

## 2. Message from our Managing Director and Chief Executive Officer

Ampol Group is committed to reducing its own emissions and to playing an important role in assisting its customers to navigate the energy transition and reduce their transport emissions.

Ampol Group is well placed to successfully navigate the energy transition and play a key role in the broader decarbonisation of transport in Australia and New Zealand. Our unique competitive strengths, that enable our market leading positions today, remain the foundations for the future and are critical to the energy transition. They include:

- the quality of our convenience retail network, which has an important role to play in the roll out of on-the-go electric vehicle (EV) charging;
- our distribution and supply chain capabilities in Australia, New Zealand and internationally;
- our strategic assets which have the potential to be repurposed to play a role in the energy transition and realise longer term value;
- our deep customer base that we will support through the transition, with fleet and onsite solutions to meet their unique needs;
- our ability to manage risk together with our in-house strategic planning capabilities, and;
- our iconic brands, including enabling the launch of our EV charging brand AmpCharge.

In 2021, Ampol released its Future Energy and Decarbonisation Strategies which outlined Ampol's commitment and pathway to reducing our operational emissions (Scope 1 and 2) to be net zero by 2040 in Australia. To meet this ambition, interim targets to 2025 and 2030 were also set. This report provides an update on our progress to date, demonstrating we are on track to meet these interim targets.

Our Future Energy Strategy outlined Ampol's ambition to commercially participate in helping our customers embark on the energy transition and reflects Ampol's strategic intentions to introduce low carbon energy solutions for our customers. Our Future Energy Strategy outlines Ampol's intentions with regards to Scope 3 emissions and how we can influence the reduction of these emissions as viable solutions become available. Since 2021, we have undertaken a series of test and learn initiatives as part of the Future Energy strategy and are on track to deliver our commitment to invest a minimum of \$100 million by 2025, deepening our understanding of the possible low carbon transport solutions.

Ampol has already made good progress in developing our understanding of key solutions for transport energy transition. The electrification of passenger and light commercial vehicles has commenced so we are continuing to invest, and with the support of funding from The Australian Renewable Energy Authority (ARENA) and the New South Wales government, are rolling out an on-the-go charging network with a minimum commitment to operate or control up to 500 EV charging bays by 2027.

We are building strategic partnerships to accelerate EV solutions, and have launched a collaboration with EVDirect (the Australian importer and seller of BYD vehicles) and Hyundai.

We are also increasing our knowledge of other low carbon solutions for hard-to-abate sectors such as renewable and sustainable aviation fuels. For example, we recently announced the signing of a Memorandum of Understanding (MoU) with ENEOS to explore the production of advanced biofuels at our Lytton refinery in Brisbane, Australia. The study will explore the feasibility of delivering an advanced biofuels manufacturing facility to generate sustainable aviation fuel (SAF) and renewable diesel.



## 2. Message from our Managing Director and Chief Executive Officer continued

Ampol is committed to reducing its operating emissions and to helping our customers reduce their own emissions. However, we also recognise that our key markets are in the early stages of the transition and that the pace and shape of the transition is both uncertain and likely to vary significantly in each of the markets we serve. This requires us to take a flexible and pragmatic approach, tailoring the level of spend and areas of focus over time and as markets evolve; acknowledging that the likely solutions will not be a one size fits all for our customers.

We acknowledge our social responsibility to address the collective challenges of energy security, energy affordability and energy transition, as well as the commercial risks and opportunities these competing priorities present. We continue to advocate for an orderly transition and explore opportunities that build a strong platform to accelerate the energy transition. At Ampol we can control the decarbonisation of our own operations and we have set targets accordingly. We also recognise that while we can seek to influence and assist our customers to navigate the energy transition there remain significant challenges and uncertainties around the pace and trajectory of the energy transition for the transport sector, which we don't control. These challenges include global supply chain bottlenecks, government investment and policy settings both domestically and internationally and the absence of, or limitations around critical infrastructure to support broad-scale electrification and the energy transition. Rather than set targets for these Scope 3 emissions,

until clarity on these factors emerge, we are focused on pursuing solutions and initiatives within our control and that will enable our customers to transition.

Our view is that our success will be dictated by how we navigate through the transition. This requires Ampol to get the balance right between:

- optimising and delivering on the potential of our core business to ensure we can meet the ongoing needs of our customers;
- investing in and managing the decarbonisation of our own operations; the emissions we can control;
- investing in low carbon transport solutions, at different stages of maturity, with a commitment to further invest where viable solutions are emerging to help our customers transition;
- delivering returns to our shareholders to ensure they support us through the transition;
- partnering and engaging with our customers, government, vehicle manufacturers and other supply chain partners to positively influence enablers to the transition and facilitate the reduction of economy-wide emissions from transport, and;
- leveraging our strategic infrastructure and investigating the potential for repurposing of our assets to enable the energy transition as customer demand for low carbon solutions grows.



"We are taking a pragmatic and customer-led approach to energy transition and decarbonisation"

## 2. Message from our Managing Director and Chief Executive Officer continued

### Undertaking strategic planning to better understand the long-term opportunities pipeline

Since our Future Energy and Decarbonisation strategies were released in May 2021, we have developed in-house modelling capabilities to estimate the impact of various climate change scenarios on the transport sector. This builds on the climate modelling we undertook in 2021. Our own climate modelling suggests that under plausible climate change scenarios:

- electric vehicle penetration will gradually increase from 2025 to become the predominant mode of transport by 2050;
- heavier, long-haul and aviation transport solutions will take longer to emerge and likely require renewable fuels as an interim to longer term solution until hydrogen, as a transport fuel becomes economic;

- due to average vehicle ownership periods (10 years in Australia, 14 years in New Zealand), our scenario modelling shows that our customers' demand for traditional transport fuels will remain robust well into the 2030s. In Australia, for example, we estimate that at least 80–85% of the passenger vehicle fleet will still be powered by traditional fuels well into the 2030s under all modelled scenarios, and;
- cash flows from the core business should remain strong to support investment into the transition while maintaining shareholder returns.

Our corporate strategy and strategic planning approach ensures we maintain the required flexibility to respond to changes in policy settings, technology and our customers' evolving needs. We will regularly monitor the signposts for the pace and trajectory of the transition to ensure we continue to invest in decarbonisation of transport at an appropriate pace.

### Established climate governance and risk management including linking to executive remuneration

Beyond our Future Energy and Decarbonisation strategies, Ampol has also conducted a physical climate risk assessment to understand the potential impact on assets and infrastructure across Australia resulting from changing weather conditions. These findings will be used to trigger more detailed on the ground assessments, identification and development of adaptation plans. Finally, we continue to have in place the necessary governance practices to ensure we are making good progress and appropriately managing the risks including linking our climate goals to executive remuneration.

We are proud of the progress we are making to support our customers and the economy-wide decarbonisation of transport. We welcome feedback from our stakeholders on our 2023 Climate Report and are committed to release our next climate disclosure in 2025.



**Matt Halliday**  
Managing Director and CEO

