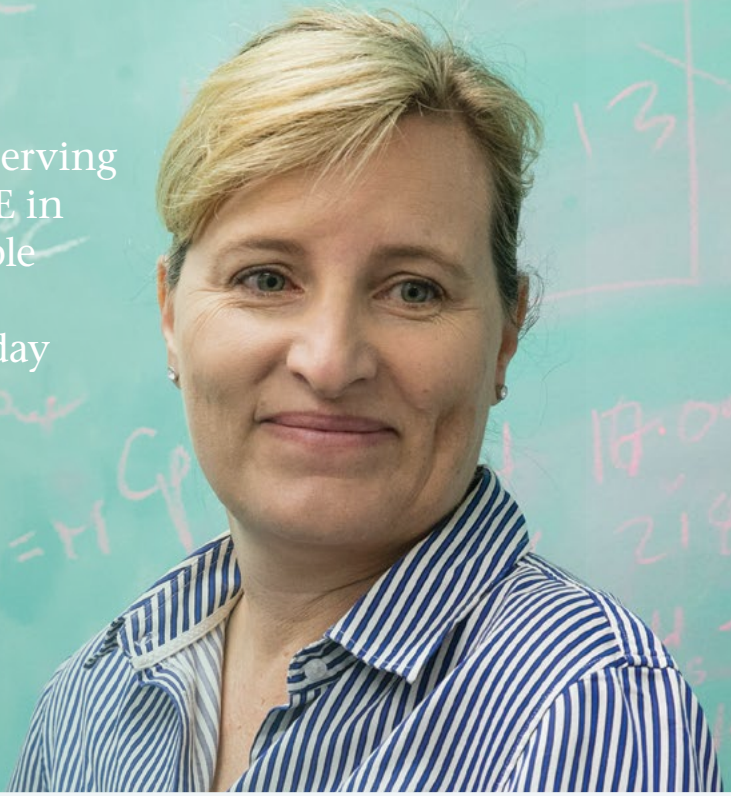


From sourcing products through to serving our customers, Caltex exercises CARE in everything we do. We prioritise people and the environment, and have put Board-endorsed policies and day-to-day procedures in place so that all of our activities demonstrate this value.



## People and Values

Even while our organisation is under transformation, our Values consistently guide our actions and strengthen the pursuit of our Vision.

### Enhancing capabilities and competitiveness

Throughout 2016, we continued to build on our talent management practices to enhance key capabilities and build sustained competitiveness company-wide. These practices support our Vision and the delivery of our strategic commitments by building the skills that will underpin our growth, managing risk, building a deeper succession pipeline and better resourcing critical roles. Targeted efforts have also attracted key talent into retail operations, food development, supply chains, trading and shipping, and marketing.

In addition, the Caltex Academy was established in 2016. Run in partnership with a leading Australian university and an international business school, the Caltex Academy delivers a targeted and consistent approach to the development of our people at key stages in their career. Initially targeting business knowledge and commercial acumen for all non-finance leaders, and strategy, execution and leadership development for senior leaders, the Academy will expand over time to include on-demand programs for all employees.

Personal Best, Caltex's performance management system introduced in 2015, improved 2016 performance and employee/manager relationships through better feedback and coaching, career support and expectations, and goal setting. The approach has revolutionised performance management at Caltex.

### Diversity and inclusion

For the second consecutive year, Caltex received an Employer of Choice for Gender Equality (EOCGE) citation from the Workplace Gender Equality Agency (WGEA). This award reflects Caltex's leadership in and commitment to diversity, as well as the best practice programs we have put in place to promote gender equality.

Since 2014, we have been focused on improving the female representation in our senior leadership, setting a target of 33% women in senior leadership roles by 31 December 2016. As a result of sustained focus, we have exceeded our desired diversity target. Female leaders now comprise 37% of our senior leaders, up from 32.4%, and 37.5% of the Caltex Leadership team, an increase from zero in 2015.

Our BabyCare package, now in its fourth year, continued to deliver practical support and flexibility for parents returning to the Caltex workforce. In 2016, 24 mothers and one father accessed parental leave, with 100% of parents returning to work in 2016.



The Caltex Indigenous Employment Strategy was launched in 2016, with a dedicated working group established. The strategy aims to make a meaningful difference to the lives of Indigenous Australians through employment and development.

The working group has raised the awareness of our Indigenous Employment Strategy throughout the year by introducing protocols for welcome and acknowledgement of country, developing a guideline for managers of Indigenous employees, supporting sponsorship events including The Ross Kelly Cup and developing an approach to school based trainees in partnership with the Endeavour School.

In 2016, seven Indigenous interns were engaged through CareerTracker, an increase from five in 2015.

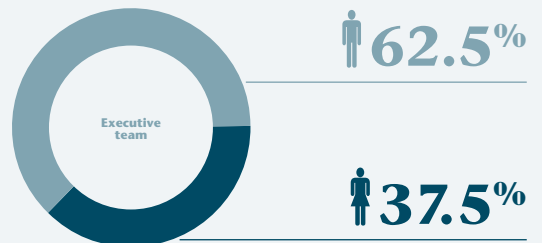
Initiatives like BabyCare, the WGEA EOCGE citation and our continued focus on diversity and inclusion support the attraction and retention of top talent at Caltex and help us build a great place to work.

### 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. 115 nominations were received for the 2016 Stellar Awards, recognising more than 633 Caltex people. Based on our values, finalists were chosen across six categories, and winners were rewarded at the annual event. During the year, we also recognised more than 740 employees and contractors for their stellar efforts and rewarded them with a variety of cash and non-cash awards.

### Gender trend at Caltex

Proportion of males to females in senior leadership positions



### Gender pay differential

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

**1.1%**





## Safety and environment

Caltex strives for incident-free operations. We are vigilant about ensuring that our workforce goes home safe at the end of every day and protecting the environments in which we operate.

### Personal safety

In 2016, Caltex's total treated injury frequency rate (TTIFR) was 2.35 per million hours worked. The result was equal to our performance in 2015, and we recognise this is an area on which we must improve.

There were 19 treated injuries during 2016. Of these, nine injuries resulted in lost time and 10 required medical treatment but did not result in lost time. Thirteen of the treated injuries involved employees and six involved our contractors. This is the best-ever safety performance achieved by our contractor workforce.

Of the 19 treated injuries, 11 injuries were associated with manual handling or trips, slips and falls, and four had the potential for more severe injuries. In response to the number of manual handling injuries, we have stepped up our manual handling training and implemented a "Nurse led, phone Triage" service to improve the quality of early injury advice provided to our people all around the country. We remain focused on prevention and management of low severity injuries, while also ensuring that different strategies are implemented to prevent incidents which have the potential for high severity outcomes.

In 2017, we will transition our reporting from TTIFR (total treated injury frequency rate) to TRIFR (total recorded injury frequency rate) to more effectively report injury cases which impact our employees and contractors. We will also improve our reporting on incidents and near misses with the potential to cause serious harm.

### TTIFR

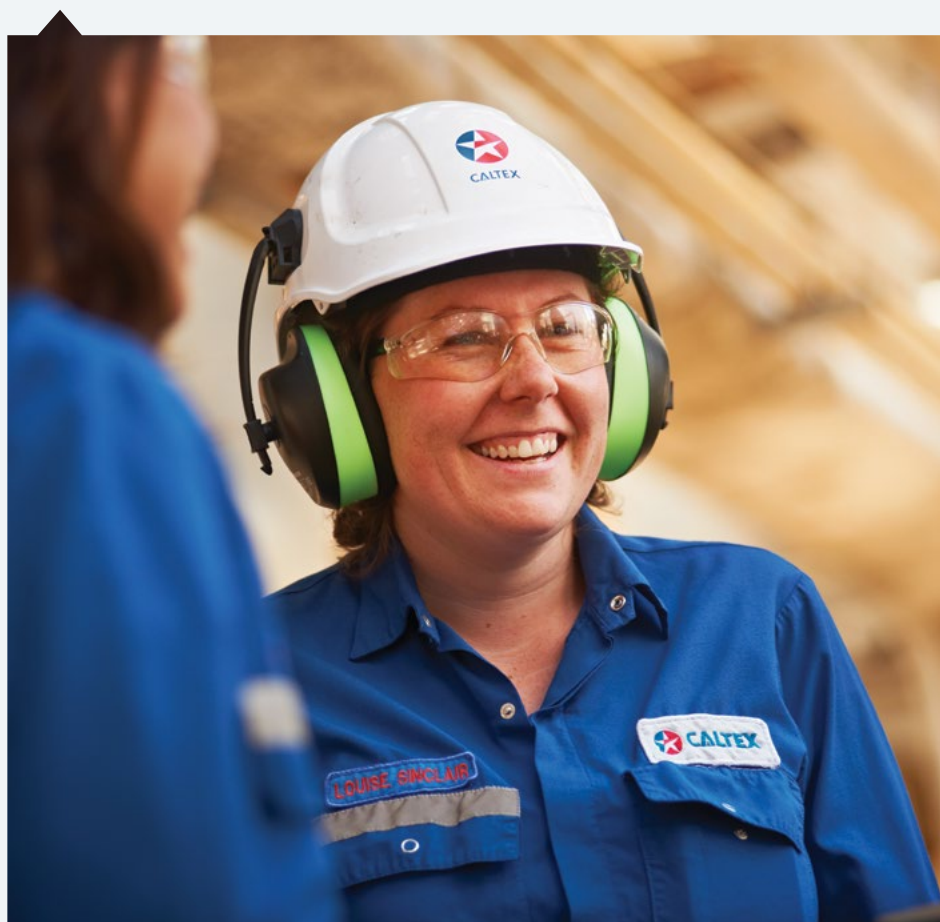
Per million hours worked

**2.35**

### Injuries

Treated contractor injuries

**6**





The safe transportation of fuels is of utmost importance to us. We recorded three tanker incidents in 2016, which is an improvement on the five recorded in 2015. Distressingly, one of these incidents was serious involving a vehicle roll-over, diesel spill and a significant personal injury to our driver. No member of the public was involved and no harm to the environment occurred. We will continue to focus on tanker driver safety in 2017.

Pleasingly, we recorded zero significant light motor vehicle accidents again in 2016. The last recorded light motor vehicle accident was in August 2014.

### Process safety

In 2016, one Tier 1 process safety event, as assessed using the criteria defined in the American Petroleum Institute (API) standard, API 754, and three Tier 2 process safety events were recorded. Process safety focuses on the safe manufacture, distribution and transportation of products, and the safe operation of all Caltex facilities. None of the recorded process safety events had any material impact on the environment.

The Lytton refinery also achieved strong process safety results, with no Tier 1 process safety events for the second year in a row. In 2016, the refinery had three reportable spills, compared with one reportable spill in 2015 and eight reportable spills in 2014.

### Health and wellbeing

Investing in the health and wellbeing of our employees increases their effectiveness and engagement. Caltex supports the emotional wellness of our employees with the Caltex Employee Assistance Program. This program provides employees and their immediate families with access to information and professional, totally confidential counsellors to assist with workplace and personal issues.

In 2016, Caltex supported a record 385 employees to participate in the Global Corporate Challenge, a 16 week, team based program aimed at promoting and increasing physical activity.

Lytton refinery conducted additional health initiatives focusing on personal lifestyle, healthy eating and giving up smoking.

Caltex's Drug and Alcohol Policy stipulates that employees must not use illegal drugs or misuse legal drugs, alcohol or other substances which adversely affect the health and safety of our work environment. Consistent with others in our industry, Caltex believes that testing is a deterrent. In 2016, more than 2,750 drug and 3,000 alcohol tests on employees and contractors were conducted at safety critical sites across the business. This included an extensive testing program during the Lytton refinery maintenance shutdown and the Newport Terminal Expansion Project.





### Occupational health

In 2016, we continued to strengthen occupational health and hygiene programs across the business. This included implementation of comprehensive exposure risk assessments across all workgroups in the business covering key occupational risks such as fatigue, noise and chemical exposure.

Our Lytton refinery commenced an improvement program focusing on task assessments and exposure monitoring in the workplace.

Caltex has effectively transitioned to the Globally Harmonised System (GHS) for Classification and Labelling of Chemicals over the last five years. As a result, all of Caltex's product Safety Data Sheets and product labels were GHS-compliant prior to the mandatory 1 January 2017 deadline. Caltex has been a leader in this space, producing an online webinar to support small-to-medium sized businesses in making this transition.

### Contractor safety

Contractors perform extensive work across our facilities. Ensuring that this work is undertaken safely is of utmost importance to Caltex. During 2016, further improvements were made to our contractor safety management processes. Improvement areas included our qualification and assessment processes and, even more importantly, how we work with and monitor our contractors.

In 2016, six contractors sustained treated injuries. While this is the best-ever safety performance achieved by our contractor workforce, three of these injuries had the potential for more severe consequences, and we remain focused on reducing these incidents. In 2017, we will step up our efforts to reduce incidents and near misses with the potential to cause serious harm.

During the year, 203 contract safety reviews were conducted.

### Risk management

The Caltex Risk Management Framework provides a comprehensive, high-level view of the risks faced by Caltex, including strategic risks, business related risk and those risks which potentially may harm our employees or the environment. Workshops are conducted regularly with senior staff to assess risks and consider changes in Caltex's risk profile. The Caltex Board reviews quarterly governance reports. At an operational level, a comprehensive suite of risk management tools are used to identify, assess and address facility and workplace risks.

### Environment

Caltex is committed to protecting the environments in which we work through full compliance with regulations and standards and robust operational management. We regularly conduct internal and external monitoring to ensure our organisation's compliance.

Caltex's businesses are subject to a range of environmental laws and regulations as well as project and site-specific environmental licences and approvals issued by both federal and state governments.

Our Lytton refinery, six licensed terminals across Australia (Kurnell, Banksmeadow, Mackay, Cairns, Gladstone and Port Hedland) and our Lytton lubricants manufacturing facility are operated in accordance with an ISO-14001 compliant Environment Management System.

In 2016, companies in the Caltex Group held 21 environmental protection licences relating to the Lytton refinery, 12 terminals, three marketing facilities, three aviation refuelling facilities, our lubricants manufacturing facility and a bulk shipping facility.

Any instances of non-compliance against these licences are reported to the environmental regulator. All significant spills and environmental incidents were recorded and reported as required to government authorities.

Regular internal audits are carried out to assess the efficacy of management systems to prevent environmental incidents, as well as to control other operational risks. The Board's Occupational Health, Safety & Environmental Risk Committee and senior management review improvement actions which the audit process identifies.

Caltex is committed to achieving 100% compliance with environmental regulations and to ensuring that all breaches have been investigated thoroughly, and corrective actions are taken to prevent recurrence.

The business had no environmental infringements in 2016.

The NSW Land and Environment Court handed down its judgment on 20 February 2017 convicting Caltex of an offence in relation to a fuel spill at its Banksmeadow Terminal on 12 July 2013. Further details of this incident and the decision are provided in the Directors Report forming part of this Annual Report.

### **Edison Award**

In April, Caltex received international recognition with a Gold award for innovation at the prestigious Edison Awards in New York. The award, in the "Energy and Sustainability – Re-use and Reclamation" category was for the Caltex Soil Remediation Facility (CSRF) at the company's site. The facility is now operational and has the capacity to divert up to 80,000 tonnes of hydrocarbon contaminated soil per annum from New South Wales landfills.

### **Caltex Operational Excellence Management System**

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**

The safeguard mechanism, implemented by the Clean Energy Regulator (CER) on 1 July 2016, encourages large businesses to not increase their emissions above historical levels.

On 23 May 2016, the CER issued Caltex Refineries (QLD) Pty Ltd with a reported-emissions baseline determination of 697,406 tonnes of CO<sub>2</sub>. Future emissions performance will be measured against this reference point.

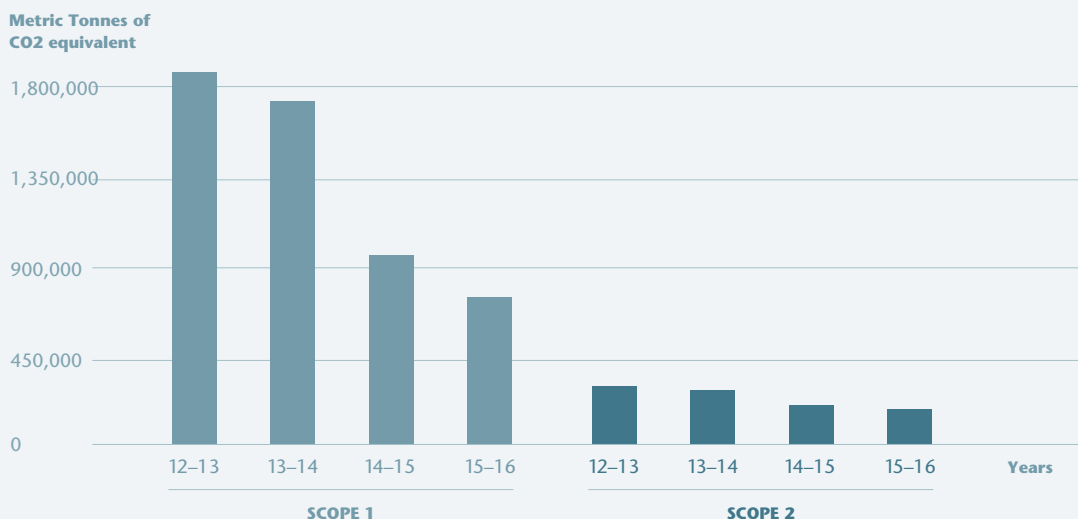
Caltex Refineries (QLD) Pty Ltd will take up the option to submit an initial calculated baseline for the Lytton refinery in 2017.

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



## Total Scope 1 and Scope 2 emissions

Historical greenhouse emissions data for Caltex Australia 2012–2013 to 2015–2016



## Energy efficiency and greenhouse gas emissions

In 2016, Caltex continued to implement greenhouse gas emissions reduction activities to improve energy efficiency within our operations, including ongoing installation of lower energy usage light fittings in new service station canopy designs. These activities have reduced energy usage as well as operational and maintenance costs at current service station locations.

In 2016, Lytton refinery's site Energy Intensity Index (EII) was 96.3, with average site flaring 47% lower than in 2015.

Reporting under the National Greenhouse and Energy Reporting Scheme continued in 2016. Scope 1 emissions are from energy sources owned and controlled by Caltex, and Scope 2 are purchased energy from electricity, heat or steam. Caltex's Scope 1 and Scope 2 emissions reduced by approximately 20% in 2015–2016, the result of the first full year of reporting with Kurnell operations as a fuel import terminal.

## Infrastructure, integrity and product responsibility

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

### Underground tank replacement and monitoring

Caltex reduces potential environmental risks through actively monitoring our Underground Petroleum Storage Systems (UPSS). Used at both service stations and depots, the 2016 program prioritised the replacement of underground tanks at 13 sites. Since the program's inception in 2007, underground tanks at 134 sites have been replaced.

### Product stewardship and waste management

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, our legal and regulatory obligations are met and performance is consistently high. The team frequently trials improvements in how we manage products and waste throughout their lifecycles. In 2016, we made improvements to our waste water management at Lytton.

The Australian Packaging Covenant (APC) is a sustainable packaging initiative which aims to change the culture of business to design more sustainable packaging, increase recycling rates and reduce packaging litter. As a signatory to the APC, Caltex is pleased to report 100% compliance among our product suppliers.

## Tank replacement

Number of sites where Caltex is responsible for the underground fuel system which underwent tank replacement in 2016 as part of our ongoing underground tank replacement and monitoring program

**13**

## Australian packaging covenant

Compliance among Caltex product suppliers

**100%**



## Caltex in the community

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.



### Social responsibility

#### 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. 2016 marked the 10th year of the program, which 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.

Fatality Free Friday saw more than 300 events held across the country, with major events featuring Caltex senior staff and ambassadors, including popular drivers Craig Lowndes OAM and Renee Gracie.

In 2016, 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 1,000 "Take the Pledge" Fatality Free Friday key rings were handed out to our employees to remind them to promise themselves, their family, friends and workmates to consciously exercise road safety and arrive home safe every day.

Caltex also sponsors the Australian Road Safety Foundation Awards, the only national road safety recognition program. The ongoing monitoring of speed, fatigue and harsh braking with on-board monitoring is a continuing 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 2016, Caltex continued with Motorvation, an organisation which works with groups of young drivers aged 15 to 20 years to decrease risk taking and collision risk.

#### Fatality Free Friday

Fatality Free Friday  
online pledges

**185,749**

#### Make-A-Wish®

Amount raised by  
Caltex across Australia

**\$166,188**

#### Charity partners

Amount raised  
through Caltex's  
employee donation  
matching program

**\$47,680**



Closely aligned with Caltex's focus on safety and driver training, Motorvation is a unique method of changing young driver attitudes and behaviour. Motorvation helps young people understand their driving personality, leading them to change their behaviour to reduce overconfidence and risk taking. The program uses training modules, such as the Motorvation bus with in-built motion simulators, innovative online exercises, entertaining discussion sessions, and time driving real cars, 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 November and December, we ran a Wish Drive campaign to support Make-A-Wish® with in-store activities to help raise funds for seriously ill children. The month long campaign saw the majority of Star Mart stores get behind the charity with donation tins at the counter and supporting in-store advertising. Business development meetings across the country also supported the charity with videos, raffles, auctions and guest speakers at their events.

### Investing in the future

The Clontarf Foundation aims to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal men.

In addition to financial support over the last six years, many Caltex employees also have hands-on involvement in the Foundation's effort through volunteering at football carnivals, participating in remote adventures to Jabiru, Kununurra, Broome and Yirrkala, supporting Academy students to visit Sydney and Perth and participating in career exhibitions.

A highlight of 2016 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, lines people and photographers to help make the event a great success. Staff also participated in the inaugural Fox Sport and Clontarf OzTag Challenge, with Clontarf students from across New South Wales teaming up with Caltex staff on the field.

Caltex staff worked closely with Clontarf to deliver the 2nd Annual Clontarf Cricket Carnival in Brisbane in November, a great success, with 90 students participating.

### Recognising Australia's leaders of the future

In its 31st year, the Caltex Best All Rounder program is a fixture in more than 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 proudly presented these awards in schools all over Australia.

### Fuelling Change

Caltex employees are passionate about Fuelling Change, our workplace giving program, which matches pre-tax dollars donated to Caltex's nominated community partners. These donations are then matched dollar for dollar by Caltex. In 2016, more than \$47,680 was raised for our community partners: the Cancer Council of Australia, the Heart Foundation, Oz GREEN, the RSPCA, the Starlight Children's Foundation, The Smith Family, the Clontarf Foundation, the Australian Road Safety Foundation and the Make A Wish® Foundation.

### Supporting our communities

As a good corporate citizen, Caltex is pleased to support the communities in which we work and live. In 2016, financial and in-kind assistance was provided for a range of educational, environmental, sporting, cultural and local initiatives in the communities around our facilities.

In and around Lytton, the refinery supported local schools, Indigenous groups and kindergartens, environmental and science initiatives, mentoring programs at local high schools, local and national charities, and local sporting organisations through both monetary contributions and employee time. We have partnered with the Australian Red Cross to donate blood and plasma to help others across the country, and we have worked hard to assist local homeless organisations in their work to help those less fortunate.

We continue to focus on engaging with our communities to inform them about our operations through regular email and letter notifications and by attending various community activities and meetings to ensure open, two-way communication. The refinery encourages feedback from our community via our 24-hour, free call line and our formal process for reporting and addressing community concerns.

### The Caltex Code of Conduct

A critically important document, Caltex's Code of Conduct guides how all Caltex employees and contractors must work. The Code provides our business with a framework for decision making and business behaviour which shapes and upholds our corporate values, reputation and achievements. The Code works in parallel with complementary policies and programs, including 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. A confidential hotline is available for all employees to report any perceived breaches of the Code or our workplace policies.

### Caltex and public policy

During 2016, Caltex engaged with governments and stakeholders about a number of state and federal public policy issues affecting our industry. We regularly meet with government and industry stakeholders to share information about the benefits provided by the downstream petroleum industry and convenience retailing and the challenges confronting the industry.