



REFINING NZ

INDEPENDENT DIRECTORS COMMITTEE CHARTER

The Board is accountable for approving this Charter and any amendments to it.
This Charter was last reviewed by the Board in November 2017.

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1. INTRODUCTION

- 1.1** The three largest shareholders of the Company are the three oil companies, BP New Zealand Holdings Limited, Mobil Oil NZ Limited and Z Energy Limited (**Major Shareholders**) and each Company has representation on the Board of Directors. The three customers of the Company pursuant to separate processing agreements are the Major Shareholders either directly or through wholly owned subsidiaries (**Customers**).
- 1.2** This structure means that there are some matters where it is not allowed, or not appropriate, to involve the full Board. For example, discussions on issues where individual Directors are conflicted or “interested”, including discussions on processing fee arrangements and other related party transactions. In these circumstances, the Independent Directors have a critical governance role to play.
- 1.3** Clause 8.18.1 of the Company’s Constitution allows for the Independent Directors to act as the Board in respect of these matters.

2. INDEPENDENT DIRECTORS

- 2.1** The Independent Directors are those Directors of the Company who do not represent or are not otherwise associated with the Major Shareholders/Customers. They will also come within the definition of “Independent Directors” for the purposes of the NZX Main Board/Debt Market Listing Rules that is a Director who is not an executive of the Company and who has no Disqualifying Relationship. A Disqualifying Relationship includes any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director’s decisions in relation to the Company.
- 2.2** Clause 8.2 of the Company’s Constitution provides that the minimum number of Independent Directors on the Board shall be three. In addition, if there are eight or more Directors, one-third of the Directors must be Independent Directors (rounded down to the nearest whole number of Directors) provided that there must always be, at least, three Independent Directors.

3. ROLES

- 3.1** The Independent Directors have two roles special to them:
- (a) To act in effect as the Board in relation to those matters to be decided by the Board in which all of the other Directors have an interest, including related party transactions, which disqualifies them from performing part of the quorum and voting, and
 - (b) To act as a Committee to the Board to deal with matters delegated or referred to it by the Board or Management, including ensuring that issues concerning the Customers, and in particular any conflicts of interest, including related party transactions, are dealt with in a transparent manner for the benefit of the Company as a whole.

4. ROLE OF INDEPENDENT DIRECTORS WHEN ACTING AS THE BOARD

- 4.1** When the Independent Directors are acting as the Board, they will comply with the governance requirements and responsibilities that apply to the Board as a whole, including complying with the provisions of the Board’s Charter that are relevant in relation to the specific matters being considered by the Independent Directors.
- 4.2** The most likely situation where the Independent Directors will act as the Board is in relation to any negotiations concerning or proposed changes to the Processing Agreements between the Company and each of the Customers.

5. ROLE OF INDEPENDENT DIRECTORS WHEN ACTING AS A COMMITTEE

- 5.1** The role of the Independent Directors when acting as the Independent Directors Committee (**Committee**) is to assist the Board to discharge its responsibility to act in the best interests of the Company as a whole and to exercise due care, diligence and skill in relation to the affairs and management of the Company.
- 5.2** The Committee will meet to deal with specific matters referred or delegated to it by the Board (or Management) such as reviewing with Management annually the status of the processing fee arrangements with the Customers (taking into account whether there is a need to trigger an independent review), or authorising the provision of particular information to Major Shareholders/ Customers which is not publicly available. The Committee will advise the Board of any matters undertaken.
- 5.3** The Committee will request, receive and review information from Management in order to make recommendations and provide assurance to the Board, in relation to the specific functions set out in this Charter.
- 5.4** The Committee does not remove from the Board any of its responsibilities and legal duties.

6. AUTHORITY OF THE COMMITTEE

- 6.1** The Board authorises the Committee, within the scope of this Charter, to obtain outside legal or other independent professional advice, as the Committee deems necessary to execute its duties and responsibilities at the expense of the Company. The Committee is authorised to seek any information it requires from any officer or employee of the Group and all employees are directed by the Board to respond cooperatively with any request made by the Committee.
- 6.2** The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors or auditors employed by the Committee.

7. CHAIRPERSON OF THE COMMITTEE

- 7.1** The Chairperson of the Independent Directors Committee will be the Chairperson of the Board of Directors, provided that the Chairperson is an Independent Director.

8. SECRETARY OF THE COMMITTEE

- 8.1** The Secretary of the Committee will be the Company Secretary or such other person as nominated and agreed by the Board.

9. MEETINGS OF THE COMMITTEE

- 9.1** Meetings of the Committee shall be held as required to perform its duties, and shall be convened by the Committee Chairperson at his or her discretion or if requested by any member of the Committee, the Board, or the Chief Executive.
- 9.2** A quorum shall be a minimum of two members.
- 9.3** Management will provide the meeting agenda, papers and recommendations to the Committee members at least three full working days before the meeting.

- 9.4** The Chief Executive and the Company Secretary may be invited to attend all Committee meetings.
- 9.5** The Committee may invite to its meetings any Management or other personnel of the Company, or any third parties, as it deems appropriate in order to carry out its responsibilities.
- 9.6** Committee members may participate in, or conduct, a meeting of the Committee through the use of any means of communication by which all members participating can hear each other during the meeting and participation by such means shall constitute presence in person at the meeting.
- 9.7** The procedural requirements for the Committee meetings, including those relating to the keeping of minutes, shall be the same as those detailed in the Company's Constitution for a meeting of the Board.

10. DUTIES OF THE COMMITTEE

- 10.1** It is the duty of the Committee to deal expeditiously with those matters delegated or referred to it by the Board.
- 10.2** It is the duty of the Committee to report to the Board the results of its considerations and reviews and to recommend appropriate action to be taken or authorised by the Board.

11. REVIEW AND APPROVAL OF THE COMMITTEE

- 11.1** The Committee will review its performance annually against this Charter by means of a self-assessment.
- 11.2** The Committee will review this Charter annually and recommend any proposed amendments to the Board for approval.
- 11.3** The Committee Charter will be posted on the Company's website.