

SUSTAINABLE OPERATIONS

DELIVERING OUR UNIFIED BEST



Caltex's business plans and day-to-day operations reflect our commitment to being an employer of choice, limiting our impact on the environment, remaining a good community neighbour and continuing to add value for our shareholders. Through our policies, operating systems and processes, we formally support our culture of continued improvement and operational excellence. As a proudly Australian company, our social license to operate depends on this.

+ —
SHEREE PAPUNI, ONE
OF THE RECIPIENTS OF
A 2015 STELLAR AWARD

BABY CARE

Increase in number of women successfully transitioning back to work and developing their careers after having a baby

25%

GENDER PAY DIFFERENTIAL

Negligible on a like-for-like basis between men and women

0.8%

Employee recognition

A highlight of the Caltex year is the annual Stellar Awards – the cornerstone of our Recognising Results program. The awards were specifically designed to celebrate and reward the Caltex values in action. The 2015 Stellar Awards recognised over 54 Caltex people from 118 finalists. In addition, during the year we also recognised more than 800 employees and contractors for their stellar efforts and rewarded them with a variety of cash and non-cash awards.

Highly capable organisation

Improved capability is a strategic enabler for Caltex. In 2015, we revolutionised our performance management framework. Our new approach to managing performance, Personal Best, aims to enable and inspire each of our employees to fulfil their potential and achieve higher levels of performance, learning and growth – as individuals, in teams and across Caltex.

The key changes to performance management include assessing performance in a much more rounded way, embedding feedback and coaching in our culture, the removal of performance ratings and the introduction of a new human resources technology platform.

Diversity and inclusion

In 2015, Caltex received an Employer of Choice for Gender Equality citation from the Workplace Gender Equality Agency. The citation was received for a number of initiatives Caltex has in place to enable gender equality in the workplace.

One of these initiatives is the award-winning BabyCare package. Now into its third year, Caltex has experienced a 25% increase in the number of women successfully transitioning back to work and developing their careers after having a baby. Our analysis shows that more new mothers are choosing to return to work at Caltex, and also choosing to stay. For us, this confirms once again the importance of focusing on the transition back to work just as much as providing parental leave.

Caltex's gender pay differential in 2015 was negligible at 0.8% on a like-for-like basis. Significant progress was also made in increasing the number of female senior leaders across our organisation. At the end of 2015, almost one in three of our senior managers is female, an increase from one in four in 2014 and one in five at the end of 2013.

To continue increasing the representation of women in senior positions, we are strengthening our senior female talent pipeline by providing appropriate development and promotion opportunities, continuously monitoring key gender metrics and committing to innovative initiatives such as the BabyCare package.

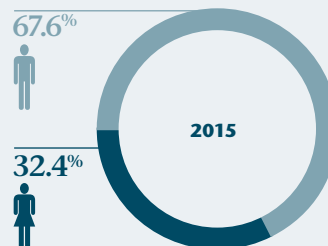
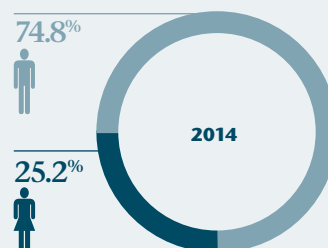
In 2015, five indigenous interns were engaged through CareerTrackers. We have also fulfilled 108% of placements committed to indigenous employees for the Australian Employment Covenant.

In 2015, 88% of respondents in the Caltex annual flexibility survey agreed or strongly agreed that "the work environment is accepting of individual difference". This is a significant improvement on the 2014 result of 67%. Within the same survey, 85% of respondents agreed that they felt comfortable talking to their manager about flexible work. This is an improvement on the 2014 result of 77%.

Employee engagement survey

Overall engagement at Caltex increased by five points year on year in the employee engagement survey. This was a pleasing result and demonstrates a strong commitment by senior leaders and all people leaders to ensuring that Caltex is a great place to work.

GENDER TREND AT CALTEX: PROPORTION OF MALES TO FEMALES IN SENIOR LEADERSHIP POSITIONS



The safety of our people and operations is of the highest concern to Caltex. We believe it's each employee and contractor's right to return home safely from work each day. Focus, discipline and education resulted in improved outcomes across almost all safety measures in 2015.

Personal safety

In 2015, our total treated injury frequency rate (TTIFR) was 2.35 per million hours worked, compared with 1.74 per million hours worked in 2014. Six treated injuries during the Lytton refinery maintenance period significantly impacted this result. Encouragingly, the safety performance of our business, excluding the Lytton maintenance, was broadly on target.

We achieved one of our lowest lost time injury frequency rates (LTIFR) of 0.62 per million hours worked in 2015. This compares with 0.76 per million hours worked in 2014.

The safe transportation of fuel is of utmost importance to us. Disappointingly, there was a small increase in the number of tanker truck accidents (TTA) from four to five in 2015. Pleasingly, we recorded zero significant motor vehicle accidents (MVA) in 2015.

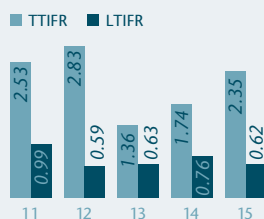
Process safety

In 2015, no tier one or tier two process safety events occurred, compared with four tier one and two tier two in 2014. Process safety focuses on the safe manufacture, distribution and transportation of products, and the safe operation of all Caltex facilities. It was in those areas that Caltex achieved the most significant improvements and met the aggressive improvement targets set for the year.

Health and wellbeing

Caltex undertakes a number of appropriately targeted health and wellbeing programs each year, including the provision of the Caltex Employee Assistance Program. This program assists employees and their immediate families to improve their wellbeing and morale.

**TTIFR, LTIFR – PER MILLION HOURS WORKED (INCLUDING CONTRACTORS)
INJURY FREQUENCY RATES**



Across Caltex's refining and terminal operations and at the corporate head office in Sydney, over 300 skin screening tests, 625 influenza vaccinations and 100 heart health checks were conducted in 2015.

Caltex also supported 224 employees to participate in the Global Corporate Challenge, a 16 week team based program aimed at promoting and increasing physical activity levels.

Caltex undertakes a Drug and Alcohol Program which aims to mitigate occupational risks associated with certain lifestyle factors. In 2015, over 3,400 drug and 5,000 alcohol tests on employees and contractors were conducted at safety critical sites across the business. This included an extensive testing program during the Lytton maintenance period. In 2015, random drug and alcohol testing was also conducted across Caltex owned and operated retail sites.

Occupational health

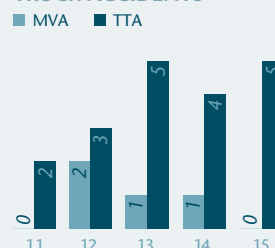
Caltex is committed to mitigating the health risks associated with physical exposures to hazards within the workplace by controlling exposures at their source. This includes a commitment to managing all asbestos-containing materials across all Caltex sites in a safe and effective manner.

In 2015, as part of the Kurnell refinery decommissioning and demolition project, an extensive asbestos removal program associated with redundant equipment and pipework was undertaken. The asbestos has been safely removed and disposed of according to strict protocols. Air monitoring throughout this work confirmed that exposure controls implemented were effective in minimising any risks to employees, contractors and to the environment.

Contractor safety

Contractors are utilised across many areas within Caltex and contractor safety management principles and practices are well embedded across the organisation. All contractors are assigned a Caltex contractor owner, a procurement owner and an operational excellence and risk owner from the relevant business area. In addition, each contractor is categorised according to risk and must have the appropriate insurance and safety program qualifications to operate

MOTOR VEHICLE AND TANKER TRUCK ACCIDENTS



safely on site. Contractors are regularly reviewed on their safety performance. The frequency of review is based on their risk category and tenure at Caltex. In 2015, 85 safety reviews were conducted.

Contractor subscription to Caltex's external safety verification and validation service, ISNetworld, increased from 97% in January 2014 to 99% in December 2015. In addition, the contractor TTIFR for 2015 was 4.11 per million hours worked, in line with 2014.

Risk management

Risk is managed at all levels within our business and includes risks to people and the environment, business risks regarding our operations and strategic risks that may be either threats or opportunities for Caltex. The Caltex Risk Management Framework is used to identify, monitor and report on the most significant risks we face. To ensure that the management of risk is at the forefront of the decision making process, workshops are held frequently with senior management. The Board and relevant Board committees receive risk reports quarterly and improvement opportunities are identified and tracked to completion.

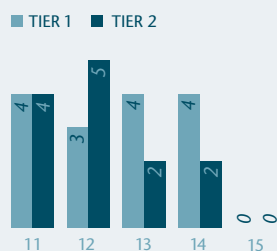
ENVIRONMENT

Minimising the environmental impact of our operations is of utmost importance to Caltex, as is undertaking all activities in full compliance with all regulations and standards.

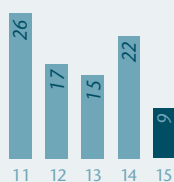
To ensure additional validation of our management processes through external auditing and assessment, our Lytton refinery and six licensed terminals across Australia (Kurnell, Banksmeadow, Mackay, Cairns, Gladstone and Port Hedland) are accredited with the ISO-14001 Environment Management System.

A total of 19 environmental protection licences were held by Caltex in 2015 in respect of our refinery site, terminals, marketing facilities, bulk shipping facility, lubricant facility and aviation refuelling facilities. Caltex is committed to achieving 100% compliance with environmental regulations and to ensuring that all breaches are investigated thoroughly, and corrective actions are taken to prevent recurrence.

MAJOR PROCESS SAFETY INCIDENTS TIER 1 AND TIER 2



SPILLS > 1 BARREL (160 LITRES) AND MARINE SPILLS (ANY VOLUME)



During the year, Caltex entered into an enforceable undertaking with the New South Wales Environment Protection Authority (NSW EPA) as a result of a water pollution incident at Kurnell refinery. The incident occurred on 24 March 2014 when oily water was discharged from the refinery into Botany Bay during an unusually intense rain event. As part of the undertaking, Caltex has provided \$120,000 to a number of local environmental programs.

In 2015, Caltex's Kurnell terminal received a penalty infringement notice of \$1,000 from the NSW EPA for a delay in publishing monitoring data.

In relation to the Tier 1 and 2 *Protection of the Environment Operations Act 1997* prosecution proceedings commenced by the NSW EPA in 2014 for a loss of containment into a tank bund at Caltex's Banksmeadow Terminal in July 2013, Caltex has pleaded guilty to the Tier 1 proceedings. As a result, the Tier 2 proceedings will be discontinued. This matter is currently before the Land and Environment Court of NSW. In addition, Caltex has entered into an enforceable undertaking with SafeWork NSW in relation to this incident.

In 2015, the Queensland Department of Environment and Heritage Protection commenced proceedings against Caltex for two separate incidents at the Lytton refinery. The first involved breaches of Caltex's licence conditions and failure to carry out certain activities with respect to a trackable waste, residual ethyl mercaptan. Ethyl mercaptan is an odourant used to give LPG its characteristic smell. Caltex pleaded guilty and was fined \$40,000 (potential maximum penalties were in the order of \$1 million). In separate prosecution proceedings, Caltex's specialist waste contractor, engaged by Caltex to carry out the activity, was also fined.

The second related to the release of catalyst dust (fine, inert sand-like material) from Lytton refinery's fluidised catalytic cracker unit during a unit restart on 19 and 20 May 2014. During this restart, sudden changes in the system pressure resulted in 80-90 tonnes of regenerated catalyst loss to the atmosphere through the unit stack. Again Caltex pleaded guilty and was fined \$20,000 (the maximum potential penalty was \$915,000).

In both cases, the Court felt that no criminal conviction should be recorded against Caltex. These were the first environmental prosecutions recorded by the Prosecutor in the Lytton refinery's 50 year history.

Caltex Operational Excellence Management System

In order to remain the outright leader in transport fuels across Australia, Caltex needs to be relentless in the pursuit of operational excellence. We must also be a leader in understanding and managing the risks within our business. Embedded deep in Caltex's culture, processes and procedures is a strong commitment to continuous improvement in health, safety, security, asset reliability and environmental performance.

Caltex's Operational Excellence Management System (OEMS) supports the systematic management of process safety, personal safety and health, environment, reliability and efficiency to achieve world-class performance. Leadership accountability and effective monitoring and governance of the processes are the key to the success of Caltex's OEMS. A whole of system governance process, known as the Management System Process, is applied to ensure that the system's health is assessed and improved on a continuous cycle. This ensures that Caltex operates to the highest standards across our business.

Climate change

Caltex continues to hold a watching brief over the Government's Direct Action Policy Emissions Reduction Fund (ERF). With respect to the Reverse Auction Process under the ERF, Caltex conducted project suitability assessments in 2015, but did not apply for auction participation.

With the Safeguarding Mechanism legislated to commence on 1 July 2016, Caltex is participating in technical workshops with the clean energy regulator, hosted by the Australian Industry Greenhouse Network (AIGN) to prepare for the submission of the Lytton refinery baseline emissions data set.

Caltex continues to support greenhouse gas reduction policies which maintain the international competitiveness of Australian industries such as petroleum refining.

Energy efficiency and greenhouse gas emissions

In 2015, Caltex continued to implement greenhouse gas emissions related reduction activities to improve energy efficiency within our operations. Included in these activities was ongoing installation of lower energy usage lighting fittings in new service station designs and targeted lighting upgrade programs. These activities have reduced energy usage as well as operational and maintenance costs at current service station locations.

In 2015, Lytton refinery's site Energy Intensity Index (EII) was 98.6 (excluding the scheduled maintenance period), with average site flaring 15% lower than in 2014.

Reporting under the National Greenhouse and Energy Reporting Scheme continued in 2015. Scope 1 emissions are from energy sources owned and controlled by Caltex, and Scope 2 is purchased energy from electricity, heat or steam. Caltex's Scope 1 and Scope 2 emissions reduced by more than 40% in 2014-2015, primarily driven by the conversion of the Kurnell refinery to a fuel import terminal.

Total Scope 1 and Scope 2 emissions

Financial year	2010	2011	2012	2013	2014
	2011	2012	2013	2014	2015
Scope 1, metric tonnes of CO ₂ -equivalent	1,869,326	1,849,424	1,849,610	1,704,466	938,680
Scope 2, metric tonnes of CO ₂ -equivalent	315,115	303,099	288,640	269,848	197,970



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PRODUCT TESTING IN
OUR LYTTON REFINERY
LABORATORY

TANK REPLACEMENT

Number of sites which underwent tank replacement in 2015 as part of our ongoing underground tank replacement and monitoring program

18

Keystones of Caltex's ability to meet Australia's transport fuels needs include reliable, quality supply, and strong infrastructure.

Underground tank replacement and monitoring

Caltex uses a comprehensive risk management and risk reduction program to ensure the integrity of our Underground Petroleum Storage Systems (UPSS) (tanks). This program is used at both service stations and depot sites. In place since 2007, the program prioritises tanks for replacement and monitoring, thereby minimising environmental risks and preventing environmental contamination.

During the year, we continued our underground tank replacement and monitoring program, and replaced underground tanks at 18 sites as part of rebuilding works and ongoing risk management. In total, underground tanks at 121 sites have been replaced since the program began in 2007.

Inventory reconciliation

Caltex utilises a leak monitoring system to identify and manage UPSS risk to the environment and neighbouring communities and comply with environmental laws. The Statistical Inventory Reconciliation Analysis (SIRA) system is monitored and managed by a third party.

SIRA monitors underground storage tank levels and detects any liquid product losses above a specified threshold per product circuit with a 95% probability of detection. Most sites are monitored monthly, with all high priority sites monitored on a weekly basis.

A multi-stage management process is activated to determine if there is a leak, the source of the leak and necessary further action if tests produce "fail" or "inconclusive" results.

AUSTRALIAN PACKAGING COVENANT

Compliance among Caltex product suppliers

100%

Reliable infrastructure and supply

Continued investment in our infrastructure, which includes the Lytton refinery, as well as port, inland and airport terminals, pipelines and retail sites, is vital for Caltex to provide continued reliable supply to our customers. The Supply Chain Operations section on page 14 provides detailed information about our infrastructure.

Product stewardship and waste management

Effective product stewardship is an integral part of our licence to operate. This includes managing products and waste throughout their lifecycles, meeting legal and regulatory requirements and performance expectations; and effectively communicating the necessary information to consumers.

The product stewardship team at Caltex oversees the integrity of our fuel storage and delivery systems and ensures that our customers receive high quality products. A key focus and success in 2015 has been maintaining high product integrity standards while commissioning new infrastructure and supply chains in the changing Australian markets.

Caltex continues to be a signatory to the Australian Packaging Covenant, which provides an opportunity for companies to contribute to reducing the environmental impacts of their packaging materials. With 100% compliance among Caltex product suppliers and 40% of current packaging reviewed using the Sustainable Packaging Guidelines, Caltex remains committed to improving waste management, including better recycling at our service stations, as well as implementing sustainable packaging guidelines into our procurement process.

FATALITY FREE FRIDAY

Number of Take the Pledge key rings handed out to remind people to consciously exercise road safety every day

40,000

MAKE-A-WISH®

Amount raised by Caltex across Australia

\$513,583



+ CALTEX ANNOUNCED
ITS FOUR YEAR
SPONSORSHIP OF
THE SOCCEROOS IN
MARCH 2016

Our corporate sponsorship program partners with a select group of Australian organisations that share our values, providing financial support and leveraging our networks to make a real difference across Australia.

Corporate social investment

Focusing on road safety

Caltex has been a proud sponsor of the Australian Road Safety Foundation and its Fatality Free Friday program, since it was founded in 2011. The program is Australia's largest community based road safety day to raise awareness of the human cost of careless driving by calling for extra vigilance behind the wheel.

In 2015, Caltex promoted the Fatality Free Friday message at various employee and public events, through Caltex sites nationwide with instore and onsite marketing assets and radio activity, as well as through social media channels.

Around 40,000 Take the Pledge Fatality Free Friday key rings were handed out to our customers, employees and communities to remind them to promise themselves, their family, friends and workmates to consciously exercise road safety and arrive home safe every day.

During the year, Make-A-Wish® children and ambassadors visited many Star Mart and Caltex office locations, sharing their journey and the difference that having their wish granted has made to both them and their families.

Caltex also sponsors the Australian Road Safety Foundation Awards, the only nationwide road safety recognition program. The ongoing monitoring of speed, fatigue and harsh braking with on-board monitoring is a new requirement for both our company-owned and our contracted fleet nationally. This is a priority for Caltex, with investment also undertaken in tanker driver safety through in-house classroom sessions and expanding our in-cab driver training process.

In 2015, Caltex also partnered with Motorvation, an organisation that works with groups of young drivers aged 15 to 20 years to decrease risk taking and collision risk. Closely aligned with Caltex's focus on safety and driver training, Motorvation is a unique method of changing young driver attitudes and behaviour. Rather than focusing on driver training regarding road rules and normal driver tuition, Motorvation helps young people understand their driving personality, leading them to change their behaviour to reduce overconfidence and risk taking.

Using training modules, such as the Motorvation bus with in-built motion simulators, innovative online programs, entertaining discussion sessions, and time driving real cars, Motorvation seeks to engage and equip young drivers.

Delivering our united best for sick children

Caltex is a diamond partner of the Make-A-Wish® Foundation. Make-A-Wish® grants the wishes of children with life-threatening medical conditions to enrich the human experience with hope, strength and joy.

In 2015, Caltex continued its support of Make-A-Wish® with employee-led fundraising events in key offices and terminal locations, and Star Mart Wish Drive activities in around 630 retail sites across Australia. The fundraising drive was supported by marketing collateral at Star Mart sites, radio activity and through social media channels. These efforts helped to achieve a total of \$513,583 raised by Caltex, which has surpassed previous fundraising efforts by 22%.

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Investing in the future

2015 marks the fifth year of Caltex's partnership with the Clontarf Foundation. The foundation is committed to improving the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal men in order to equip them to participate in a meaningful way in society.

CHARITY PARTNERS

Amount raised through Caltex's employee donation matching program

\$100,000

KURNELL COMMUNITY

Donated by Caltex to the Kurnell community after the devastating tornado in December 2015

\$250,000

In addition to financial support over the last five years, many Caltex employees have donated their time, energy and enthusiasm to helping the Clontarf Foundation. This has included volunteering at football carnivals, participating in Kimberley adventures with the Kununurra Academy in Western Australia, supporting Academy students to visit Sydney and Perth and participating in career exhibitions. A highlight of 2015 was the Ross Kelly Cup, a Junior Rugby League Carnival for all New South Wales Academies. At this event, 20 employees volunteered as water carriers, linespeople and photographers to help make the event a great success.

Recognising Australia's leaders of the future

Celebrating its 30th year in 2015, the Caltex Best All Rounder program is a fixture in over 75% of high schools across Australia. Presented to thousands of final-year students around the country, the

Caltex Best All Rounder program seeks to acknowledge the rounded contribution each student makes to their school and community, their leadership abilities and the good example they set for others.

Caltex representatives across the country attended school presentation evenings to present the awards, with the milestone marked with a special 30th anniversary commemorative medal and certificate. Past winners over the 30 year history include Emma Watkins (the current "Yellow Wiggle") and frisbee world champion Adrian Grepp (PhD).

Fuelling Change

Fuelling Change is Caltex's workplace giving program, providing our people with an opportunity to donate from their pre-tax income to Caltex's nominated community partners. These donations are then matched dollar for dollar by Caltex. In 2015, more than \$100,000 was raised for our community partners:

Cancer Council of Australia, the Heart Foundation, Oz GREEN, RSPCA, Starlight Children's Foundation, The Smith Family, the Clontarf Foundation, the Australian Road Safety Foundation and Make A Wish® Foundation.

Supporting our communities

Caltex is committed to supporting the communities in which we work and live. In 2015, financial and in-kind assistance was provided for a range of educational, environmental, sporting, cultural and community initiatives in the communities around our facilities.

In and around Lytton, the refinery supported local schools, clean-up events, food drives and many local and national charities through both monetary support and employee time. A highlight of 2015 was the community family day to celebrate 50 years of refinery operations. Over 600 people toured the refinery via bus and enjoyed food, displays and rides at the neighbouring Fort Lytton National Park.

We continue to reach out to our communities to provide information about our operations through regular meetings, newsletters and activity advice letters. The refinery also encourages feedback from stakeholders, and there is a formal process for reporting and addressing community concerns. Concerns can be raised 24 hours a day via our freecall 1800 675 487 number.

Kurnell tornado

In December 2015, the Kurnell peninsula sustained significant damage as a result of a severe storm event. As an Australian company, a proud member of the Kurnell community since the 1950s, and a proud employer of many current and past residents of Kurnell, Caltex donated \$250,000 to assist the community of Kurnell to rebuild and recover.



+ TEAMVORTEX COMMENCED RACING IN 2016, CONTINUING CALTEX'S EXTENSIVE HISTORY SUPPORTING AUSTRALIAN MOTORSPORT



Promoting integrity

Caltex's Code of Conduct articulates our commitment to conducting our business in accordance with all applicable laws while demonstrating and promoting our values. This code provides our business with a framework for decision making and business behaviour which shapes and upholds our corporate integrity, reputation and achievements. The code works in parallel with complementary policies and programs. Examples of these include the Fraud and Corruption Control Policy, the Ethical Business Practices Policy, the Harassment and Bullying Prevention Policy and the Competition and Consumer Act Compliance Policy. In addition, employees have access to an externally managed hotline which provides a confidential avenue for them to express any workplace concerns.

Caltex and public policy

Caltex's Corporate Affairs team engages with external and internal stakeholders to provide information, manage issues and protect and enhance Caltex's reputation. Through active engagement with government and media, Caltex aims to contribute to the development of public policy related to the downstream petroleum industry and the improvement of public understanding of the industry and Caltex as Australia's only publicly listed fuel and convenience company.

Caltex continues to support transparency and consumers being better informed on petrol prices. We remain focused on reliably providing competitively priced, high quality fuel to consumers.

ACCC proceedings

In December 2015, the Australian Competition and Consumer Commission (ACCC) discontinued proceedings in the Federal Court against fuel retailers, including Caltex, and Informed Sources on the basis of agreed undertakings.

Informed Sources is the owner and operator of the Oil Price Watch (OPW) service. Caltex uses the OPW service to gather information on petrol prices in order to remain price competitive for customers. This information is already publicly available on petrol price boards, and the service simply makes it more cost-effective for fuel retailers to collect this data.

While petrol prices have always been transparent to consumers via price boards, a framework is now being put in place for third party service providers, such as Informed Sources, to develop a consumer based pricing service using information from fuel retailers.

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