has been a part of the Z journey for the last 13 years, and beyond, who have created our foundations. I want to particularly thank the people on the frontline of our business who serve our customers every single day and who bring to life what it means when we say, 'Z is for Aotearoa New Zealand'.

Lindis Jones
CEO

...while enabling Kiwi households and businesses to transition to a low carbon future.

Ngā raraunga | Our numbers

Z biodiversity fund project: seed island trial

Te Matau-a-Māui / Hawke's Bay

Highlights

12 months to 31 December 2023 results

9 months to 31 December 2022 comparison

$115m
Replacement cost net profit after tax
9 months to 31 Dec '22: $62m

3.09cpl
Replacement cost net profit after tax per litre
9 months to 31 Dec '22: 2.3cpl

$337m
Replacement cost EBITDAF
9 months to 31 Dec '22: $254m

55.8 million transactions
Total transactions on Z-branded retail sites
9 months to 31 Dec '22: 41.4 million transactions

$103m
Net capital expenditure
9 months to 31 Dec '22: $94m

3,726 million litres
Total fuel volume Retail and Commercial
9 months to 31 Dec '22: 2,672 million litres

$16m
Statutory net profit after tax
9 months to 31 Dec '22: $108m

645MWh
Megawatt hours sold through EV charging network[1]
9 months to 31 Dec '22: 22.8MWh

2,235
Z direct employees, contractors and retail network members
9 months to 31 Dec '22: 2,275

18%
Brand preference (Aotearoa New Zealand)
9 months to 31 Dec '22: 19%

+69
Employee net promoter score[3]
9 months to 31 Dec '22: +57

81%
Safety and wellbeing actions close out rate
9 months to 31 Dec '22: 66%

+72
Employee wellbeing net promoter score[4]
9 months to 31 Dec '22: +73

+73
Safety leadership net promoter score[2]
9 months to 31 Dec '22: +72

12.9 million tonnes
Total carbon footprint – carbon dioxide equivalent (tCO_2-e)[5]
9 months to 31 Dec '22: 9 million tonnes

1 Hours sold through Z's EV charging network were expressed in kilowatt hours in the previous report, these are now expressed in megawatt hours.
2 A Safety leadership net promoter score of +73 places Z in the top five percent of companies globally, and is an indicator of Z's culture of safety leadership.
3 An Employee net promoter score of +69 places Z in the top five percent of companies globally.
4 An Employee wellbeing net promoter score of +72 places Z in the top five percent of companies globally.
5 Z's total carbon footprint includes the Scope 1, 2 and 3 emissions as identified in the Greenhouse gas emissions table on page 31.

Ngā take matua ki ngā kaiwhakangao

Stakeholders' most material issues

Materiality simply means the most material issues affecting an organisation's ability to create value in the short, medium or long term.

Z engages continuously with stakeholders in both a structured and a day-to-day way and records feedback and themes from engagements. This is how we remain connected with our stakeholders' most material issues.

Pages 86 and 87 detail who Z's primary stakeholders are, how we engage with them and their areas of material interest over the year.

Z's four most material issues

Z's experience over 2023 is that stakeholders, including customers and the public, are feeling more intensely about the issues that concern them. While there are fewer issues of general concern than in previous years, there are four main issues that are interconnected and felt with increasing concern.

- Affordability / cost of living
- Climate change / energy transition
- Safety and wellbeing
- Security of fuel supply

Affordability / cost of living

The 2023 year has been a challenging one for many businesses, families and communities. The Aotearoa New Zealand economy has been under pressure, with stubbornly high inflation driving sustained cost-of-living increases.

Alongside increased costs of staples such as fruit and vegetables, fuel prices have also continued to be at historic highs. These increases have been driven by higher crude oil prices, constrained supply, and ongoing geopolitical events and a soft Kiwi dollar against the US.

Climate change / energy transition

In aggregate, the emissions from the fuels that Z sells and which are then used by our customers are one of the country's single biggest sources of transport emissions. Z's Greenhouse Gas (GHG) emissions table can be found on page 31.

It is also important that we acknowledge the challenges in the 'energy trilemma' – both for ourselves as an energy supplier and for our customers. The energy trilemma requires the balancing of three objectives: energy security, affordability, and emissions reductions.

Safety and wellbeing

We believe that providing a safe and inclusive place for site staff and customers matters. Unfortunately, the economic pressures facing the country over 2022–2023 have had safety and wellbeing consequences – for our customers who may be struggling to make ends meet and to our frontline teams who serve them.

Over the last five years, Z has invested over $33 million in site security and introduced a number of initiatives to support our staff including a framework designed to protect our site teams called 'We've got your back'.

Z is always mindful of our responsibilities to the country and to local communities as a lifeline utility provider and an essential service. Following Cyclone Gabrielle, Z performed well in rapidly re-establishing fuel supplies to communities impacted by extreme weather. We continue to invest in our capabilities to respond quickly and effectively to a wide range of scenarios in order to ensure we can keep communities, customers and local economies moving.

Security of fuel supply

As with the price of fuel, stakeholders remain consistently interested in ensuring a continuous, reliable, and safe supply of transport fuels across the country. Security of fuel supply, particularly under adverse weather or emergency conditions, is fundamentally linked to the safety and wellbeing of the communities we serve.

Having operated since April 2022, the import-only liquid fuel model is now well embedded. The new supply chain is more flexible, efficient, and responsive than the previous Aotearoa New Zealand refinery-based model.

With Z a part of the Ampol Group, we have integrated our fuel supply chain into a regional fuel company of meaningful scale. This has built additional flexibility, resilience, and control into our supply of transport fuels for Aotearoa New Zealand, and we have seen the strength of the Group in practice to support resilience over the last year.

Overall, Z's position is that the new supply chain delivers robust security of fuel supply and much greater supply flexibility. We do not believe there is a need for legislation on a minimum fuel stockholding obligation, but will continue to work constructively with officials to ensure the obligation achieves its purpose of increasing fuel resilience with limited impacts on consumers.

Tō tātou anga pakihi

Our business model

Z continues to base its business around six areas of input and performance. These six elements directly underpin Z's strategy and are increasingly interconnected.

Our assets and supply chain

Our assets and supply chain are the heart of our business. They enable us to create ongoing value for customers, run a profitable business and deliver secure and safe transport energy fuels to our national and regional economies.

Our assets and supply chain provide the base from which we support our customers in their energy transitions.

Z is one of the country's leading transport energy companies. We own and operate a network of strategically located assets at genuine scale across the country, providing commercial refuelling stations, retail service stations and bulk fuel storage terminals across the country.

Z has scale in the domestic market. We manage around 40 percent of the country's bulk fuel terminal storage by volume and in 2023 Z integrated its supply chain with Ampol's. This has improved Z's fuel supply chain capability. Combining with Ampol's shipping and trading functions has resulted in Z being able to provide greater flexibility and security of supply for our customers.

We will continue to refine the operation of our supply chain in service of greater efficiency and security of supply to Aotearoa New Zealand's economy.

Our finances

Z runs a profitable business and we continue to operate with a focus on capital discipline in order to ensure profitability, the ability to invest in growth and remain a viable business.

As part of the Ampol Group, Z benefits from being part of a much larger organisation. In addition to increased financial strength, Z also benefits from access to a much larger set of capabilities. Together, these enhance Z's ability to deliver reliably and bring increased confidence to invest for growth.

Delivering on our commitments to our communities as well as our environmental commitments requires Z to first be profitable. Transforming Aotearoa New Zealand's supply chain to exit the crude oil supply chain and domestic refining has reduced earnings volatility and significantly improved supply chain security and flexibility.

In progressively optimising the company's assets, balance sheet and supply chain, over 2023 Z has delivered strong financial performance, grown its market share as at September 2023 in respect of Z's and its subsidiaries' retail and particularly wholesale channels, and invested in adjacent parts of the business that represent future energy options – for example, Flick.

Our people and culture

We know how critical our people and culture are to our success, and our work in this area continues to be a priority.

This continued commitment of our people and our culture has seen team engagement remain at globally high benchmark levels during a year of ongoing change. Ampol's ownership of Z has created multiple opportunities for growth and personal development across the Z team: in exposure to regional supply and energy trading functions, in continually optimising the regional supply chain and in working together on low carbon energy solutions.

We continue to prioritise the wellbeing and personal development of our people. We remain focused on building a diverse, representative workforce that provides Z with a wide range of experiences, perspectives and skills that will drive unique commercial performance.

We continue to progress our commitment to diversity, inclusion and belonging at Z. We continued to lift our Māori and Pasifika representation and are excited to have a newly appointed leader responsible for building our internal and external Māori capability, our Kaihautū Māori.

Our environment

Z's strategy has been squarely focused on getting to this point: a safe, optimised fuel supply chain that delivers customer value and supports the economy; a profitable core business; and the skills, capability, and resources to drive growth through supporting customers on their journey to a low carbon economy.

While providing the fuels our customers and economy need, we are also increasingly offering diverse new energy solutions – EV charging in the home and on the road, innovative electricity offers, investigating alternative fuels for heavy vehicles and Sustainable Aviation Fuel.

Over 2023, Z also bought the remaining shares in Flick, bringing the organisation wholly into Z. Flick is an integrated and important part of the Z business strategy and is growing its customer base.

Z continues to invest at least $1 million annually in partnerships to enhance indigenous biodiversity and nature-based carbon sequestration. In addition, Z voluntarily finances climate change mitigation actions resulting in emissions reductions equivalent to its residual annual operational emissions.

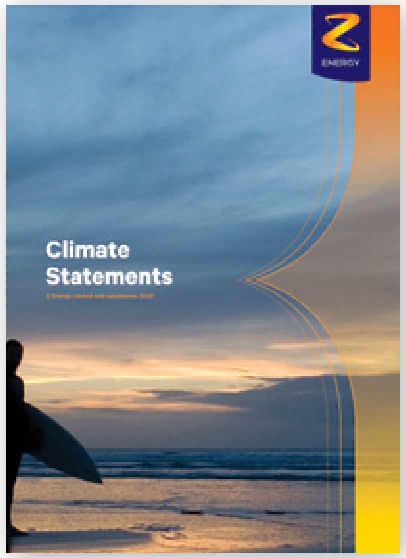
Our place in Aotearoa New Zealand

Z's place in Aotearoa New Zealand is important.

Z is one of the leading transport energy companies in the country. We play a critical role in the safe and secure supply of the transport fuels which are the economy's lifeblood.

As adverse weather events become more common, we are increasingly focused on the resilience of our operations, and our response capabilities, to continue to serve our customers and communities.

Over 2023, Z reviewed the Good In The Hood community contribution programme and made changes to better support communities that need more help, particularly communities experiencing particular hardship.



We are also preparing our first climate statements in accordance with the Aotearoa New Zealand Climate Standards. Once published on 10 April 2024, Z's climate statements will be found at: https://www.z.co.nz/about-z/corporate-centre/

Our capabilities

Z's capabilities have been deliberately designed to set the company up for success at this point in time. Over the last five years in particular, Z's investment in the capabilities it needs in a changing energy landscape now directly support the company's strategy.

We are growing our presence as a domestic retail electricity provider, through providing both an at-home EV charging plan and a fuel-rewards-at-home electricity plan.

Z was the first retail fuel company in the country to install an EV charger on site, and we have progressively built our public EV charging infrastructure at Z sites on some of the country's most strategically important transport routes.

In all of this work we are supported by the scale, resource and capability of the broader Ampol Group. This depth and scale is a significant advantage as we collectively support the development of low carbon energy options.

We have also benefited from the depth of Ampol's regional supply chain expertise, together building a stronger, more resilient liquid fuel supply chain for Aotearoa New Zealand. In standing for a strong Kiwi brand, we saw particular growth in our wholesale market share as at September 2023, and are continuing to deliver strong performance across a widening customer base.

Z is also realising the benefits of previous sustained investment in brand development and convenience retailing. These capabilities are inter-related and support our move into new energy markets as well as supporting an evolving convenience retail business.

One of the core areas where Z has transformed its business and created critically important capabilities is in building a truly digitally enabled business. Z has embedded digital processes in its operational risk management system, enabling a much more data-driven and responsive approach to safety management, as well as consolidating core business systems and moving them into the cloud.

Over 2023, Z refreshed the Z App, which is increasingly driving customer purchasing decisions and delivering improved financial performance. Z's fuel forecasting and scheduling are all done though digital tools which are again driving increased operational efficiency.

Z's performance is increasingly underpinned by its commitment to leadership as a core capability.
Over 2023, Z continued to develop its leadership framework which, among other things, recognises that every person in Z is a leader. The commitment to strong, distinctive leadership, supported by a clear framework and a commitment to agile work practices, provides an important foundation for Z as it continues to evolve and move into new areas of business.

Z's investment in its capabilities in a changing energy landscape directly support its strategy.

Te rautaki | Our strategy

Z Timaru Terminals
Te Tihi-o-Maru / Timaru

Between 2019 and 2023, Z delivered against a four-year strategy programme that generated a new industry structure, a reconfigured liquid fuel supply chain and an optimised network and customer offer.

While the previous four-year strategy has prepared Z for the energy transition, Z's new strategy provides the opportunity to grow through supporting customers in their own energy transitions.

Refining our strategy

Z's strategy is focused on five strategic priorities

Z On-the-go
We will have a retail network that is best placed to deliver energy and convenience retail choices to Kiwi customers on the move.

Z at Home
Bringing smart energy choices into people's homes.

Z for Business
Delivering value for business customers by meeting various energy needs and supporting their decarbonisation journeys.

Z Experience
Building the loyalty of valued customers by delivering value, ease, new offers and increased recognition.

Z Fuel Supply
Continuing to generate value through scale, efficiency and integration of supply operations.

Over 2023, Z has continued to balance its responsibility as one of the country's leading transport energy companies to deliver against the challenge of the energy trilemma: to safely and reliably deliver the affordable energy our customers and our economy need, while supporting the transition to a low carbon future for Aotearoa New Zealand.

We believe we can do all of these things, if we are well supported by clear and effective policy and regulatory settings. We have the key capabilities needed to help deliver the transition to a low carbon economy. We have the assets, infrastructure, independence, and scale we need to create strong, sustained commercial value.

Ultimately, our customers are instrumental in determining the energy future they need, and this is where we have less control and significant uncertainty remains around the speed of transition. As conventional transport fuels are replaced with lower carbon alternatives, we aim to continue to innovate and build on the work we have done over the last decade to meet the changing needs of our customers.

We aim to deliver against this strategy by focusing on four key enablers:

- Continue to evolve our culture and capabilities to meet a changing business context
- Fund growth initiatives through cost and capital efficiencies
- Transform our data and analytics capability in service of better decision-making
- Ensure our risk management is fit for purpose in a rapidly changing context.

Z On-the-go

Site and customer offer refresh

Z continues to invest in its brand and the customer experience at its retail stores. Z's retail site refresh continued at pace over 2023, presenting a cleaner, more modern and consistent offer for customers.

Core to the refreshed offer is a higher-quality espresso coffee offer, with trained baristas using group handle, manually operated espresso machines to deliver a very high-quality coffee experience. Z sold six million cups of coffee in 2023 and expects to continue to grow this number.

Z has now completed 32 retail site refurbishments across the country and has another 35 to complete over 2024. Site refurbishment and transformation and promotion of the new customer offer is an area where Z is benefitting from increased capability.

Z will continue to invest in its convenience customer offer, including progressively offering new products and services over 2024. Convenience retail is a core part of the business, as customers diversify from those seeking meals on-the-go to those charging their EVs.

Driving the EV transition

Z has emerged as a leader in providing high-quality, on-the-go charging for EV owners. Previous strategic decisions to optimise Z's retail site network means we have high-quality sites in key areas of the state highway network.

These sites are where EV travellers are increasingly looking to recharge – both their vehicle and, at the same time, themselves. Z is seeing a high conversion rate of people using Z EV chargers also buying convenience retail products. The continued evolution of the Z convenience offer, combined with more EV chargers being installed at Z sites, represents important revenue diversification opportunities as we develop new ways to serve changing customer needs.

Z installed 82 EV charging bays over 2023, taking the total to 104. These sites will provide important major route coverage and options for the increasing number of light passenger EV owners.

Z aimed to reach EV charging capability across 20 percent of its retail network by the end of 2023. Z substantially achieved this target, while installing more EV charging bays at sites where current demand is higher in order to better serve its customers, rather than on new sites simply to meet its goal.

Red Phase partnership

In September 2023, Z started a trial of an innovative, domestically produced EV charger at the Z Waiouru retail site.

In partnership with local EV charger manufacturer Red Phase, and supported by lines company Powerco and the Energy Efficiency and Conservation Authority (EECA), the four 200kW charging bays provide an ultra-high-speed charging experience.

Napier-based Red Phase uses an innovative technology that helps the EV charging infrastructure use power more efficiently and reduces pressure on the local electricity network. This technology should enable EV charging infrastructure to be rolled out more efficiently by avoiding costly and time-consuming upgrades.

Charging with an old bus battery

Z has partnered with Zenobē, an EV fleet and battery storage specialist, to trial a new EV charging solution, thanks to an old bus battery.

The trial at Z Tom Pearce Drive in Auckland, uses a portable, refurbished electric bus battery, which acts like a giant power bank on the forecourt. The battery has the ability to charge two cars at once via 75kW CCS/CHAdeMO chargers.

This innovation adds EV charging capacity to Z Tom Pearce Drive – albeit currently at a relatively slow charge rate – without the need to upgrade the electricity network to cope with the increased demand. Additional benefits include the possibility to provide EV charging infrastructure to areas where upgrading the network and installing a DC charger would be impossible or prohibitively expensive, as the battery can be transported on the back of a flatbed truck and delivered almost anywhere.

Z Experience

Customer purchase patterns have fundamentally shifted from the Covid-19 lockdown of the early 2020s; probably permanently.

Working from home remains common and customers are looking for different ways of being recognised for their loyalty. In 2024, Z will develop new ways to reward customers in ways that they value.

Z has always believed that delivering real convenience is key to earning loyalty, and our digital capabilities deliver for us here in meeting customers where they are. For example, a growing number of customers save time by using the Z App to pre-order and pre-pay for their coffee and we have their drinks ready to go when they drive up to their selected retail service station.

While Z's convenience retail offer continues to deliver growth, customers are also embracing Z's digital payment options that deliver speed and convenience. Growth in customers choosing to use digital payment options like pay at pump and pay by plate have increased strongly year-on-year.

We measure the strength of the Z brand, which continues to perform strongly, based on our promise of 'Z is for Aotearoa New Zealand'. Z is continuing to refine its brand strategy to deliver a more consistent voice, message and customer experience.

Z at Home

Z's strategy is about delivering increasing value through its retail, commercial and supply chain assets at the same time as moving into new growth markets. As the economy becomes more dependent on electricity, Z is now well positioned to grow into this market as the 100 percent owner of innovative electricity retailer, Flick.

In 2018, Z bought a 70 percent stake in Flick. Towards the end of 2022 this stake had increased to 95 percent, and in April 2023 Z purchased the remaining shares to take 100 percent ownership. Initially, the Flick acquisition was challenging, particularly in 2018–2019, as wholesale electricity prices rose sharply and stayed high for a sustained period, significantly disadvantaging independent retailers.

However, the rationale for the acquisition and the capability that now exists inside Z has been demonstrated with Flick now representing an important strategic growth opportunity for Z.

Flick, with a team of approximately 90 people, is now based in Z's Wellington offices and is growing as a small, independent, integrated technology-based company with the ability to deliver a range of energy solutions in customers' homes.

Over 2023, Flick's customer numbers increased 40 percent.

EV charging image provided by Evnex.

A unique customer offer

Flick is a growing disruptor in an electricity market dominated by large incumbents with inherited electricity generation assets. It's a challenger to the model of locking customers into contracts that provide bundles of services with sharp penalty clauses.

Flick has award-winning local customer service, fair, transparent prices and no fixed contracts or exit fees. Every three months, Flick will also review whether customers are on the best plan for them. If a customer can save money by being on a different plan, Flick will notify them and with the click of a button move the customer to the best plan for them.

While growing in the domestic electricity market, Flick is a small business with potential.

New EV charging offer for homes

With low consumer demand for electricity in the middle of the night, the team turned its attention to how it could deliver a unique customer offer that could give EV owners better value transport energy.

With the support of Flick, Z brought to market a new Z-branded residential electricity offer. A compelling part of the offer is an option to bundle and install a smart EV charger from Z's new partner, Evnex, a Christchurch-based domestic EV charger manufacturer.

Customers on the EV at home plan can access an energy offer that provides three hours of free electricity per day between 3am and 6am (the free hours are not applicable for any separately priced controlled meters such as for hot water) and optionally can get an Evnex charger installed and bundled into their electricity plan. These three hours of free electricity can be used to provide up to 120 kilometres of driving range for a typical EV that is charging during these times – this is based on using an Evnex 7.4kW smart charger and achieving 40 kilometres per hour of range equivalent from charging, noting actual rates can vary based on a number of variables including the customer's car.

For the vast majority of EV drivers, this offer equates to providing customers with free transport energy and further increases the attractiveness of EV ownership. It's an example of an innovative partnership and supports Kiwi in their move to more sustainable energy sources.

Z for Business

Our commercial or business-to-business customers have always been an essential part of our business. Half of our total fuel volumes keep trucks, couriers, planes, ships, businesses, emergency services and our agriculture sector moving.

These customers are critical to our economy. Our strategy is committed to continuing to deliver value for them as we also look to support their decarbonisation journeys.

Our priority is to continue to support our customers with the secure, safe and competitively priced transport fuels they need, while working to understand opportunities for the development of replacement fuels.

Sustainable Aviation Fuel

Globally, aviation is responsible for around two percent of global CO_2 emissions, and jet fuel is a stubbornly challenging product to replace with alternatives given the high volumes and rigorous global safety standards that must always be met.

In June 2023, the then Minister for Tourism announced that Government, in conjunction with Air New Zealand, was co-funding two feasibility studies to test the viability of establishing and operating a domestic Sustainable Aviation Fuel (SAF) facility in Aotearoa New Zealand.

In one of these feasibility studies, Z is partnering directly with LanzaTech and LanzaJet, focusing on the potential to use forestry residue as a feedstock in the production of SAF.

Z had previously examined the role of wood waste in renewable fuels around 10 years ago, and while this was seen as technically feasible, Z elected not to pursue this noting the then-challenges of being able to produce and supply sufficient volumes economically. Recent changes to regulations associated with forestry harvest and advances in technology mean that this position should be reconsidered. This project will continue through 2024.

Hydrogen and decarbonisation

Hydrogen holds promise as an important fuel, both for the future of aviation as well as for heavy transport.

Z continues to maintain a watching brief on hydrogen as a possible clean fuel for heavy transport and is building partnerships with potential providers.

Z Fuel Supply

At the heart of Z's previous four-year phase of strategy was optimising the company's supply chain and safely and successfully transforming it from a refiner of crude oil into an exclusive importer of refined transport fuel.

Z's supply chain, including its distribution and storage assets, is the core of the business and again lies at the heart of Z's new strategy. It is what enables the company to create value, supply fuel to power the national economy, and keep our customers moving.

We have transformed our supply chain over the last two years into one that is more efficient, resilient and flexible. In integrating with Ampol's regional fuel supply chain we now benefit from much greater scale and expertise, including from Ampol's fuel trading and shipping functions.

This scale and integration with the Ampol Group directly contributes to greater supply security for Aotearoa New Zealand.

The transformation of Z's supply chain has been a highly strategic and very carefully planned exercise. On 1 January 2023, we shifted 30 percent of Z's total supply to Ampol from a Korean supplier and on 1 April 2023 the remaining 70 percent of volume was cut over to a Z contract with Ampol Trading and Shipping.

Z is now a part of a large, integrated, regional and independent liquid fuel supply chain that covers Australasia. The financial value coming from the efficiency and cost benefits of integrating Z's and Ampol's supply chains have been realised and the Z and Ampol supply teams have built strong collaborative relationships.

Market share

Z holds around 40 percent of Aotearoa New Zealand's total bulk fuel storage.

In moving to an import-only supply chain and choosing to operate its own terminals independently outside of industry joint ventures, Z has focused on the opportunity to use its commercial assets to grow its wholesale fuel volumes. In moving away from domestic refining of crude oil to an import-only liquid fuel supply chain, Z is now able to adapt and transition much faster in line with changes in customer fuel demands.

By September 2023, Z's market share reached approximately 45 percent, supported by strong commercial and wholesale volumes. Total market share for Z and its subsidiaries are in respect of retail and wholesale channels.

Supporting the road transport delivery of fuel across the country, in 2023 Z signed a five-year contract with its primary fuel haulier. This contract provides greater security around Z's road delivery requirements and provides certainty for the haulier to invest in their operations.

Future supply opportunity

While Z has successfully optimised its supply chain, including realising the security of supply and commercial benefits of the transformation, Z's supply chain is constantly evolving. It represents an ongoing opportunity to create additional value through constant fine-tuning and reconfiguring to meet changing customer demand patterns for different fuels.

There is further opportunity and work underway to continue to optimise the efficiency of the supply chain, including through using digital forecasting tools to match shipping movements with demand, scheduling different sized ships into different ports, and shifting the mix of different products at different ports to match market demand.

Te rārangi tukutuku | Our supply chain

Refined fuel imports

There are approximately 83 refined fuel imports for Z per year. At any point in time there are:

2
imports in Aotearoa New Zealand waters

3
imports en route in international waters (3 weeks out)

17
imports scheduled (3 months out)

13
imports penciled in (5 months out)

Retail network

189
Z-branded retail service stations

130
Caltex-branded retail service stations

82
Z-branded truck stops, (including 17 private truck stops for business customers only)

60
Caltex-branded truck stops

104
EV charging bays, across 37 retail sites

Ngā tūnga | Our stands

Standing for the things that really matter to us has always been a part of Z's DNA. We stand for four core areas that, alongside our values and purpose, make up the foundations from which we operate.

What Z stands for

These four areas inform all of the decisions we make, as well as what we prioritise. The following pages highlight some core current examples of our work against these stands.

Environmental sustainability

We stand for an environmentally sustainable Aotearoa New Zealand that is an example to the rest of the world and an inspiration to Kiwi.

Community

We stand for a resilient and healthy Aotearoa New Zealand that empowers our communities and Z whānau.

Safety and wellbeing

We stand for enhancing the lives of our people and communities.

Diversity and inclusion

We stand for fostering an environment of diversity and inclusion that makes it possible for our people to truly be themselves, and deliver on our aspirations for Z.

Z's performance against these four stands can have the greatest impact on the UN Sustainable Development Goals identified below.

Te tiaki Taiao me Te hapori | Environmental sustainability and Community

While Z's strategy is built around continuing to grow the business through the energy transition and to support customers on their decarbonisation journeys, Z's environmental sustainability stand acknowledges the interconnection and interdependence between living things and our natural environment.

Planting at the Puhinui Regeneration Project (photo credit: Phil Crawford, Sustainable Business Network)

Te tiaki Taiao | Environmental sustainability

While climate change is beginning to impact human populations around the planet, Aotearoa New Zealand's indigenous biodiversity is also at threat from a changing climate and from land-use change, urbanisation and the impact of introduced species.

How we are tracking on our outcomes and targets

Here we report our progress in 2023 to achieve the strategic goals and outcomes of the Community and Environmental Sustainability Strategy 2030 in relation to Environmental sustainability, and the action focus areas that have been defined out to 2025.

Whakahaumanu Taiao | Restore Nature and Wellbeing

Our Goals	Outcomes	2025 Action Focus Areas	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.	Reduce waste and water use across our operations.	Total waste to landfill was 1,602 tonnes, predominantly from Z retail sites, with a 47% diversion from landfill rate. We recorded 135,600 kilolitres of water use this year. At least 55 retail sites have car washes fitted with water recyclers, reducing water use by 65% per wash.	○
		Build capability in circular economy and showcase good practice.	Z's initial 2022 pilot with Will&Able and Anchor Milk to provide dedicated recycling bins at 9 selected Z service stations has been replaced by a larger trial focused on the Auckland region. Will&Able, a better-for-planet cleaning product brand, is dedicated to employing people with disabilities who can struggle to find permanent employment elsewhere. The Auckland trial complements Will&Able's existing container return scheme, where customers can return empty Will&Able bottles to Aon branches for reuse, with these collection bins installed at 39 Z service stations.	◐
	We increase the resilience of nature and communities through our procurement choices and partnerships.	Administer our $1 million Biodiversity Fund.	This is Z's second year supporting our three founding partners under Z's Biodiversity Fund – The Nature Conservancy, the Sustainable Business Network and Trees That Count. The mahi, work, supported in 2023 is detailed on pages 32 to 34.	●
		Leverage supplier relationships for social and environmental outcomes.	Z has a Supplier Code of Conduct which sets expectations of all our suppliers regarding ethical, social and environmental business practices, and provides a framework for collaborative partnerships that work to enhance our communities, increase efficiency and reduce our environmental impact. In 2023, Z renewed contracts with our primary fuel haulier, which include short- and long-term sustainability targets.	◐
3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND	Government policy and the collective actions of business are strengthened with our advocacy and leadership.	Support the Climate Leaders Coalition 2022 Ambition Statement.	Z continues to support the Climate Leaders Coalition both as a member and as part of the Steering Group. Z transitioned to the 2022 Statement of Ambition in November 2023, having met the minimum requirements.	●
		Be a valued member of the Sustainable Business Council and Sustainable Business Network.	Z continues its support as an active member of the Sustainable Business Council (SBC) and Sustainable Business Network (SBN).	●
		Proactively engage with Government on policy thinking and implementation of relevant proposals.	Z submitted on a range of public consultations in 2023, including the National EV Charging Strategy, the Climate Change Commission's draft advice to Government on the Second Emissions Reduction Plan, proposed changes to the ETS, and submissions in relation to the regulation of electricity distribution businesses as a member of Drive Electric.	●

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

Arahi Whanaketanga | Lead Transition

Our Goals	Outcomes	2025 Action Focus Areas	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.[1] Science-aligned target: 42% reduction by 2030.[2]	Implement ongoing emission reduction initiatives.	In 2023, Z reduced emissions by 47% from our 2019 baseline, placing Z on a trajectory to achieving our operational emissions reduction target by 2029.[3,4]	◐
		Finance voluntary climate mitigation for unavoidable emissions.	Z voluntarily finances climate change mitigation actions resulting in emissions reductions equivalent to its residual annual operational emissions. These emissions offsets do not contribute towards any emissions reductions claimed. Z purchases emissions units generated by emissions reduction or removal projects that are verified by independent standards endorsed by the International Carbon Reduction and Offset Alliance (ICROA). A total of 18,550 emissions units (equivalent to tonnes of reduced/removed CO_2-e emissions) were permanently cancelled to offset our residual operational emissions for the twelve months to 31 December 2023.	●
		Support our employees to reduce their emissions.	Z supports active and sustainable transport options to help our people reduce their own emissions including through provision of dedicated cycling facilities at main office locations and encouraging use of Mevo car-share. In 2023, Z engaged a small Wellington-based company, Hitch, to offer their app 'Accelerate' to Z staff to measure and understand the CO_2 impact of their commute to work. Hitch also worked with Z to run low emissions transport themed competitions and administer staff surveys to better understand our people's commuting patterns and to encourage more sustainable travel choices. Z now has 20 full battery electric vehicles and 8 hybrid vehicles which combined represent 67% of the total corporate fleet.	●
	More of our customers are using low carbon products and services.	Meet customers where they are at on their low carbon journey by investing in: - Electric Vehicle Charging Infrastructure - Mobility services - Retail electricity, distributed energy and storage - Sustainable biofuels.	In 2023 Z: • Installed 82 more EV charging bays, taking the total to 104 bays across 37 of its Z retail sites • Supported two business customers in their transition journeys through strategic advice and provision of EV charging infrastructure • Launched Z's EV at Home electricity plan. While the previous Government dropped the biofuels mandate, Z is partnering directly with LanzaTech and LanzaJet, focusing on the potential to use forestry residue as a feedstock in the production of SAF.	●
	We publicly disclose decision-relevant information about our climate-related risks and opportunities.	Measure and publish our carbon footprint.	Z's carbon footprint is detailed in this annual report and supported by Z's Greenhouse Gas Inventory which can be found at: https://www.z.co.nz/about-z/corporate-centre/	●
		Assess our climate-related risks and opportunities, incorporating them into strategy, risk management and financial planning.	This is the fifth year that Z's climate-related risks and opportunities have been internally assessed and publicly disclosed. Z's 2023 climate statements will provide further details – see publication details below.	●
		Disclose information in accordance with Aotearoa New Zealand's climate standards.	Z's climate statements, being prepared in accordance with the Aotearoa New Zealand Climate Standards, will be published on 10 April 2024 and will be available on Z's Corporate Centre at: https://www.z.co.nz/about-z/corporate-centre/	●
		Update and improve our analysis and disclosures.	In line with the Aotearoa New Zealand Climate Standards, Z has conducted a new scenario analysis process to test the resilience of the business under three temperature-aligned climate scenarios. Details are provided in Z's climate statements as referenced above.	●

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

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

1 Operational emissions include those domestic emissions which Z has the most control or influence over, or both, and can therefore take meaningful action to reduce, including all Scope 1 and Scope 2 emissions and Scope 3 emissions from business travel, waste and fuel distribution.

2 There is no Science Based Target initiative (SBTi) methodology for the Oil and Gas sector to set emissions reductions targets. Z has set an absolute emissions reduction target for its operational emissions that is aligned with the SBTi methodology to limit warming to 1.5 degrees. The SBTi tool was used to determine the target parameters using the 'Absolute Contraction Approach' for Scopes 1 and 2, extending this to Scope 3 for emissions sources within Z's operational control boundary (see footnote 1 above).

3 Z's strategy choices have led to divestments and changes in the way we transport fuel around Aotearoa New Zealand which have reduced Z's share of Scope 3 operational emissions. Our focus is now on working with our domestic fuel distributor on options to reduce emissions from trucking and across our retail sites to reduce Scope 2 electricity emissions.

4 Following an assessment to re-baseline our Greenhouse Gas inventory in 2023 to ensure the effectiveness of Z's operational emissions target, we will review the target in 2024.

Greenhouse gas emissions

Z undertook an assessment to re-baseline our greenhouse gas inventory and operational emissions target and will review this target for effectiveness in 2024.

The table below provides a summary of Z's greenhouse gas inventory and progress made against Z's emissions reduction target. Z's full greenhouse gas inventory is published at: https://www.z.co.nz/about-z/corporate-centre

Greenhouse gas emissions – tonnes CO_2-e

Scope	Category	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Calendar Year 2022	Calendar Year 2023
S1	Direct emissions	1,127	784	490	462	315
S2	Electricity consumption	3,888	3,913	3,589	2,349	2,417
S3C1	Purchased goods and services	1,562,214	1,351,056	1,278,952	1,171,303	1,411,034
S3C3	Fuel and energy related activities	1,120	941	1,143	488	321
S3C4	Upstream transportation	12,948	12,402	13,032	295,485	376,431
S3C5	Waste generated in operations	2,333	1,816	1,692	993	1,127
S3C6	Business travel	1,504	403	380	791	984
S3C11	Use of sold products	10,311,412	8,341,615	8,776,344	9,847,166	11,147,010
S3C15	Investments	13,291	16,593	16,180	3,978	324
Total Scope 1		1,127	784	490	462	315
Total Scope 2		3,888	3,913	3,589	2,349	2,417
Total Scope 3		11,904,821	9,724,826	10,087,723	11,320,204	12,937,231
Total Scope 1, 2 and 3		11,909,835	9,729,523	10,091,802	11,323,015	12,939,963
Operational emissions[1]		34,889	35,737	35,151	21,799	18,539
% change from Calendar Year 2019			*2%*	*1%*	*-38%*	*-47%*

1 Operational Emissions are those domestic emissions which Z has the most control and/or influence over and can therefore take meaningful action to reduce. Z's Operational Emissions are all of its Scope 1 and 2 emissions and the following sources of Scope 3 emissions: business travel, waste and fuel distribution.

All numbers are subject to rounding.

KPMG has provided an unmodified reasonable assurance opinion as to whether Z's Greenhouse Gas statement has, in all material respects, been prepared in accordance with the Greenhouse Gas Protocol's Corporate Standard requirements.

Consumer New Zealand legal action

In November 2023, Z was served a statement of claim in the High Court by Consumer NZ Incorporated, Lawyers for Climate Action NZ Incorporated (LCANZI), and the Environmental Law Initiative.

The plaintiffs claim Z made various representations in breach of the Fair Trading Act 1986. Z has been transparent about the challenges and opportunities associated with the energy transition and ambitious about the changes it wants to make as a modern energy company. Z filed its Statement of Defence in response to the plaintiffs' claim in the High Court on 25 January 2024.

Smith court case to proceed

In 2019, Mike Smith, Chair of the Iwi Leaders Forum, filed a statement of claim in the High Court against seven companies including Z, essentially asserting that they have a common law duty of care in relation to the impact of emissions from their activities.

The defendants applied to strike the claim out. While two of three causes of action were struck out by the High Court and all three causes of action were struck out by the Court of Appeal, Smith appealed the strike out decision to the Supreme Court.

In February 2024, the Supreme Court announced its decision that the strike out was not granted. This is a procedural ruling on the relevant threshold for a strike out and does not make any prediction on the merits of the claim itself. The Supreme Court made it clear in its judgment that the strike out decision "is not a commentary on whether or not [the claim] will ultimately succeed".

This case is one of several currently before courts globally that are seeking to speed up action on climate change.

Z's biodiversity fund

In support of our indigenous biodiversity Z invests at least $1 million per annum across biodiversity projects that are committed to restoring indigenous biodiversity at scale, including updates on our three foundation partnerships:

$1 million

Per annum invested in biodiversity projects across our three partnerships

Partnership 1

Trees That Count seed island trial at Mangara Station, Elsthorpe, Hawke's Bay.

Trees That Count: Z Energy Seed Island Partnership

Z is partnering with Trees That Count and Tane's Tree Trust (TTT) to trial and demonstrate the use of 'seed islands' to assist the natural regeneration of indigenous forests at scale.

Planting native forest using conventional methods can be cost prohibitive, however, employing the use of seed islands – smaller concentrations of plantings that are strategically located across a larger landscape – can encourage the dispersal of seeds and accelerate indigenous forest regeneration.

This partnership is now well underway with thousands of native trees being planted at multiple seed islands across a range of sites. TTT is actively building relationships with NGOs, local authorities and mana whenua, targeting marginal or degraded land that will benefit from being restored to indigenous forest.

When the results of these seed island pilots are known, Trees That Count and TTT will seek to lead discussion around the potential benefits of this approach as a cost-effective way to reforest large parts of Aotearoa New Zealand's landscape. While in its early stages, there is considerable interest in the pilots as Cyclone Gabrielle has demonstrated the long-term value of stabilising land with indigenous forest.

Establishing large-scale indigenous forest cover across large swathes of marginal, eroding hill country is also a highly effective mitigation strategy against the adverse weather events that are becoming more common with a changing climate. Reforestation protects waterways, and ultimately the coastal marine environment, from erosion and sediment run-off as well as providing habitat for threatened indigenous animals.

Marking Matariki with trees

Trees That Count is a national charity that has funded and planted almost two million native trees across Aotearoa New Zealand.

Z's partnership with Trees That Count is directly linked to Z's Environmental sustainability and Community stands, as well as its journey to better understand and honour Te Ao Māori.

To mark Matariki, the Māori New Year, in 2023 Z donated $120,000 to Trees That Count to plant native trees across the country.

$120,000

Donated to Trees that Count for Matariki in 2023

Partnership 2

The Nature Conservancy Study Location, Ruataniwha Inlet, Tasman Region – by Olya Albot

The Nature Conservancy's Blue Carbon Initiative

Z's investment in the Nature Conservancy's Blue Carbon initiative seeks to help finance coastal restoration, enhance biodiversity and increase coastal resilience to sea-level rise. The initiative is working to establish projects on Aotearoa New Zealand's coastline to restore salt marshes and collect data with the intent to develop a robust evidence base and work towards Blue Carbon being recognised as a legitimate sequestration pathway.

The initiative is working to restore estuarine salt marshes at seven pilot locations around Aotearoa New Zealand's coastline, enabling the natural environment to more effectively absorb and store atmospheric CO_2. The project is developing a range of sites, including the restoration of natural coastal wetlands, monitoring the efficacy of sequestration and developing a model through which carbon credits can be realised through the project.

Partnership 3

Moving plants for the Puhinui Regeneration Project (photo credit: Phil Crawford, Sustainable Business Network)

Sustainable Business Network regeneration partnership

Z contributes towards indigenous biodiversity regeneration initiatives through its partnership with the Sustainable Business Network.

This funding goes to two projects: the Nature Systems Change partnership, which seeks to facilitate $10 billion of investment in biodiversity-based environmental initiatives, including the restoration of marine, land and freshwater environments across the country. Within this partnership, Z has also allocated specific funding for the Puhinui Regeneration Project, an indigenous biodiversity restoration initiative within the Puhinui catchment.

Through the restoration of land and the catchment's biodiversity, the initiative seeks to create 100 new employment opportunities for local people who will complete at least 800 training accreditations.

In partnership with the Ministry for the Environment and Z, SBN launched the *Regenerating Nature in Aotearoa New Zealand: The Transformative Role of Business* report. A key aspect was to better understand the different barriers to investing in nature with insights on how investment in nature can be accelerated.

Te Hapori | Community

Being loyal to our communities requires us to constantly review how we are making a difference and whether our support is reaching areas of greatest need.

Z is a part of communities right across Aotearoa New Zealand and all of these communities are diverse and have different needs. As we have seen over the year, the ability to ensure continued supply of transport fuels to communities impacted by severe weather events is a core responsibility for Z. Our ability to respond to a range of circumstances and ensure a robust and resilient fuel supply is something we continue to prioritise and in which we invest our time, effort and resource.

How we are tracking on our outcomes and targets

Here we report our progress in 2023 to achieve the strategic goals and outcomes of the Community and Environmental Sustainability Strategy 2030 in relation to Community, and the action focus areas that have been defined out to 2025.

Whakamana Hapori | Empower Communities

Our Goals	Outcomes	2025 Action Focus Areas	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 empower the young people of Aotearoa to reach their full potential.	Our workplace is safe and inclusive for everyone.	Deliver industry leading safety and wellbeing.	Z's focus in 2023 has been on digital processes which aim to enable rapid learning and decision-making, and supporting our people's wellbeing, in particular at retail sites. Refer page 14 for further details.	◐
		Be one of the most inclusive workplaces in Aotearoa.	In 2023, Z achieved Advanced Gender Tick reaccreditation, Rainbow Tick reaccreditation and supported our people through Te Ao Māori learning and development. Refer page 40 for further details.	●
	Our staff are empowered to connect with and support their local communities	Promote and support staff volunteering.	We give staff two days per year to volunteer for not-for-profit groups. In 2023, 97 staff contributed 108 volunteer days (approximately 810 hours) giving back to their communities.	◐
		Facilitate connections between staff and local charities.	During the extreme weather events in the upper North Island at the start of 2023, Z's Community Specialist connected via Philanthropy New Zealand to a working group of funders and community organisations to discuss a collaborative relief effort. Through this connection, Z ensured its donations quickly reached those in need. We hosted Good In The Hood events alongside Z retailers, bringing together community groups and making connections between charities, office and site staff.	●
	Young people are empowered to achieve their full potential.	Support transformative services and opportunities for youth.	Through Good In The Hood, $113,625 was donated to groups that provide support to the health, wellbeing, and development of young people. 11% of the groups selected by local stations and voted for by customers self-identified as being youth-led. We also continue our support of rangatahi-led work as part of Z's partnership with SBN on the Puhinui Regeneration Project in Auckland.	◐
	Community groups who care for New Zealanders are enabled to do more mahi, more effectively.	Deliver Good In The Hood campaign giving $1 million to local communities.	In 2023, Z donated $1 million to hundreds of groups through Good In The Hood. Customers decided what mattered most to them by casting close to 1 million votes with their orange tokens, with 517 groups receiving a share of $4,000 per Z service station. A further $1,000 per Z station was donated to community events and initiatives throughout the year. Increasing the equity of funding for Māori-led charities was a priority for the campaign in 2023, bringing David Letele on board as Good In The Hood ambassador and making a $10,000 donation to his charity BBM. Alongside voting, a regional funding initiative saw $41,100 donated to charities meeting the needs of those in three of Aotearoa New Zealand's most deprived communities where there is a Z station. This year's campaign helped Z exceed $10 million in total contributions to community organisations and charities throughout Aotearoa New Zealand since 2011, largely through its annual Good In The Hood programme.	●
		Measure our impact to improve outcomes for communities.	Changes that were recommended to improve outcomes in 2023 were implemented. These are outlined above. These are multi-year goals that we will continue to focus on in 2024.	●

4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

Good In The Hood

A more inclusive Good In The Hood

Over 2023, Z reviewed its flagship community investment programme, Good In The Hood. The review was triggered by a desire to ensure the $1 million of community funding that the programme provides every year was making the most impact. The review was also designed to ensure Good In The Hood was inclusive and recognising the needs of Māori communities and Māori within communities.

We've always been proud of how Good In The Hood supports the things that matter most in local communities. However, a social impact assessment of Good In The Hood over 2023, combined with feedback from Good In The Hood applicants, highlighted some material gaps and areas for improvement.

The assessment highlighted an unconscious bias in the programme which has had the effect of not addressing Māori disadvantage. For example, of the more than 500 community organisations that benefit from Good In The Hood every year, representation of Māori community interests could be as low as 2.7 percent, despite Māori making up 17 percent of the population.

The review highlighted that there were barriers in the application process for certain groups and that traditional marketing was ineffective at reaching Māori.

The review also found a concentration of the same popular national charities being selected across multiple Z service stations and that support in areas of high deprivation was not matching the level of need.

David Letele with staff at Z's Tom Pearce Drive service station, Auckland.

Good In The Hood needed to change

As with our commitment to represent and reflect the communities we serve, we have set a target of Māori-led organisations receiving support from Good In The Hood at a representative 17 percent.

To get there we needed some help from an expert in on-the-ground Māori engagement.

Charity founder David Letele of BBM (Brown Buttabean Motivation) worked with us as a community advocate to help Z build national awareness of the Good In The Hood funding opportunity with Māori groups and communities.

David is a well-connected and trusted voice in Māori and Pasifika communities. As a result of our partnership and his outreach and advocacy, over 2023 we tripled Good In The Hood support to Māori-led or representative community organisations to approximately 10 percent. This is still some way off our 17 percent goal, but we are committed to building on this result in 2024 and beyond until that target is reached.

Additional support to high deprivation communities

In recognition of the gap in reaching communities with some of the highest levels of deprivation in Aotearoa New Zealand, particularly during a period of economic pressure, in 2023, Z provided $41,100 of Good In The Hood funding. This funding was put towards improved access to healthcare and food security in three North Island regions with high Māori populations.

The regional boost initiative arose after internal discussions at Z about how to best support the communities who needed it most across the Z retail network. After looking across the network and analysing the index of deprivation, it was decided that additional funds would be donated to community groups across Kaikohe, Kaitaia and Kawerau, with local retailers and their teams deciding which organisations would be supported.

Good In The Hood 2023

In 2023, our customers voted with the famous orange token and the results were announced in November, with a total of 517 groups receiving donations.

Of this funding, $20,000 went to Tūwharetoa ki Kawerau Hauora; $10,550 to Kaikohe Foodbank (Mid North Budgeting Services Trust); and $10,550 to Fresh Start Kaitaia.

Other charitable donations

In response to an extreme weather event in Auckland in January 2023, Z provided $50,000 in donations. These donations were provided to Visionwest, Student Volunteer Army and via Z retailers to local charities to assist in their support of those impacted by flooding.

In February 2023, many communities across the East Coast of the North Island were impacted by Cyclone Gabrielle.

Z and the Ampol Group responded with $109,000 in donations, which was provided to Sustaining Hawke's Bay Trust in partnership with Eastern & Central Community Trust, impacted marae, and via Z retailers to a further five local charities. This amount included $20,000 in donations from Z and Flick employees.

Haumarutanga me te hauora | Safety and wellbeing

Ensuring the safety and wellbeing of our people, customers, environment and the communities we serve is core to Z's purpose.

There are inherent risks in Z's business that require vigilance, focus and a commitment across the company to continuous improvement.

Over its lifetime, Z has built mature operational risk management capabilities and systems. These support an organisational culture in which accountability for safety is everybody's responsibility.

Over 2023, Z has continued to embed its operational risk management system across the organisation, with a particular focus on realising the benefits of digital processes in harnessing the power of data. Z's systems and processes are now very well supported by immediate, high-quality data which enables rapid learning and decision-making.

Z's commitment to learning and continuous improvement is another area where there has been real value from the integration into the Ampol Group. As part of a larger integrated energy company, with a wider scope of operations, the Z and Ampol teams are continuously sharing experiences and processes, and working together in service of operational safety.

With fuel prices also at historically high levels, our customers are understandably under pressure. Unfortunately, the process of purchasing fuel has become a trigger point for built-up frustration that is increasingly being directed towards our hardworking teams, and we cannot accept the increased risk to peoples' safety and wellbeing.

Abuse and aggression take a significant toll on the wellbeing of innocent people who are working hard to feed their own whānau.

For example, over 2022 and 2023 it has been common for there to be around 300 reported instances of staff abuse each month across the Z network. These are cases that are so significant that staff report them; there are almost certainly many more cases of disrespect or abusive comments in passing that are not being reported. Concerningly, much of the abuse is racially motivated.

Z has invested in a range of initiatives to keep its people safe, including extensive training. We will continue to invest in every measure we can to protect our team.

Theft of fuel remains a significant issue. During 2023 there were 24,700 cases of fuel 'drive-offs', slightly higher than in the previous year.

This behaviour reflects a concerning trend in the wellbeing of our communities, respect for each other and respect for the law across Aotearoa New Zealand.

We are continuing to work on solutions in service of keeping our people safe and sending the message throughout our communities that collectively we cannot accept this.

Spills

Over the year there were five incidents of spills of fuel products. These spills are referred to more accurately as 'loss of containment' events and are detailed in the following table.

A recordable loss of containment is an unplanned or uncontrolled event that releases more than 160 litres (one barrel) of fuel product from its primary containment and/or a spill of any quantity that enters the external environment (for example, soil or water).

Of these five events, two related to the failure of assets or equipment, two related to procedural variations, or human error, and one was a consequence of attempted theft of fuel from a truck stop tank.

Three of these events caused minor loss of fuel into the external environment, which was remediated.

The safety and integrity of our existing fuel infrastructure assets remains a priority area for the company.

	2023	9 months to 31 Dec 2022
Significant spills		
Significant spills (loss of containment)	5	1
Volume of recorded significant spills	2,152 litres	1,000 litres
Process safety events		
Total Tier 1 and Tier 2 process safety events[1]	1 (Tier 2)	0
Work-related injuries		
Number of work-related fatalities		
Z employees	0	0
Retailers and Mini-Tankers franchisees and contractors[2]	0	0
Rate of work-related fatalities		
Z employees	0.0	0.0
Retailers and Mini-Tankers franchisees and contractors[2]	0.0	0.0
Number of work-related serious harm injuries		
Z employees	0	0
Retailers and Mini-Tankers franchisees and contractors[2]	0	0
Rate of work-related serious harm injuries		
Z employees	0.0	0.0
Retailers and Mini-Tankers franchisees and contractors[2]	0.0	0.0
Total recordable case frequency (TRCF)[3]	3.8	3.2
Z employees	0.0	0.0
Retailers and Mini-Tankers franchisees and contractors[2]	4.8	3.8
Lost time injury frequency (LTIF)[3]	2.4	1.8
Z employees	0.0	0.0
Retailers and Mini-Tankers franchisees and contractors[2]	3.1	1.9
Main types of work-related injury		
Z employees	N/A	N/A
Retailers and Mini-Tankers franchisees and contractors[2]	Manual handling	Manual handling
Number of hours worked		
Z employees	796,531	595,869
Retailers and Mini-Tankers franchisees and contractors[2]	2,908,252	2,098,424
Net promoter scores		
Wellbeing net promoter score	72	73
Safety leadership net promoter score	73	72
Other safety measures		
Number of motor vehicle incidents	1	3
Number of robberies	13	3

1 A process safety event is an unplanned or uncontrolled release of any material – including non-toxic and non-flammable materials – from a process, or an undesired event or condition that under slightly different circumstances could have resulted in a release of material. The process safety event identified above was a Tier 2 process safety event.

2 Mini-Tankers data is included from 1 January to 1 August 2023 when this business was sold, refer page 44 for more details.

3 TRCF and LTIF frequencies are based on 1,000,000 hours worked.

Ngā rerekētanga me te whakaurutanga | Diversity and inclusion

A strong internal and external commitment to diversity

Z believes that in fostering diversity and inclusion, it is important to take a public stand and to support not only your own people, but also the broader commitment to more diverse and inclusive workplaces.

Over 2023, Z achieved Advanced Gender Tick reaccreditation, continued to provide leadership development through its 'Women Rising' Leadership Development and 'Male Allies' programmes, and engaged across the organisation to raise awareness on menopause and endometriosis.

We partnered with Women in Trades and HireHer (a female-focused job board). Externally, Z was profiled by 'Mind the Gap' on our work to close the gender pay gap, and our decision to sign the petition to Government to mandate Gender Pay Gap reporting. We were the principal event sponsor and spoke at the Wellington Chamber of Commerce International Women's Day event. We also partnered with Women in Trades to profile two of our female Terminal Operators and Aircraft Refuellers, sharing their career pathways and a day in their lives. In 2023, a further 11 percent of female employees participated in the Women Rising Leadership programme, following 25 percent participation in 2022.

Z received Rainbow Tick reaccreditation for the seventh consecutive year. We were also a proud supporter of the Auckland Pride Parade and Wellington Pride Festival, and sponsored the small and medium-sized enterprise (SME) category at the Rainbow Excellence Awards.

Our recently established Neurodiversity Network continued to gain momentum, with engagement across the organisation to raise awareness about ADHD and autism in the workplace.

Te Ao Māori and diversity and inclusion

Z continues to provide opportunities for our people to participate in Te Ao Māori learning and development.

Over 2023, Z gained a greater understanding of Te Ao Māori and how acknowledging the interconnectedness of all things and commitment to future generations can deliver better business outcomes.

While we have learned a great deal about Te Ao Māori over the year, there is much more we must learn and the Māori perspective is not yet strong inside Z. We remain committed to boosting Māori and Pasifika representation to better represent the population we serve, in which Māori make up approximately 17 percent.

Within younger demographics the population is shifting and more than one third of young people identify as Māori. Z remains committed to increasing representation and capability.

In 2023, Z launched a graduate and cadetship programme to continue to boost the pipeline of talent into Z. Of Z's 2024 graduate cohort, 60 percent are Māori or Pasifika, up from 50 percent in 2023. In addition, 33 percent of Z's 2024 intern cohort are Māori or Pasifika.

Z's Ngā Mata Kōkiri, Māori Ally Network, which launched in 2022, continues to gain momentum across the Z business. Ngā Mata Kōkiri refers to the faces or individuals who champion, promote and lead our kaupapa Māori initiatives within Z.

Z is now at a point in our Te Ao Māori journey where we are putting in place dedicated roles to support us on this work, including a senior leadership role – our Kaihautū Māori.

Snapshot of the Z whānau

(Z direct employees only)

Ethnic diversity

7%
Māori
9 months to 31 Dec '22: 6%

3%
Pacific Islander
9 months to 31 Dec '22: 4%

11%
European
9 months to 31 Dec '22: 11%

2%
Middle Eastern, Latin American or African
9 months to 31 Dec '22: 2%

3%
Other
9 months to 31 Dec '22: 1%

2%
Prefer not to say
9 months to 31 Dec '22: 4%

55%
NZ European
9 months to 31 Dec '22: 58%

17%
Asian
9 months to 31 Dec '22: 15%

Age diversity

8%
Baby Boomers (1946-1964)
9 months to 31 Dec '22: 16%

24%
Generation X (1965-1976)
9 months to 31 Dec '22: 23%

19%
Xennials (1977-1983)
9 months to 31 Dec '22: 34%

41%
Millennials (1984-1996)
9 months to 31 Dec '22: 21%

8%
Generation Z (1997 to 2012)
9 months to 31 Dec '22: 6%

Gender diversity

54%
Male
9 months to 31 Dec '22: 56%

46%
Female
9 months to 31 Dec '22: 43%

0%
Non-binary and prefer not to say
9 months to 31 Dec '22: 1%

Pay gap

1.96%
Overall pay gap men to women (including the CEO and executive team)
9 months to 31 Dec '22: 5.26%

2.84%
Pay gap men to women (excluding the executive team)
9 months to 31 Dec '22: 3.04%

0.14%
Pay gap men to women (excluding the CEO)
9 months to 31 Dec '22: 2.49%

Location

17%
Auckland
9 months to 31 Dec '22: 17%

66%
Wellington
9 months to 31 Dec '22: 62%

17%
Rest of Aotearoa New Zealand
9 months to 31 Dec '22: 21%

Other attributes

82%
Have undertaken tertiary education
9 months to 31 Dec '22: 78%

41 years
Average age of Z employees
9 months to 31 Dec '22: 42 years

52%
Have dependants
9 months to 31 Dec '22: 52%

1%
Have a disability
9 months to 31 Dec '22: 1%

Ko tātou tangata | Our people

Z Seaview Terminal

Te Whanganui-a-Tara / Wellington

Over 2023, the Z team has arranged itself to deliver on a new phase of strategy.

The company continues to optimise its supply chain into the Ampol supply, shipping and trading operations which will deliver greater efficiency and value.

As per its previous strategy commitments, Z has exited non-core elements of the business, including the sale of the Mini-Tankers operation, its small-scale general aviation fuel business and commercial homebase business, and providing bulk storage on customer sites. The divestment of these discretionary businesses, plus exiting the bitumen business, has enabled Z to be more sharply focused on its business and the transition opportunities of decarbonisation.

In the last quarter of 2023, an integrated Ampol–Z team dedicated to pursuing commercial decarbonisation opportunities across Australasia was formed. The Energy Solutions team is now operational and actively developing low carbon initiatives, including in partnership with commercial customers.

Over 2023, the Flick business was fully acquired by Z and the majority of its team of approximately 90 people are now based in the company's Wellington headquarters. Note the people-related statistics in this report do not include Flick employee data.

The previous Commercial business unit has been integrated into the Z Customer and Supply functions, and in 2023 Z's General Manager of Strategy and Risk, Nicolas Williams, left Z and will not be replaced. Z now runs a seven-strong Executive team with a four to three weighting of females to males.

Culture drives resilience and engagement

At Z we believe that great leadership can't be replicated and is the source of enduring competitive advantage.

The company's value-driven culture with its focus on leadership has always been in service of delivering extraordinary performance and is now a source of resilience for the company.

The 2023 year was one of significant change. We completed the integration of a transformed supply chain, continued to reorganise the business to support strategy and deliver against future growth opportunities, we brought the Flick business inside Z, and successfully brought Z together with its new owners, Ampol.

On top of this change we farewelled Mike Bennetts, our founding CEO, and welcomed Lindis as the new CEO of Z. All of this change could reasonably be expected to lead to a decline in staff engagement, but the opposite has been the case. Throughout the 2023 year, Z held an employee engagement Net Promoter Score of +69, up from +57 at the end of 2022. This engagement score remains more than double that of corporates globally and places Z in the top five percent of companies around the world.

As the major changes to the Z business – the Ampol acquisition, supply chain transformation and business reorganisation – have been successfully completed, we remain committed to continuing to increase engagement.

Leadership and wellbeing frameworks

The Ampol transaction has unlocked significant development opportunities for Z's people to be a part of a much larger organisation that can deliver energy solutions at a scale we have not been previously able to access.

Our people continue to learn a great deal about regional energy supply and security and we complement each other in our work in decarbonisation opportunities. With the scale and resources that come with being a part of the Ampol Group, our people are excited about the possibilities for the country's energy future as well as for their own careers.

Z has been able to share with Ampol our experience in leadership development, engagement and wellbeing. Z has contributed to the Ampol Group's leadership and wellbeing frameworks and has been recognised for its unique contribution to leadership development.

In March 2023, Z was the Supreme Winner of the HR Institute of New Zealand (HRNZ) awards, which recognise professionals and organisations leading meaningful change and best practice across Aotearoa New Zealand.

Initially winning the 'Innovation' category for its work in support of closing the gender pay gap, supporting greater salary transparency and enhancing its KiwiSaver offer for those who work part time or take time off for parental leave, Z then went on to win the overall Supreme Award.

The HRNZ Supreme Award is awarded to the organisation showing greatest overall leadership in HR practice. This industry acknowledgement was a huge achievement for Z, and the team were proud to take this home as further recognition of their impact in this space.

Te Kāhui Ārahi | Our Leadership Team

In order from left to right:

Mandy Simpson
Chief Digital Officer
Pou Matihiko

Andy Baird
General Manager, Customer
Pou Kiritaki

Helen Sedcole
Head of People & Culture
and Group Ambition Lead
Pou Tangata

Lindis Jones
Chief Executive Officer
Pou Matua

Julian Hughes
General Manager, Supply
Pou Punakora

Debra Blackett
General Counsel,
Z Energy & Climate Change
Te Kanihera Whānui, Ngao Z,
Te Mahana haere o te Ao

Nicola Law
Chief Financial Officer
Pou Tiaki Pūtea

Pūrongo Pūtea

Financial statements

Statement of comprehensive income for the year ended 31 December 2023

	Notes	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Revenue	6	**7,610**	6,005
Expenses			
Purchases of product and electricity		**5,350**	4,333
Excise, carbon and other taxes		**1,600**	1,056
Operating expenses		**446**	309
Share of loss/(earnings) of associate companies (net of tax)		**1**	(2)
Depreciation and amortisation	12, 13	**97**	72
Net financing expense	8	**12**	47
Impairment		**13**	111
Net lease expenses	10	**40**	29
Fair value movements in interest rate and commodity derivatives		**43**	(83)
(Gain)/loss on sale of property, plant and equipment		**(7)**	1
Gain on sale of intangible assets		**-**	(15)
(Decrease)/increase in decommissioning and restoration provision	17	**(3)**	1
Total expenses		**7,592**	5,859
Net profit before tax		**18**	146
Tax expense	9	**2**	38
Net profit for the period		**16**	108
Net profit attributable to the owners of the company		**9**	98
Net profit attributable to non-controlling interest	5	**7**	10
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Valuation adjustment of land and buildings	12	**14**	(2)
Equity accounted investees – share of other comprehensive income	15	**13**	-
Equity investment revaluation	15	**1**	19
Decommissioning and restoration provision decrease		**6**	-
Total items that will not be reclassified to profit or loss		**34**	17
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge and cost of hedging		**(1)**	1
Other comprehensive income net of tax		**33**	18
Total comprehensive income after tax		**49**	126
Total comprehensive income attributable to owners of the company		**42**	116
Total comprehensive income attributable to non-controlling interest		**7**	10

Statement of changes in equity for the year ended 31 December 2023

	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 2022		**767**	**199**	**(64)**	**(5)**	**-**	**457**	**1**	**1,355**
Net profit for the period		-	98	-	-	-	-	10	108
Other comprehensive income		-	-	19	-	1	(2)	-	18
Total comprehensive income for the period		**-**	**98**	**19**	**-**	**1**	**(2)**	**10**	**126**
Transfers between reserves									
Disposal of revalued assets		-	(2)	-	-	-	2	-	-
Transactions with owners recorded directly in equity									
Cancelled shares	20	(1)	(3)	-	4	-	-	-	-
Change in ownership of Flick non-controlling interest	5	-	4	-	-	-	-	(7)	(3)
Proceeds from NCI purchase of units in Z Property Limited Partnership	5	-	-	-	-	-	-	132	132
Share-based payments		-	-	-	1	-	-	-	1
Dividends to equity holders	20	-	(230)	-	-	-	-	-	(230)
Distributions paid to Partner	5	-	-	-	-	-	-	(1)	(1)
Total transactions with owners recorded directly in equity		**(1)**	**(229)**	**-**	**5**	**-**	**-**	**124**	**(101)**
Balance at 31 December 2022		**766**	**66**	**(45)**	**-**	**1**	**457**	**135**	**1,380**
Balance at 1 January 2023		**766**	**66**	**(45)**	**-**	**1**	**457**	**135**	**1,380**
Net profit for the period		-	9	-	-	-	-	7	16
Other comprehensive income/(loss)		-	-	14	-	(1)	20	-	33
Total comprehensive income/(loss) for the period		**-**	**9**	**14**	**-**	**(1)**	**20**	**7**	**49**
Transfers between reserves									
Disposal of revalued assets		-	1	-	-	-	(1)	-	-
Transactions with owners recorded directly in equity									
Change in ownership of Flick non-controlling interest	5	-	-	-	-	-	-	(2)	(2)
Dividends to equity holders	20	-	(27)	-	-	-	-	-	(27)
Distributions paid to Partner	5	-	-	-	-	-	-	(7)	(7)
Total transactions with owners recorded directly in equity		**-**	**(27)**	**-**	**-**	**-**	**-**	**(9)**	**(36)**
Balance at 31 December 2023		**766**	**49**	**(31)**	**-**	**-**	**476**	**133**	**1,393**

Statement of financial position at 31 December 2023

	Notes	31 December 2023 $m	31 December 2022 $m
Shareholders' equity			
Equity attributable to owners of the Company		**1,260**	1,245
Non-controlling interest	5	**133**	135
Total equity		**1,393**	1,380
Represented by:			
Current assets			
Cash and cash equivalents		**21**	66
Accounts receivable and prepayments		**514**	596
Related party receivable	21	**10**	154
Inventories	11	**386**	712
Derivative financial instruments	19	**29**	33
Income tax receivable		**22**	-
Assets held for sale	12	**-**	7
Other current assets		**3**	1
Total current assets		**985**	1,569
Non-current assets			
Property, plant and equipment	12	**1,009**	1,007
Right of use assets	10	**265**	269
Intangible assets	13	**582**	647
Goodwill	13	**158**	158
Investments	15	**145**	120
Derivative financial instruments	19	**45**	80
Other non-current assets		**12**	12
Total non-current assets		**2,216**	2,293
Total assets		**3,201**	3,862
Current liabilities			
Accounts payable, accruals and other liabilities		**970**	1,301
Short-term borrowings	18	**125**	70
Related party payable	21	**103**	22
Lease liabilities	10	**23**	20
Provisions	17	**16**	19
Income tax payable		**-**	66
Derivative financial instruments		**-**	8
Total current liabilities		**1,237**	1,506
Non-current liabilities			
Lease liabilities	10	**270**	274
Long-term borrowings	18	**162**	522
Deferred tax	9	**66**	75
Provisions	17	**61**	96
Derivative financial instruments	19	**10**	5
Other liabilities		**2**	4
Total non-current liabilities		**571**	976
Total liabilities		**1,808**	2,482
Net assets		**1,393**	1,380

Approved on behalf of the Board on 28 February 2024

Gregory David Barnes
Chair

Nigel Lindis Jones
Director

Statement of cash flows for the year ended 31 December 2023

	Notes	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Cash flows from operating activities			
Receipts from customers		**7,734**	5,937
Interest received		**18**	22
Dividends received		**5**	-
Proceeds from sale of ETS units		**-**	49
Payments to suppliers and employees		**(6,097)**	(4,862)
Excise, carbon and other taxes paid		**(1,127)**	(602)
Interest paid		**(62)**	(77)
Tax paid		**(79)**	(111)
Net cash inflow from operating activities		**392**	356
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**10**	-
Proceeds from assets held for sale		**2**	-
Lease payments received from leases	10	**1**	1
Purchase of software intangible assets		**(13)**	(15)
Purchase of investments		**(16)**	(18)
Purchase of property, plant and equipment		**(87)**	(50)
Net cash outflow from investing activities		**(103)**	(82)
Cash flows from financing activities			
Net proceeds from bank facility		**-**	(130)
Proceeds from related party borrowings	18	**2,456**	397
Repayment of related party borrowings	18	**(2,691)**	-
Dividends paid to owners of the Company		**-**	(230)
Distributions paid to Partner	5	**(7)**	(1)
Repayment of bonds	18	**(70)**	-
Payment of lease liabilities	10	**(22)**	(14)
Issue of units		**-**	132
Repayment of USPP loan		**-**	(377)
Net cash outflow from financing activities		**(334)**	(223)
Net increase/(decrease) in cash		**(45)**	51
Cash balances at beginning of period		**66**	15
Cash at end of period		**21**	66

Statement of cash flows (continued)
for the year ended 31 December 2023

Reconciliation of net profit for the period to cash flows from operating activities	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Net profit for the period	**16**	108
Adjustments to reconcile profit to net cash inflow from operating activities		
Depreciation and amortisation	**97**	72
Impairment	**13**	111
Share of loss/(earnings) of associate companies (net of tax)	**1**	(2)
Change in ETS units	**47**	64
Change in derivatives	**36**	(77)
Change in related party receivable/payable	**225**	(154)
Other non-cash adjustments	**-**	6
Changes in assets and liabilities, net of non-cash, investing and financing activities		
Change in accounts receivable and prepayments	**82**	(83)
Change in inventories	**326**	(83)
Change in accounts payable, accruals and other liabilities	**(331)**	438
Change in provisions	**(32)**	(8)
Change in tax	**(88)**	(36)
Net cash inflow from operating activities	**392**	356

Notes to the financial statements
for the year ended 31 December 2023

(1) Basis of accounting

Reporting entity

Z Energy Limited is a profit-oriented company registered in New Zealand under the Companies Act 1993 and an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Z Energy Limited has bonds quoted on the NZX debt market.

The financial statements presented are those of Z Energy Limited (the Company) 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 is a Tier 1 entity under the External Reporting Board (XRB) Accounting Standards Framework.

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. Some comparatives have been reclassified to reflect current period presentation.

The Group was 100% acquired by Ampol Holdings NZ Limited ("Ampol") in May 2022. During the period ended 31 December 2022, the Group changed its financial reporting date from 31 March to 31 December to align with its ultimate parent company, Ampol Limited, a company registered in Australia. Current period shows the performance for the 12 months from 1 January 2023 to 31 December 2023. The comparative period represents performance for the 9 months from 1 April 2022 to 31 December 2022. The periods are not directly comparable.

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

No changes to accounting policies have been made during the period. Policies have been consistently applied to all periods presented in these Group financial statements.

The Group has early adopted the amending Standard *Disclosure of Fees for Audit Firms' Services* (Amendments to FRS-44: *New Zealand Additional Disclosures*). The amending Standard provides new requirements for the disclosure of services provided by an entity's audit firm. These disclosures are contained in Note 7.

(3) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Areas that involve a higher level of estimation or judgement are:

- Estimation of liabilities for decommissioning and restoration (D&R) of certain sites of operation (note 17)
- Measurement of fair value (notes 12, 15 and 19)
- Impairment testing of goodwill, including estimating future cash flows (note 13).

Climate-related judgements

Management has considered climate-related risks (including those arising from the energy transition) when making various judgements, estimates and assumptions within these financial statements. Individual notes describe management's consideration of these risks, where this is considered material.

(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 refined product prices on the value of inventory imported and 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

	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Revenue	7,610	6,005
Expenses		
Purchases of product and electricity	5,262	4,366
Excise, carbon and other taxes	1,600	1,056
Operating expenses (net of foreign exchange and commodity gains/losses on fuel purchases)	410	331
Total expenses	7,272	5,753
RC operating EBITDAF*	338	252
Share of loss/(earnings) of associate companies (net of tax)	1	(2)
RC EBITDAF	337	254
Below RC EBITDAF expenses		
Depreciation and amortisation	97	72
Net financing expense	12	47
Impairment	13	111
Net lease expenses	40	29
Fair value movements in interest rate and commodity derivatives	43	(83)
(Gain)/loss on sale of property, plant and equipment	(7)	1
Gain on sale of intangible assets	-	(15)
(Decrease)/increase in decommissioning and restoration provision	(3)	1
Total below RC EBITDAF expenses	195	163
RC net profit before tax	142	91
Tax expense	27	29
RC net profit after tax	115	62

* Earnings, before interest, tax, 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

	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Statutory net profit after tax	16	108
COSA	88	(33)
Net foreign exchange and commodity (gains)/losses on fuel purchases	36	(22)
Tax expense on COSA	(25)	9
RC net profit after tax	115	62

(5) Non-controlling interest

Flick Energy Limited

At 31 December 2022 Z owned 95% of Flick Energy Limited ("Flick"), with 5% owned by non-controlling interest (NCI). Z consolidate 100% of Flick's results and presented the portion of profit/(loss) and other comprehensive income attributable to NCI. In April 2023, Z acquired the remaining 6,320,468 shares in Flick Energy Limited, increasing Z's ownership from 95% to 100%.

Z Property Limited Partnership

Z owns 51% (2022: 51%) of Z Property Limited Partnership ("ZPLP"), an investment property entity, with 49% (2022: 49%) owned by a NCI.

Presented below is the financial information before the elimination of intercompany transactions with the exception of the fair value adjustment on investment properties. Z consolidates 100% of ZPLP's results and presents the portion of profit/(loss) and other comprehensive income attributable to NCI. The fair value adjustment on investment properties is eliminated on consolidation as it is not recognised as 'Revenue' in the Group financial statements. It is also not reflected in the 'Net assets attributable to NCI' shown in the Group financial statements.

Non-controlling interest in:	31 December 2023 %	31 December 2022 %
Z Property Limited Partnership (ZPLP)	49	49
Flick Energy Limited	-	5

	Flick 31 December 2023 $m	Flick 31 December 2022 $m	ZPLP 31 December 2023 $m	ZPLP 31 December 2022 $m
Assets				
Cash	1	5	-	-
Other current assets	31	34	-	-
Income tax receivable	2	3	-	-
Intangible assets	3	2	-	-
Other non-current assets	46	76	272	269
Total assets	83	120	272	269
Liabilities				
Trade payables	(8)	(6)	-	-
Other current liabilities	(1)	-	-	-
Deferred tax	(17)	-	-	-
Provisions	-	(29)	-	-
Other non-current liabilities	(11)	(1)	-	-
Total liabilities	(37)	(36)	-	-
Net assets	46	84	272	269
Net assets attributable to NCI	-	4	133	132

(5) Non-controlling interest (continued)

	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m	12 months ended 31 December 2023 $m	4 months ended 31 December 2022 $m
Revenue	67	53	17	4
Net gain/(loss)*	(38)	68	(4)	3
Total comprehensive income	(38)	68	(4)	3
Total comprehensive income attributable to NCI before consolidation	-	9	7	1
Total comprehensive income attributable to NCI	-	9	7	1

* Net gain/(loss) for Flick for the 9 months ended 31 December 2022 has been restated from $45m to $68m as a correction of a prior period disclosure error. This restatement was contained to this note disclosure and did not impact the total comprehensive income attributable to NCI before consolidation, which remains unchanged at $9m.

(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 includes 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. 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.

	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Fuel	7,444	5,900
Convenience retail	80	54
Other	86	51
Total revenue	7,610	6,005

(7) Auditor remuneration

Included in operating expenses are fees paid to the auditors, KPMG. There were no fees paid to the auditors other than as outlined below (presented in thousands).

	12 months ended 31 December 2023 $000	9 months ended 31 December 2022 $000
Audit and review of financial statements	527	517
Other assurance services and other agreed-upon procedures		
Climate-related disclosures assurance readiness assessment	75	-
Greenhouse Gas Statement reasonable assurance	47	36
Agreed upon procedures – cost plus pricing	9	-
Agreed upon procedures – licence fee return	5	5
Agreed upon procedures – constructive contracts	1	-
Total other assurance services and other agreed-upon procedures	137	41
Total auditor remuneration	664	558

(8) Net financing expense

	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Financing income		
Interest income from derivatives	15	16
Interest income from cash	4	1
Other finance income	11	-
Total financing income	30	17
Financing expense		
Interest expense on bonds	8	6
Interest expense on derivatives	16	17
Interest expense on secured bank facilities	-	2
Interest expense on USPP notes	-	7
Interest expense on related party loans	15	7
Financing fees	1	22
Other finance expense	2	3
Total financing expense	42	64
Net financing expense	12	47

(9) Tax

Tax expense or benefit is determined as follows:	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Net profit before tax	18	146
Share of (earnings)/loss of associate companies (net of tax)	1	(2)
Net profit before tax excluding share of (earnings)/loss from associates	19	144
Tax expense on profit for the period at the corporate income tax rate of 28% (2022: 28%)	5	40
Tax adjustments		
Non-deductible expenditure	1	(1)
Non-assessable income	-	(1)
Over-provision in prior periods	(4)	-
Tax expense	2	38
Current tax	9	75
Deferred tax	(7)	(37)
Tax expense	2	38

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 leases $m	Other provisions $m	Derivative financial instruments $m	Other items $m	Total $m
Balance at 1 April 2022	(24)	(75)	2	6	2	(1)	(9)	(99)
Recognised in the Statement of comprehensive income	15	35	6	(1)	1	1	(20)	37
Over-provision in prior periods in the Statement of comprehensive income	-	-	-	-	-	(8)	8	-
Recognised in Other comprehensive income	(13)	-	-	-	-	-	-	(13)
Balance at 31 December 2022	(22)	(40)	8	5	3	(8)	(21)	(75)
Balance at 1 January 2023	(22)	(40)	8	5	3	(8)	(21)	(75)
Recognised in the Statement of comprehensive income	-	2	(3)	(4)	(1)	1	12	7
Over-provision in prior periods in the Statement of comprehensive income	1	(1)	(1)	1	-	(8)	8	-
Recognised in Other comprehensive income	2	-	-	-	-	-	-	2
Balance at 31 December 2023	(19)	(39)	4	2	2	(15)	(1)	(66)

	31 December 2023 $m	31 December 2022 $m
Deferred tax expected to be settled within 12 months	(8)	-
Deferred tax expected to be settled after 12 months	(58)	(75)
Deferred tax	(66)	(75)

Imputation credits available for use in subsequent reporting periods are $17m (2022: $107m). 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

Under NZ IFRS 16: Leases, 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.

The expense related to short-term leases for the year ended 31 December 2023 was $1m (2022: $1m).

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	31 December 2023 $m	31 December 2022 $m
Opening balance	269	278
Depreciation charge for the period	(27)	(18)
Additions to right of use assets	16	7
Adjustments to existing right of use assets	7	2
Closing balance	265	269

Income from subleasing right of use assets was $1m (2022: $1m).

Maturity analysis	31 December 2023 $m	31 December 2022 $m
Lease liabilities as lessee		
Between 0 to 1 year	23	20
Between 1 to 5 years	85	78
More than 5 years	185	196
Lease liabilities as lessee	293	294

Total lease expenses/(income) as lessor and lessee	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Lease interest income	(1)	-
Lease depreciation	27	18
Lease interest expense	14	11
Net lease expenses	40	29

Z has made assumptions around site tenure based on expected future use, patronage of sites and useful lives of related site assets, taking into account Z's network plan. No adjustments were required to useful lives of right of use assets during the year due to climate-related impacts, in particular the energy transition and its impact on fuel demand. Useful lives continue to align with Z's view of future fuel demand.

(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 and includes any duties and taxes and Emissions Trading Scheme (ETS) obligations incurred on product imported but not yet sold. NRV is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory write-down for the year ended 31 December 2023 was $4m (2022: $6m). The write-down is recorded as purchases of product and electricity in the Statement of comprehensive income.

Z traditionally holds short to medium inventory reserves and is therefore not exposed to long-term changes in inventory price. As an obligated party under the ETS, Z holds New Zealand Units (NZUs), and in the event of future regulatory change, the value of inventory including ETS obligations incurred on product imported but not yet sold may be impaired.

(12) Property, plant and equipment

Property, plant and equipment (PPE) excluding Construction in progress and Plant and machinery is measured at fair value based on periodic valuations, less accumulated depreciation and any impairment after the date of revaluation.
A revaluation of land and buildings at 51 sites belonging to the ZPLP is undertaken by an independent valuer annually. The remaining assets in the land and buildings asset classes are also valued by an independent valuer annually. These valuations were performed at 31 December 2023.

Any remaining property, plant and equipment in other asset classes is valued by an independent valuer using a level 3 fair value methodology in line with the fair value hierarchy every five years. 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.

Terminal plant was independently valued at 31 March 2022, with the next revaluation scheduled for December 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

Useful lives of PPE assets incorporate Z's network plan, which take into account Z's view of future fuel demand, and are adjusted where necessary for changes in the plan. There were no changes made to useful lives during the year.

The majority of PPE assets are carried at revalued amounts, with revaluations occurring frequently as described above.
These revaluations by an independent valuer take into account sustainable earnings and current market views and trends.

Cost/valuation	Construction in progress $m	Buildings $m	Land and improvements $m	Plant and machinery $m	Terminal plant $m	31 December 2023 Total $m	31 December 2022 Total $m
Opening balance	**66**	**171**	**434**	**431**	**216**	**1,318**	**1,270**
Additions	75	-	-	-	-	**75**	59
Disposals	-	(2)	(3)	(41)	-	**(46)**	(5)
Transfers between asset classes	(31)	1	3	22	5	**-**	-
Held for sale	-	-	-	-	-	**-**	(15)
Impairment	-	(3)	-	(7)	-	**(10)**	-
Valuation adjustment	-	(9)	19	-	-	**10**	11
Offset accumulated depreciation on revaluation	-	(11)	(3)	-	-	**(14)**	(2)
Closing balance	**110**	**147**	**450**	**405**	**221**	**1,333**	1,318
Accumulated depreciation and impairment							
Opening balance	**-**	**(17)**	**(13)**	**(271)**	**(10)**	**(311)**	**(259)**
Depreciation	-	(14)	(6)	(37)	(11)	**(68)**	(47)
Disposals	-	1	2	41	(3)	**41**	5
Impairment loss	-	-	-	-	-	**-**	(20)
Reclassification to held for sale	-	-	-	-	-	**-**	8
Offset accumulated depreciation on revaluation	-	11	3	-	-	**14**	2
Closing balance	**-**	**(19)**	**(14)**	**(267)**	**(24)**	**(324)**	(311)
Carrying amounts							
At 1 January 2023	66	154	421	160	206	**1,007**	
At 31 December 2023	**110**	**128**	**436**	**138**	**197**	**1,009**	

Included in buildings are assets held under finance leases of $6m (2022: $7m).

For each revalued asset class, the carrying amount that would have been recognised had the assets been carried on a historical cost basis are: buildings $45m (2022: $50m); land and improvements $130m (2022: $132m); terminals $147m (2022: $154m).

(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
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. Market rent is based on contracted rental amounts with reference to market observations of rent as a percentage of earnings (EBITDA). 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.	ZPLP properties: Market rental as a percentage of site EBITDA (average of 23%) Capitalisation rate 4.0%–7.0% Other properties: Throughput rental rate (cents/litre) 2.6–2.9 (Retail) Throughput rental rate (cents/litre) 2.5 (truck stops) Shop rental $250–$750 per square metre Capitalisation rate 4.5%–6.0%	The estimated fair value would increase (decrease) if: • market rentals were higher (lower) • capitalisation rates were lower (higher).
Terminal plant	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 plant and 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).

Impairments

During the year, a fire at a Z retail service station caused smoke and water damage to the building. An impairment of $3m was recognised in the Statement of comprehensive income. While adverse weather during the year resulted in damage to PPE assets, this did not result in material impairments or losses on disposal.

Divestments

During the year, Z divested all General Aviation assets and completed the sale of the Mini-Tankers and Homebase businesses.

(13) Intangible assets

	Emissions units $m	Goodwill $m	Chevron contracts acquired $m	Software in progress $m	Other $m	31 December 2023 Total $m	31 December 2022 Total $m
Opening balance	**499**	**158**	**126**	**4**	**18**	**805**	973
Additions	552	-	-	12	-	**564**	305
Transfers between asset classes	-	-	-	(11)	11	**-**	-
Utilised	(313)	-	-	-	-	**(313)**	(324)
Sale of units	(159)	-	-	-	-	**(159)**	(34)
Impairment	(126)	-	-	-	(2)	**(128)**	(90)
Amortisation	-	-	(18)	-	(11)	**(29)**	(25)
Closing balance	**453**	**158**	**108**	**5**	**16**	**740**	805
Cost	579	193	445	5	210	**1,432**	1,377
Accumulated impairment	(126)	(35)	(150)	-	(4)	**(315)**	(187)
Accumulated amortisation	-	-	(187)	-	(190)	**(377)**	(385)
Closing balance	**453**	**158**	**108**	**5**	**16**	**740**	805

Amortisation of Z's finite life intangible assets is provided on a straight-line basis. Useful lives of these assets sit within the timeframes associated with Z's view of future fuel demand and those of external industry commentators. No adjustments to useful lives were made during the year. Management monitors customer trends and will make necessary adjustments should useful lives require amending in the future.

Impairment

During the year ended 31 December 2023 an impairment of $172m to intangible assets classified as Emissions units was recognised to write these assets down to fair value, and also to reduce the value of the Emissions units obligation (refer note 14) to the same fair value based on the New Zealand Unit (NZU) spot rate at 30 June 2023. The fair value was reassessed at 31 December 2023 and $46m of the impairment was reversed.

Emissions units

As a seller of emissions-intensive products, Z is required to surrender emissions units to the Environmental Protection Agency (EPA), a Government agency, on an annual basis. Units acquired are carried at their weighted average cost less any accumulated impairment (price of units determined by the market).

Stock of units	31 December 2023 Units millions	31 December 2022 Units millions
Balance at beginning of period	**8**	12
Units acquired and receivable	**11**	4
Units sold	**(4)**	(1)
Units surrendered	**(7)**	(7)
Balance at end of period	**8**	8

Other intangibles

Other intangibles include software, domain name and contacts acquired. Computer software is capitalised based on the costs incurred to acquire and bring to use the specific software where Z has control over these related assets. These costs are amortised over three years on a straight-line basis. Contacts acquired are amortised over the contract period which is between 12 and 17 years. 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.

(13) Intangible assets (continued)

Goodwill

Goodwill is the excess of purchase consideration over net identifiable assets acquired through a business combination. 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. For the purpose of assessing impairment, goodwill is allocated to cash-generating units (CGUs), which are the lowest level of assets that generate cash inflows that are largely independent of the cash inflows of other assets.

Chevron acquisition goodwill

Z's goodwill balance of $158m at 31 December 2023 relates to the acquisition in 2016 of Chevron New Zealand ("Chevron") (renamed Z Energy 2015 Limited), an importer, distributor and seller of transport fuel and related products. This goodwill is allocated to the Z Energy cash-generating unit (CGU), comprising the Z Energy Group. As at 31 December 2023, an annual impairment test over the goodwill was undertaken by comparing the recoverable amount of the Z Energy CGU to its carrying amount.

The recoverable amount of the CGU 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 forecast to 2028. Key assumptions within the discounted cash flow model include:

- Post-tax discount rate of 9.0% (pre-tax discount rate of 10.7%)
- Terminal growth rate of 2.0%, representing expected long-term inflationary increases
- Average annual cash flow growth rate of 3.5% over the Board approved forecast period. Cash flow projections are inclusive of volume, margin, operating expenditure and capital expenditure assumptions, which are based on the Group's plans and factor into consideration historical performance and forecast macroeconomic and industry conditions.

As a result of testing performed, no impairment was identified for the goodwill at 31 December 2023.

Sensitivity analysis was performed over the key assumptions. The recoverable amount of the CGU would equal its carrying amount if any of the key assumptions were to change as follows:

- Discount rate increases by 1.5 percentage points
- Terminal growth rate reduces by 2.2 percentage points
- Cash contributions reduce by 10% for each year modelled.

In reaching its conclusion regarding the recoverable amount of the CGU, management has considered the potential impacts the country's transition to a low carbon economy may have on its business through downside scenario analysis. Whilst the speed and form of the transition is still highly uncertain, the Group has undertaken additional downside scenario analysis using expectations of the timing and speed of these changes. This has included reviewing required cashflow growth rates for recovery of carrying values against anticipated timing of the low carbon transition including 2040 and 2045 time horizons and timeframes to breakeven. No impairment has been identified based on this scenario analysis.

The Z Board approved forecast utilised in goodwill impairment testing includes estimated future sales volumes based on Z's view of future fuel demand. Z's view of future fuel demand incorporates management's views and related judgements regarding the energy transition. While management have disclosed sensitivity assessments above, climate-related impacts (including impacts arising from the energy transition) other than those referenced could result in impairments.

(14) Emissions trading scheme

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

Obligation	31 December 2023 Units millions	31 December 2022 Units millions
Obligation payable	**7**	7

The ETS obligation of $412m (2022: $414m) 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. Refer to note 13 for the emissions units held.

(15) Investments

The Group's investment in Channel Infrastructure NZ Limited is recognised at the NZX-listed share price at 31 December 2023 of $1.45 (2022: $1.43) giving rise to a $1m increase in the fair value for the year, which is accounted for in other comprehensive income. Z's interest in Channel Infrastructure NZ Limited is 13% (2022: 13%). Z also has a 6% investment in Red Phase Technologies Limited (2022: 6%).

	31 December 2023 $m	31 December 2022 $m
Investment in Channel Infrastructure NZ (fair value hierarchy level 1)	**70**	69
Investment in Red Phase Technologies Limited	**1**	-
Investment in associates - share of profit/(loss)	**61**	51
Investment in associates - share of reserves	**13**	-
Total investments	**145**	120

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

Associates and subsidiaries		31 December 2023 % Holding	31 December 2022 % Holding
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%
Z Partner Limited	Subsidiary	**100%**	100%
Z Property Manager Limited	Subsidiary	**100%**	100%
Flick Energy Limited	Subsidiary	**100%**	95%
Z General Partner Limited	Subsidiary	**51%**	51%
Z Property Limited Partnership	Subsidiary	**51%**	51%
Wiri Oil Services Limited (WOSL)	Associate	**44%**	44%
Drylandcarbon One Limited Partnership	Associate	**37%**	37%
Loyalty NZ Limited	Associate	**25%**	25%
Forest Partners Limited Partnership	Associate	**21%**	21%
Coastal Oil Logistics Limited (COLL) *(liquidated)*	Associate	**0%**	50%
Mevo Limited	Associate	**0%**	32%

Z has two investments in associates which are in the business of forestry and emission unit (NZU) generation. Management has performed impairment indicator testing in the current year and no indicators of impairment were identified when taking into consideration the current regulatory settings. In the event that any future change in regulatory settings excludes exotic forestry from the NZU market, this would result in management performing specific impairment testing, incorporating different assumptions around future cash flows.

(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 December 2023, there were no contingent liabilities for the jointly controlled operations (2022: nil). The value of assets in these interests is $12m (2022: $12m).

	Principal activity	31 December 2023 % Holding	31 December 2022 % Holding
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%
Joint User Hydrant Installation	Fuel storage	**33%**	33%

(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.

	Remaining term (years)	CPI rates (%)	NZ Govt Bond rates (%)
Homebase	1 – 3	2.49	5.87
Truckstop	1 – 27	2.13	5.39 – 5.42
Aviation	1 – 17	2.11 – 2.39	5.32 – 5.71
Terminals	2 – 17	2.11 – 2.39	5.55 – 5.71
Retail	1 – 29	2.12 – 2.15	5.33 – 5.48
Bio Diesel	2	2.49	5.87
Caltex Retailer-operated	1 – 12	2.12	5.32

The CPI and New Zealand Government bond rates are revised annually using rates available as at balance date. The year end provision is updated to reflect the new rates.

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 29 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, with the next review due in 2024. The current D&R obligations are between $50k–$60k per tank for above-ground tanks and $80k–$95k per tank for below-ground tanks. For terminals the current obligations are between $2.8m and $3.3m per site.

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 29 years, depending on the location.

The provision calculation is based on the expected timing of when D&R costs will fall due. Management aligns the timing of expected D&R costs to match the shorter of the useful life of the associated asset to which the provision relates, or the expected site closure dates as per the Z network plan. The Z network plan is developed incorporating Z's view of future fuel demand, which incorporates management's views and related judgements regarding the energy transition. No adjustments to the timing of D&R costs due to climate-related impacts, in particular, the energy transition and its impact on fuel demand, were made during the year.

For the year ended 31 December 2023	Decommissioning, restoration and remediation $m	Other $m	Total $m
Opening balance	108	7	115
Created	6	12	18
Utilised	(3)	(5)	(8)
Released	(19)	(12)	(31)
Effect of changes in discount rates	(6)	-	(6)
Unwind of discount	(11)	-	(11)
Closing balance	**75**	**2**	**77**
Current	14	2	16
Non-current	61	-	61
Closing balance	**75**	**2**	**77**

(18) Borrowings

Financing arrangements

The Group's debt includes bank facilities, related party borrowings and bonds secured against certain assets of the Group. The arrangements 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 December 2023.

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.

Bank facilities and bonds 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.

Related party borrowings

During the year ended 31 December 2023, Z repaid the term loan facility with the Ampol Group and drew down on the working capital facility. This working capital facility replaces the majority of the working capital facility previously held with external banks.

	31 December 2023 $m	31 December 2022 $m
Opening balance	**397**	-
Proceeds from related party	**2,456**	397
Repayments to related party	**(2,691)**	-
Closing balance carrying value	**162**	397
Current	**-**	-
Non-current	**162**	397
Closing balance carrying value	**162**	397

(18) Borrowings (continued)

Banking facilities

Banking facilities comprise a $1m working capital facility drawn to $0m, maturing in September 2024. A $350m revolving-term debt facility was terminated in June 2023 and replaced by a related party facility in May 2023.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down, plus a margin. The interest rate paid during the year was 5.6% (2022: ranged between 2.5% and 6.0%).

	31 December 2023 $m	31 December 2022 $m
Secured bank facilities available	1	350
Closing balance (facilities drawn down)	-	-

Bonds

	31 December 2023 $m	31 December 2022 $m
Opening balance	195	194
Bonds repaid	(70)	-
Amortisation	-	1
Closing balance carrying value	125	195
Current	125	70
Non-current	-	125
Closing balance carrying value	125	195
Fair value of bonds	124	190

(19) Financial risk management

As part of the Ampol Group, Z reviews and sets treasury strategy within the Group policy guidelines and reports on market risk positions and exposures to the Group Treasury Management Committee. 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 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	Forward exchange contracts	Reduce price fluctuations risk of foreign currency commitments, mainly associated with purchasing hydrocarbons.
Sensitivity to FX	Foreign currency: At 31 December 2023, 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), net profit after tax would be $27m higher/$33m lower (2022: $36m higher/$44m lower) and the change in other comprehensive income for the period would be nil (2022: nil).		
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.
Sensitivity to interest rate	At 31 December 2023, if bank interest rates at that date had been 100 basis points higher/lower (with all other variables held constant), net profit after tax would be $1m higher/$1m lower (2022: $2m higher/$2m lower) and the change in other comprehensive income for the period would be nil (2022: nil).		
Commodity price and timing risk	Changes in product prices	Commodity swaps	Match commodity purchase and sales.
Sensitivity to electricity prices	At 31 December 2023, if forward electricity prices at that date had been $25/MWH higher/lower (with all other variables held constant), net profit after tax would be $39m higher/$39m lower (2022: $42m higher/$42m lower) and other comprehensive income for the period would be nil (2022: $1m higher/$1m 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 3% of the Group's receivables are overdue at 31 December 2023 (2022: 6%).
	Risk of derivative counterparties and cash deposits being lost		In line with Ampol Group treasury policies, credit risk on cash, short-term deposits and derivative contracts is reduced by transacting with relationship banks which have acceptable credit ratings determined by a recognised ratings agency.

All products are level 2 and accounted for as fair value through the Statement of comprehensive income except for the electricity price hedges which are classified using fair value hierarchy levels 1, 2 and 3.

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

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.

(19) Financial risk management (continued)

Liquidity risk

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

At 31 December 2023	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							
Accounts payable	386	-	-	-	-	**386**	**344**
Lease liabilities	20	19	37	100	253	**429**	**293**
Related party payables	61	-	-	-	-	**61**	**103**
Related party borrowings	6	6	12	187	-	**211**	**162**
Bonds	3	126	-	-	-	**129**	**125**
Non-derivative financial liabilities	**476**	**151**	**49**	**287**	**253**	**1,216**	**1,027**
Derivative financial instruments							
IRS	(1)	-	-	-	-	**(1)**	**-**
Electricity hedges	14	11	15	19	1	**60**	**59**
Commodity hedges	5	-	-	-	-	**5**	**5**
Derivative financial instruments	**18**	**11**	**15**	**19**	**1**	**64**	**64**

At 31 December 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							
Accounts payable	741	-	-	-	-	741	741
Lease liabilities	18	18	35	94	270	435	294
Related party borrowings	12	13	25	462	-	512	397
Bonds	4	74	129	-	-	207	195
Non-derivative financial liabilities	775	105	189	556	270	1,895	1,627
Derivative financial instruments							
IRS	(1)	(1)	-	-	-	(2)	(2)
Commodity hedges	(2)	-	-	-	-	(2)	(2)
Electricity hedges	12	17	28	40	6	103	103
Derivative financial instruments	9	16	28	40	6	99	99

Interest rate risk analysis

At 31 December 2023	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	**125**	**-**	**162**	**-**	**287**
Interest-rate swaps	**105**	**75**	**-**	**-**	**180**
Net interest rate exposure	**230**	**75**	**162**	**-**	**467**

At 31 December 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	125	397	-	592
Interest-rate swaps	(55)	(20)	75	-	-
Net interest rate exposure	15	105	472	-	592

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 31 December 2023 $m	Amount after applying rights of offset under ISDA agreements 31 December 2023 $m	Derivative position 31 December 2022 $m	Amount after applying rights of offset under ISDA agreements 31 December 2022 $m
Derivative assets	**74**	**66**	113	106
Derivative liabilities	**(10)**	**(2)**	(13)	(6)
Derivative financial assets/(liabilities)	**64**	**64**	100	100

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 cash flow 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. Hedge ineffectiveness as at year end was assessed as immaterial.

(20) Share capital and distributions

Ordinary shares (fully paid)	31 December 2023 $m	31 December 2022 $m
Total authorised and issued capital at beginning of period	766	767
Movements in issued and fully paid ordinary shares	-	(1)
Total authorised and issued capital at end of period	766	766

Issued capital	31 December 2023 Shares millions	31 December 2022 Shares millions
Total issued capital at end of period	519	519

The par value of one share is $1.

Dividends	$m	cents per share
31 December 2022 Interim dividend (paid November 2022)	230	44.3
30 June 2023 Interim dividend (non-cash)	27	5.2

(21) Related parties

Parent and ultimate controlling party

The ultimate controlling party of Z Energy Limited is Ampol Limited, a company registered in Australia.

Key management personnel

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 Z Leadership team for the Group.

Included in operating expenses are directors' fees of $97k (2022: $141k).

Transactions with related parties received/(paid)	12 months ended 31 December 2023 $m	9 months ended 31 December 2022 $m
Key management personnel		
- Short-term employee benefits	(14)	(11)
- Termination benefits	(2)	-
Other related party transactions		
Investments		
Processing fees and terminal services		
- Channel Infrastructure NZ and subsidiaries	(45)	(87)
Purchase of goods and services		
- Red Phase Technologies	(5)	-
Associates		
Sale of goods and services, and on-charging		
- Loyalty New Zealand Ltd	1	1
- Coastal Oil Logistics Ltd (liquidated)	-	4
- Channel Infrastructure NZ	-	1
Purchase of goods and services		
- Coastal Oil Logistics Ltd (liquidated)	-	(9)
- Wiri Oil Services Ltd	(12)	(8)
- Loyalty New Zealand Ltd	(7)	(5)
Ampol Limited group of companies		
- Sale of goods and services	26	60
- Purchase of goods and services	(3,180)	(21)
- Operating expenses	(44)	(3)
- Dividends paid	(27)	(230)
- Interest paid	(15)	(7)

(21) Related parties (continued)

Balances at the end of period	31 December 2023 $m	31 December 2022 $m
Investments		
- Channel Infrastructure NZ – payable 31 December 2023 – for Terminal services (31 December 2022 – for processing fees)	4	4
Ampol Limited group of companies		
- Trade receivables	-	19
- Advance to Parent Company	10	154
- Trade payables	(103)	(22)
- Interest payable	(1)	(5)
- Commodity hedge receivable/(payable)	6	(3)
- Foreign exchange derivatives payable	(1)	-
- Long-term borrowings	(162)	(397)

Refer to notes 8, 15, 18, 19 and 20 for further detail on related party transactions.

(22) Commitments

Commitments relate to property, plant and equipment of $20m (2022: $17m), Forest Partners Limited Partnership of $33m (2022: $46m), Shell Eastern Trading (PTE) Ltd of $35m (2022: nil) and Vitol Asia Pte Ltd of $14m (2022: nil).

(23) Contingent assets and liabilities

Z currently guarantees a total potential exposure relating to Flick Energy Ltd of up to $34m as per the table below.

Counterparty	31 December 2023 $m	31 December 2022 $m
NZ Wind Farms	1	1
Mercuria	1	1
Meridian	1	-
Genesis	3	3
Westpac	9	9
Eastland	9	10
Mercury	10	10
Total exposure	34	34

The Group has no other guarantees (2022: nil).

In the ordinary course of business, the Group is involved as a plaintiff or defendant in legal proceedings. Where appropriate, Z takes legal advice. The Group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

(24) Events after balance date

There are no events after balance date as at 31 December 2023.

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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 48 to 74 present fairly, in all material respects:

i. the group's financial position as at 31 December 2023 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 issued by the New Zealand Accounting Standards Board and International Financial Reporting Standards issued by the International Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 December 2023;

— 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 greenhouse gas assurance, climate-related disclosure pre-assurance and several agreed upon procedures engagements. 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 $15.7 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.

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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
Assessment of Goodwill	
Refer to Note 13 of the consolidated financial statements. The group's testing of goodwill for impairment is a Key Audit Matter due to the complexity of auditing the judgements used by the group to determine the recoverable amount of the relevant cash generating units (CGU's). The group used complex models to perform their assessment of the recoverable amount. The models used a range of external and internal inputs, including assumptions made by the group. Complex modelling using forward-looking assumptions are prone to greater risk for potential bias, error, and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and consistent application.	Our audit procedures included: — We considered the appropriateness of the valuation method applied by the group to perform the test of goodwill for impairment against the requirements of the accounting standards. — We assessed the accuracy of previous group forecasts to inform our evaluation of forecasts incorporated in the model. — We checked the consistency of forward-looking assumptions to the group's stated plan and strategy, past performance of the group, published information on industry trends, inclusive of views over the speed of energy transition in the New Zealand economy, and our experience regarding the feasibility of these assumptions in the industry in which they operate. The key forward-looking assumptions we checked are as follows: • Sales volume demand • Gross margin per litre • Discount and terminal growth rates — We worked with our valuation specialists to analyse the group's discount and terminal growth rates used in the valuation model by comparing to independently developed discount rates using publicly available market data for comparable entities, adjusted by risk factors specific to the group and the industry in which they operate. — We considered the sensitivity of the model by varying key assumptions, such those listed above. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus additional procedures. The speed of energy transition in the New Zealand economy is not known with any certainty and therefore our sensitivity analysis was key when considering possible different transition scenarios. — We assessed the disclosures in the consolidated financial statements using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

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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 $1,009 million (2022: $1,007million), with land and buildings and terminal plant making up the majority of this balance. The group has a policy of recording land and buildings and terminal plant at fair value, with valuations undertaken at least every 5 years, with a material change assessment carried out in intervening years.	
Land and buildings $564 million (2022: $575 million) Valuation of land and buildings 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 assets was carried out as at 31 December 2023.	Our procedures to assess the land and buildings valuations included, amongst others: — Assessing the competence, independence and objectivity of the independent valuers used by the group; — Assessing the key assumptions which are judgemental in nature and which have the largest impact on the value of land and buildings. This comprised: • assessing the appropriateness of valuation methodologies applied across the land and buildings asset categories; • discussing with the valuers the process of determining the applicable capitalisation rates and checking these against actual valuation outcomes, as well as comparison to market evidence from sales of similar assets; • assessing shop rental and land value data for sampled sites against recent market sales data; • agreeing key lease terms to contract; • 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; • performing a comparison of fixed asset register information against valued sites to check all sites have been included in the year end revaluation exercise. — Considering useful lives of assets, taking into consideration management's stated plans and comparison against relevant forward-looking assumptions included within management's goodwill impairment valuation model.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. 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 issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is 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 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

28 February 2024

Ngā puakanga Tāpiri

Additional disclosures

The Z Board

The Z Board is appointed by Ampol, with written notice to Z. Ampol has the decision-making responsibility to appoint, remove and replace any Z Board Director.

In 2023, the following changes were made to the Z Board:

- Gregory Barnes, CFO for the Ampol Group, appointed 10 May 2022
- Penelope Winn, a non-executive director, appointed 10 May 2022, resigned 20 December 2023
- Andrew Brewer, Executive General Manager, Fuel Supply Chain for the Ampol Group, appointed 1 September 2022
- Simon Allen, a non-executive director, appointed 1 September 2022, resigned 20 December 2023
- Lindis Jones, CEO of Z, appointed 20 December 2023.

Information about the Ampol Board can be found in Ampol's 2023 Corporate Governance Statement at: https://www.ampol.com.au/about-ampol/investor-centre/corporate-governance

Compliance with laws and regulations

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.

Waivers

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

Modern slavery

Z has not identified any situations or instances of modern slavery practices in its operations or supply chains in the year ended 2023, and will continue to monitor the risk of modern slavery at Z.

Our latest Modern Slavery Statement can be found at: https://www.z.co.nz/about-z/corporate-centre

Z employees

Employee type	Total FTE	Total Headcount
Number of employees (total)	**487.6**	**497.0**
Permanent full-time	**430.0**	430.0
Permanent part-time	**23.8**	31.0
Fixed-term contract full-time	**33.0**	33.0
Fixed-term contract part-time	**0.8**	1.0
Casual	**0.0**	2.0

Employment practices

People are at the core of our business, including our Z whānau, family, and our customers, communities, suppliers and partners. We are committed to upholding human rights to protect workers and prevent exploitation across our business.

New employee hires and employee turnover

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

	Number	Rate
Age Group		
Under 30 years	17	25%
30–50 years	45	67%
Above 50 years	5	8%
Gender		
Female	32	48%
Male	35	52%
Non-binary	0	0%
Not disclosed	0	0%
Region		
Auckland	17	25%
Canterbury	3	5%
Otago	2	3%
Bay of Plenty	1	2%
Hawke's Bay	0	0%
Nelson	1	1%
Wellington	42	63%
Mini-Tankers Drivers	0	0%
Home Offices	1	1%

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

	Number	Rate
Age Group		
Under 30 years	12	12%
30–50 years	57	59%
Above 50 years	28	29%
Gender		
Female	38	39%
Male	57	59%
Non-binary	2	2%
Not disclosed	0	0%
Region		
Auckland	26	27%
Canterbury	8	8%
Otago	1	1%
Bay of Plenty	1	1%
Hawke's Bay	0	0%
Nelson	5	5%
Wellington	49	51%
Mini-Tankers Drivers	5	5%
Home Offices	2	2%

Benefits for full-time employees

At Z we believe in rewarding people for extraordinary performance, and this is reflected in our remuneration packages. Alongside a competitive base salary, our Crew Promise includes:

- enhanced five percent employer contribution for KiwiSaver
- two days a year to do 'good in your hood' through our volunteering scheme
- a competitive annual incentive scheme
- generous leave allowances including enhanced sick leave
- the option to buy additional annual leave
- the option to participate in our Employee Share Scheme
- 26 weeks topped-up parental leave, a return to work payment and paid leave for non-primary carers
- health insurance for employees and their families
- wellbeing partnerships and initiatives
- rewards for referring top talent
- discounts with our local and national partners.

The only benefits that are not applicable to fixed-term employees are our annual incentive scheme, participation in our Employee Share Scheme and health insurance.

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
277	341	2	1	**621**

Total number of employees that took parental leave, by gender

Female	Male	Non-binary	Not disclosed	Total
16	5	0	0	**21**

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
8	4	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
16	1	0	0	**17**

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

Employee type	Female	Male	Non-binary	Not disclosed
Return to work rate	100%	100%	NA	NA
Retention rate	100%	100%	NA	NA

Education and performance and development reviews

Education levels

The following table provides information about the education levels of employees

Education level	Number
Tertiary	277
Postgraduate	129
Secondary	61
None or unknown	28

Performance and career development reviews

All employees received regular performance feedback and coaching throughout the year, as part of our fortnightly, quarterly and annual conversation cadence.

Diversity policy

Z is committed to a culture that promotes and values representation, equity and inclusion. This is reflected in our Diversity and Inclusion policy which applies to all Z people and sets out processes for annual review of the organisation's performance against the policy and how it will be measured.

Z has a clear plan to increasingly build diversity into our business. We have made some progress, and there is more work to be done. Please refer to pages 40 to 41 for more information on Z's commitments in the Diversity and Inclusion space. Further detail can also be read here: https://www.z.co.nz/about-z/what-we-stand-for/diversity-and-inclusion

Diversity of employees

The following tables provide additional detail to our Diversity and Inclusion stand, refer pages 42 to 43. Diversity information about the Z Board can be found on page xx and in Ampol's 2023 Corporate Governance Statement at: https://www.ampol.com.au/about-ampol/investor-centre/corporate-governance

Number of individuals by gender, age and ethnicity

	Employees		Executive	
	2023	9 months to 31 Dec 2022	2023	9 months to 31 Dec 2022
Gender				
Female	226	219	4	4
Male	268	283	3	5
Non-binary	0	2	0	0
Not disclosed	1	1	0	0
Age group				
Under 30 years	69	90	0	0
30–50 years	306	291	3	4
Above 50 years	120	124	4	5
Ethnicity				
NZ European/Pākehā	269	279	6	8
European	56	54	1	1
Asian (including Indian and Pakistani)	93	82	0	0
Other ethnicity	17	13	0	0
Information not provided	4	13	0	0
Middle Eastern/Latin American/African	9	12	0	0
Māori	34	35	0	0
Pacific Islander	13	17	0	0

Note: The numbers in this table relate to permanent and fixed-term employees only.

The age groups of Z's permanent employees at 31 December 2023

Age	% Employees
Under 30 years	12%
30–50 years	63%
Above 50 years	25%

The ethnicities of Z's permanent employees at 31 December 2023

Ethnicity	% Employees
NZ European/Pākehā	56%
European	11%
Asian (including Indian and Pakistani)	17%
Middle Eastern/Latin American/African	2%
Māori	7%
Pacific Islander	3%
Other ethnicity	3%
Information not provided	1%

The number of Z's permanent employees with dependants at 31 December 2023

Dependants	Employees
No	193
Yes	239
Not disclosed	28

Remuneration

Remuneration policies and processes

We believe in creating a clear link between performance and reward.

Z is committed to market competitive remuneration. To ensure a competitive total remuneration offering, Z aligns its fixed remuneration structure to the upper quartile of external market benchmarking. Z also offers a company-wide Short-Term Incentive (STI) programme which provides a variable payment dependent on both company and individual performance. When Z performs above plan expectations, total remuneration outcomes sit at or above the top quartile of the market.

Our fixed remuneration structure is informed by external benchmarking from independent remuneration specialists. This structure informs our annual salary review budget which is approved by the Ampol People & Culture Board Committee ahead of an annual salary review in the first quarter of each year.

In addition to base salary, a Z employee's fixed remuneration package includes health insurance for themselves and their immediate family and a five percent employer contribution to KiwiSaver.

At Z, each eligible person has a clear STI target opportunity, represented as a percentage of fixed remuneration. Our STI model aligns pay with performance by setting clear goals for Z overall, including a threshold for any STI payments set at the achievement of 85 percent of profit plan expectations in any given year.

Once this threshold has been met, payment is subject to the overall company performance rating and meeting minimum individual performance expectations.

In addition to Z's overall performance goals, the Ampol Board considers the following areas when finalising its assessment of overall company performance:

- Performance within risk appetite, including any significant safety and wellbeing incidents
- Holistic performance through the lens of shareholder, customer, employees and community including any adverse reputational incidents causing misalignment with Z being a world-class Kiwi company and/or customer reactions to any operational failures.

Information on Ampol's remuneration philosophy and framework including Non-Executive Director remuneration can be found in Ampol's Annual Report at: https://www.ampol.com.au/about-ampol/investor-centre/annual-reports

Gender pay ratio

Z's primary method for tracking any gender pay differential measures the existence of any gaps across all career levels.

Our overall gender pay gap for all staff (including our CEO and executive team) is 1.96 percent which has reduced from 5.26 percent since our last annual report. Z is committed to closing its gender pay gap to zero over time and to supporting work in support of pay equity across the economy.

Charitable donations

For the year ended 31 December 2023, Z made total charitable donations of $2,773,571 (for the 9 months ended 31 December 2022: $2,475,383).

Flick Energy Limited made donations of $1,615 (for the 9 months ended 31 December 2022: $1,617) during this period.

Directors' and senior officers' interests in bonds

None of Z's Directors for the nine months to 31 December 2022 held any interest in Z Energy bonds.

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

Distribution of ordinary bonds and bondholders

At 31 December 2023

ZEL 060

Size of holding	Number of bondholders	%	Number of bonds
1–1,000	0	0.00	0
1,001–5,000	123	0.49	615,000
5,001–10,000	165	1.25	1,560,000
10,001–50,000	302	7.53	9,407,000
50,001–100,000	27	90.73	113,418,000
100,001 and over	0	0	0
Totals	**617**	**100**	**125,000,000**

Z's 20 largest registered bondholders

At 31 December 2023

ZEL 060

Rank	Holder name	Account	Total units	% Issued capital
1	CUSTODIAL SERVICES LIMITED	4 A/C	48,085,000	38.47
2	FORSYTH BARR CUSTODIAN	1-CUSTODY A/C	17,020,000	13.62
3	NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED		15,681,000	12.54
4	FNZ CUSTODIANS LIMITED		13,741,000	10.99
5	HOBSON WEALTH CUSTODIAN	RESIDENT CASH A/C	6,048,000	4.84
6	JB WERE (NZ) NOMINEES LIMITED	NZ RESIDENTS A/C	4,184,000	3.35
7	NZX WT NOMINEES LIMITED	CASH A/C	1,113,000	0.89
8	FORSYTH BARR CUSTODIANS	1 E A/C	1,011,000	0.81
9	CUSTODIAL SERVICES LIMITED	12 A/C	917,000	0.73
10	INVESTMENT CUSTODIAL SERVICES	C A/C	749,000	0.6
11	LU REN + YANAN XU		600,000	0.48
12	FNZ CUSTODIANS LIMITED	DTA NON RESIDENT A/C	566,000	0.45
13	CUSTODIAL SERVICES LIMITED	6 A/C	530,000	0.42
14	FNZ CUSTODIANS LIMITED	DRP NZ A/C	406,000	0.32
15	BEST FARM LIMITED		400,000	0.32
16	CRAIG PAUL WERNER + LEA LYNN WERNER		330,000	0.26
17	CLUTHA NOMINEES LIMITED		250,000	0.2
18	FORSYTH BARR CUSTODIANS LIMITED	1 NRL A/C	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 A/C	200,000	0.16

Ngā hononga me ōna tikanga

Appendix 1:
Materiality – who we engage with and how

For the 2023 calendar year, materiality has been determined through analysing the output of external and internal engagements with the stakeholder groups referenced below and validated via interviews with the Z Leadership Team and senior leaders.

Set out below are details around how Z has engaged with core external stakeholder groups to understand their material issues.

We intend to refresh our approach to assessing materiality in 2024.

Who are Z's core external stakeholders?

In determining materiality, Z seeks to understand the perspectives and priorities of the following external stakeholder groups:

Customers

Z routinely seeks feedback from our business and consumer customers on all areas of their experience. This forms the basis for making improvements to customer experience, products and our service standards.

Z undertakes quarterly tracking and monthly customer research. What our small business and retail customer research tells us is that they value a consistent, fairly priced, personal service where their loyalty is recognised. The role of Z in supporting the local community increased in importance to customers over 2023.

Climate change is higher on customers' minds this year, alongside a desire for Z to offer the same ease of solutions for lower carbon energy as for traditional fuels. Cyber security is showing up in a hesitancy towards digital payments, and the rise in retail crime has pushed safety and wellbeing up as a priority concern.

Mana whenua

Z is at the beginning of a cultural journey. Z's engagement with mana whenua is generally on a site-by-site basis, for example at Seaview where a new pipeline is being built, or at the Z Kahikatea Drive retail site where local mana whenua were consulted on a name change and invited to formally re-open the site.

Z is committed to supporting the communities in which we operate. The Good In The Hood programme directly ensures funding is provided to local community groups, and in 2023 a focus was made on lifting Māori representation in the programme.

Z's current engagement processes with mana whenua provide us with a limited view of what matters most to Māori within their rohe and is largely conducted on a case-by-case basis.

Public

Z participates in the annual Colmar Brunton Corporate Reputation Index to understand what Kiwi expect from the country's top 50 brands. On average, reputation declined for all companies during 2023, reflecting cost-of-living pressures and concerns around being charged fair prices. Concerns over the treatment of employees and action to address climate change have also increased.

Z also engages with the public via social media and digital channels, including Facebook, LinkedIn and online at general@z.co.nz. Core concerns raised through these channels include broader sustainability, including waste management and recycling, affordability, and security of fuel supply, including EV charging.

Central government

As one of the country's leading transport energy companies, Z engages continuously with central government on a wide range of regulatory and policy issues. Z conducts meetings in person on at least a quarterly basis with Ministers, MPs, officials and advisors. Much of the engagement we have with government is focused on policy and regulatory matters associated with the three planks of the energy trilemma: energy security, affordability, and emissions reductions.

Z engages proactively, deliberately and on a non-partisan basis. Z participates in consultations around proposed policy and appears at select committee hearings as required. Over 2023, there were a number of regulatory policy developments that required engagement, including consultations regarding the advancement of the energy transition, passage of amendments to the Fuel Industry Act, and proposed changes to the Emissions Trading Scheme.

The most material issues for government engagement over 2023 have been:

1. Cost of fuel/affordability
2. Security of fuel supply – at both a national level and for local communities affected by adverse weather events (like Cyclone Gabrielle)
3. Supporting the energy transition.

Local government

As a lifeline utility provider and an essential service, Z plays a vital role in ensuring communities have access to the fuel they need.

Over 2023, there were multiple adverse weather events that impacted local communities, including Northland, Auckland, the East Coast of the North Island and Southland. In all cases, Z was in regular communication with the relevant local authorities to ensure local fuel supply was either uninterrupted or restored rapidly, as well as to support regional recovery efforts. Ensuring we continue to build and practice our emergency response capability is a priority for Z.

At a local level our fuel storage terminal operations engage on a regular basis with local authorities as required for resource consent management.

Non-governmental organisations (NGOs)

Z engages with a range of NGOs on a regular basis in a variety of capacities, including as direct customers to Z (for example Hato Hone St John Ambulance), at a local level through our Good In The Hood community programme, and at a national level through our three biodiversity partners: the Sustainable Business Network, The Nature Conservancy and Trees That Count.

Z also engages with emergency service NGOs as required during local events, for example through Cyclone Gabrielle and its aftermath.

Z's people are empowered to take two volunteer days a year to engage with charities of their choice, with long-term relationships built over time, for example with Conservation Volunteers NZ.

Media

Z seeks to build open, transparent and trusted relationships with all media. We recognise the value of an independent media in a strong democracy. We remain deliberately open and available for queries and actively maintain relationships across a wide range of local and national media outlets. For example, Z ran a proactive education campaign on fuel pricing in the lead up to the return of the Fuel Excise Duty.

Core issues for the media over 2023 included affordability, security of fuel supply and climate change.

Internal stakeholder groups

Feedback from regular internal stakeholder group engagement is also included when identifying what matters most.

Topics discussed at Z governance meetings are analysed, such as key organisational and operational risks, and company performance targets and commitments raised as part of regular meetings of the Z Leadership Team, Z Board and the Ampol Decarbonisation Project Review Board, along with insights from monthly Peakon employee surveys.

Tūhonotanga

Appendix 2:
Connectivity

We opened this annual report with Z's context, which is shaped by what we stand for, the choices we make and why we do what we do.

Set out below are links to where each of the elements of our context are connected within this report:

Business model element and corresponding value creation	Refer page(s)
Our assets and supply chain	
Business model: Our assets and supply chain • One of the country's leading transport energy companies; own and operate a network of strategically located assets including commercial refuelling stations, retail service stations and bulk fuel storage terminals across the country • Integrated supply chain	Page 12
Material issue: Security of fuel supply	Page 11
Strategy element: Z at Home • 100% ownership in electricity retailer Flick • New electricity offer for homes, including optional EV charger installation	Page 20
Strategy element: Z On-the-go • Retail site refresh and convenience retail offers • Growing EV charging network • Innovation, including Red Phase partnership for ultra-high-speed charging	Page 18
Strategy element: Z for Business • Secure, safe and competitively priced transport fuels • Sustainable Aviation Fuel feasibility study	Page 22
Strategy element: Z Fuel Supply • Greater supply security through integration with the Ampol Group • Market share	Page 23
A snapshot of our supply chain • Refined fuel imports • Retail network including EV charging	Page 24
Financial statements	Pages 48 to 74

Business model element and corresponding value creation	Refer page(s)
Our finances	
Business model: Our finances • Strong financial performance • Market share • Investment in adjacent business for future energy options • Strength of the Ampol Group	Page 12
Our numbers • Financial highlights	Pages 8 to 9
Material issue: Climate change / energy transition	Page 11
Our strategy • New phase of strategy to safely and reliably deliver the affordable energy customers and the economy need while supporting the transition to a low carbon future	16 to 17
Climate statements • First climate statements to be published under the Aotearoa New Zealand Climate Standards (April 2024)	See link on page 13
Financial statements and Auditor's report	Pages 48 to 79
Our people and culture	
Business model: Our people and culture	Page 12
Material issue: Safety and wellbeing	Page 11
Stand: Safety and wellbeing • Ensuring peoples' safety and wellbeing • Managing and mitigating spills	Pages 38 to 39
Stand: Diversity and inclusion • Diversity commitment, closing the gender pay gap • Te Ao Māori representation, learning and development • Snapshot of the Z whānau	Pages 40 to 43
Our people: • Integrated Ampol-Z Energy Solutions Team • New CEO, Lindis Jones • Increased employee engagement score • Leadership development • HR Institute of New Zealand awards	Pages 44 to 47

Business model element and corresponding value creation	Refer page(s)
Our environment	
Business model: Our environment	Page 13
Material issue: Climate change / energy transition	Page 11
Climate statements • First climate statements to be published under the Aotearoa New Zealand Climate Standards (April 2024)	See link on page 13
Stand: Environmental sustainability • Progress against Community and Environmental Sustainability Strategy 2030 – Restore Nature and Wellbeing, Lead Transition • GHG emissions • Biodiversity fund partnerships	Pages 29 to 34
Our place in Aotearoa New Zealand	
Business model: Our place in Aotearoa New Zealand	Page 13
Material issue: Affordability / cost of living	Page 11
Material issue: Climate change / energy transition	Page 11
Material issue: Security of fuel supply	Page 11
Stand: Environmental sustainability • Progress against Community and Environmental Sustainability Strategy 2030 – Restore Nature and Wellbeing, Lead Transition • GHG emissions • Biodiversity fund partnerships	Pages 29 to 34
Stand: Community • Progress against Community and Environmental Sustainability Strategy 2030 – Empower Communities • Good In The Hood programme review and donations • Other charitable donations	Pages 34 to 37

Business model element and corresponding value creation	Refer page(s)
Our capabilities	
Business model: Our capabilities	Pages 13 to 14
Strategy element: Z On-the-go • Retail site refresh and convenience retail offers • Growing EV charging network • Innovation, including Red Phase partnership for ultra-high-speed charging	Page 18
Strategy element: Z Experience • Providing customer convenience, including through the Z App • Providing digital payment options • Increasing Z brand performance	Page 19
Strategy element: Z at Home • 100% ownership in electricity retailer Flick • New electricity offer for homes, including optional EV charger installation	Page 20
Strategy element: Z for Business • Secure, safe and competitively priced transport fuels • Sustainable Aviation Fuel feasibility study	Page 22
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Our people: • Integrated Ampol-Z Energy Solutions Team • New CEO, Lindis Jones • Increased employee engagement score • Leadership development • HR Institute of New Zealand awards	Pages 44 to 47

Ngā pārongo | Company directory

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Z ENERGY

Z Energy
2023 Annual Report

Aspirational for Aotearoa New Zealand

Our customers, communities and people