

Sustainability

Strategy and approach

Our approach to sustainability involves making our material issues core to decision making and balancing environmental, social and governance considerations with our broader strategic objectives.

In 2019, we conducted a materiality assessment to ensure focus on current and emerging risks and opportunities, which then formed the basis for the development of our three-year Sustainability Strategy.



Contributing to the United Nations Sustainable Development Goals

To help play our role in addressing the significant sustainability challenges our world faces, we have mapped out the United Nations Sustainable Development Goals (SDGs) against our sustainability strategy. There are six SDGs where we believe can make the most meaningful impact:



Nina Yearbury, Process Control Engineer (left), and Javier Del Mundo, Business Development Engineer, at the Lytton refinery, Queensland



Safe and responsible business

Ensuring the safety of our people and the environment

Safety is non-negotiable at Caltex. The health and safety of our people, customers, communities and the environment are our highest priority.

In 2019, the number of safety incidents increased across both the Convenience Retail and Fuels & Infrastructure businesses, with most related to manual tasks, falls and other manual handling. Caltex recognises it needs to improve its safety performance and has implemented several initiatives and educational programs, including the 'Do the Right task, the Right way, First time, Every time' awareness campaign and a review of Caltex's safety culture and safety leadership.

In 2019, we updated our Caltex Operational Excellence Management System (OEMS) – a mechanism that upholds the Caltex Health and Safety Policy and provides an integrated framework for systematically managing safety, health, security and environmental risk. The OEMS was refreshed to align with the 'Three Lines of Defence' risk management governance model, relevant International Standard Organisation (ISO) standards, and included the development of a framework for continuous improvement and maturity of the system. Pleasingly, there were no Tier One process safety incidents during 2019, and we continue to pursue improvements to our systems and processes to improve process safety.



Sustainable Development Goals

PERSONAL SAFETY

TOTAL RECORDABLE INJURY FREQUENCY RATE

10.7



14.0



DAYS AWAY FROM WORK INJURY FREQUENCY RATE

3.8



7.8



PROCESS SAFETY

0

Tier One events

2

Tier Two events



Fuels & Infrastructure



Convenience Retail



Protecting our natural environment

In 2019, we refreshed our Environmental Policy and prepared a group-wide environmental management governance framework and strategy, with the objective to align our business operations with the ISO14001 standard. We refreshed group-wide minimum expectations for environmental management, with a focus on high-risk impacts, and updated internal audit processes to check compliance with these new expectations.

While we reported no major spills during 2019, two minor marine spills occurred at our Lytton refinery and one within our distribution network. As a requirement of our processes, we conducted investigations to reduce the risk of spills from similar incidents.

0
major spills
(>8000 litres) in
2018 and 2019

904,207
tonnes Scope 1 and
Scope 2 carbon
emissions

5
minor spills
(>160 litres
<8,000 litres) in
2018 and 2019

102.4
Lytton Refinery
Energy Intensity
Index

3
marine spills

Fostering a diverse and inclusive workplace

To help foster an inclusive work environment, we recognise and celebrate a number of cultural days, including NAIDOC Week, Close the Gap, National Reconciliation Week and International Women’s Day. These celebrations are typically led by our ‘Women in the Fuels Industry’ (WIFI) or ‘Indigenous Trailblazers’ employee working groups and are supported by Caltex’s Diversity and Inclusion Council.

In 2019, we made significant progress executing our diversity strategy. Highlights included reaching 37.4% female participation in senior leadership roles (target is 40%), a gender pay gap difference of less than 1% in like-for-like roles, and the establishment of an LGBTIQ+ working group. The working group is a voice and contact point for all LGBTIQ+ employees, and in 2020 the group will create an action plan aimed at fostering greater internal engagement and engagement with community partners.

<1%
Gender pay equity
ratio

37.4%
women in leadership
roles. 8% increase
from previous year



Kathryn Jobson at
The Foodary, Bondi
Junction, New South Wales

Supporting fundamental human rights

The prevention of human trafficking and modern slavery was an important focus for Caltex in 2019. In response to our obligations under the *Modern Slavery Act 2018 (Cth)*, we have mapped our supply chain, undertaken a high-level modern slavery risk assessment as well as a prioritisation exercise for high-risk areas in our supply chain. Our next steps are to embed a formal modern slavery risk assessment and management process into our engagements with business partners and suppliers, and to delve into the risk areas that we have identified as top priorities. Our first Modern Slavery Statement will be published in 2021.

Caring for and developing our people

This year, we conducted our employee engagement survey to better understand the experience of our employees and what we can improve on. The 2019 results were encouraging, with our overall employee engagement score at 82% and participation rate at 71%. Key improvement areas that our people identified included how we can better empower our people to drive positive change and how we can achieve greater work-life balance.

Developing our people was an important focus in 2019 as we refreshed our leadership development programs, and in 2020 we will launch a strategy execution program aimed at driving consistent focus on strategic priorities and strengthening commercial and operational discipline.

7,644
Employees
15% increase from
previous year

82%
Employee
engagement



The Kurnell site as the refinery infrastructure was being demolished

53.8%

of waste diverted from landfill. 27,098 tonnes of solid waste and 8,265 kilolitres of liquid waste generated

62%

of water consumed from recycled or reused sources. A total of 3,089,637 kilolitres consumed



Continuous improvement and optimisation of assets

Being efficient with our energy and water use

We recognise that through our operations we expend large amounts of energy and water, which is why we are focused on initiatives to reduce the use of these resources.

In 2019, our Lytton refinery commenced a three-year program to upgrade the analysers on its furnaces to help drive efficiencies with energy use. Lytton also focused on reducing water use by installing a smart meter. Additionally, Lytton sourced 73% of its water from an external wastewater treatment plant and utilised reused condensate to generate steam. In our retail business, we incorporated sustainable design principles into retail store fit-outs, including insulation, thermally efficient glazing, the use of energy and water efficient fittings, and the installation of LED lighting across 26 New South Wales stores.



Sustainable Development Goals



IN FOCUS

Kurnell's transition from refinery to terminal

Caltex's Kurnell site in Sydney, New South Wales, recently completed significant decommissioning and demolition work following the conversion of the site from a refinery to an import terminal.

The decommissioning and demolition work took five years, an investment of \$200 million and 1.5 million hours worked to complete.

Given the volume of materials collected from the demolition, a primary focus was to reduce waste being sent to landfill. Working towards this goal, the team were able to:

- empty, clean and demolish 55 tanks;
- process, crush and recycle 112,000 tonnes of concrete, which were re-used as road base and topcoat for the new terminal; and
- demolish, process and sell over 50,000 tonnes of steel.

An ongoing focus is improving the environmental condition of the groundwater and soil to meet land use planning and regulatory requirements. Innovative approaches to remediation have been trialled and are now being used at scale, such as bioremediation and the removal of contaminated soil to an offsite thermal treatment facility.

Ciara Doran, General Manager Distribution, said: "The closure of the Kurnell refinery, which opened in 1956, was the end of an era at Caltex. However, we were extremely pleased to complete the decommissioning and demolition work without any lost time injuries and without any negative impact to the local environment.

"We are now focused on using our innovative methods to conduct the remediation work and are partnering closely with the Environmental Protection Authority to ensure compliance.

"We look forward to continuing this important work over the next eight years."



Contribution to the Australian economy

Caring for our communities

Making a positive difference to the communities in which we operate is a significant focus, and this came to the forefront of our activities during the 2019–2020 bushfire crisis that devastated communities in some parts of Australia.

In early December 2019, after the fires in northern New South Wales, Caltex offered StarCash to the New South Wales Rural Fire Service to reach volunteers, and in January 2020, the Caltex Employee Bushfire Relief Fund was established to pool employee and company contributions to the relief efforts.

Importantly, in 2019 we established the Caltex Foundation as the vehicle through which we deliver our corporate social responsibility activities. Decisions on Caltex Foundation priorities, including funding, are made by the Caltex Foundation Committee, comprising representatives from each part of the business.



Sustainable Development Goals

\$7.5^B

taxes paid in 2018
(reported in December 2019)

\$3.1^M

contributed to
community partners



YOU CAN FIND FURTHER DETAIL ON THE FOUNDATION AND OUR COMMUNITY PARTNERS ON OUR WEBSITE AND IN OUR 2019 SUSTAINABILITY REPORT.



Transition to a low carbon future

We acknowledge the financial risks and opportunities associated with climate change and that it is affecting a wide range of businesses and industries around the world.

We also acknowledge the need for greater transparency from the corporate sector on climate-related risks and opportunities, and for this reason support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We have been working to implement the TCFD framework across its core elements of governance, strategy, risk management, and metrics and targets, and have committed to full disclosure alignment with the TCFD framework by 2021.

Climate scenario analysis and risk management

In 2019, we tested our operations and corporate strategy against three plausible climate futures, including the International Energy Agency’s New Policies (2°C) and Current Policies (above 3°C) scenarios, along with the Intergovernmental Panel on Climate Change’s 1.5°C scenario. Our analysis showed that Caltex is exposed to both transitional and physical risks posed by climate change.

As a result, we have prepared a three-year climate change risk strategy, which seeks to operationalise our Climate Change Position Statement and address the risks and opportunities we identified in our climate scenario analysis. We acknowledge that our approach must inform and fully integrate with our corporate strategic objectives.



Sustainable Development Goals



FOR FURTHER INFORMATION ABOUT CALTEX’S CLIMATE RISKS AND HOW WE ARE RESPONDING, REFER TO OUR 2019 SUSTAINABILITY REPORT.



Deputy Commissioner, NSW RFS, Rob Rogers (left), with Caltex Head of Corporate Affairs, Richard Baker

