

Freedom of Convenience

2018
Notice of
Annual General
Meeting



CALTEX
Caltex Australia

The 2018 Annual General Meeting of Caltex Australia Limited

will be held at **10:00am (AEST)** on **Thursday, 10 May 2018** at the **Wesley Conference Centre, 220 Pitt Street, Sydney.**

Chairman's Letter



6 April 2018

Dear Shareholder

On behalf of your Board, I am pleased to invite you to the 2018 Annual General Meeting (AGM or Meeting) of Caltex Australia Limited (Caltex or the Company) to be held at 10:00am (AEST) on Thursday, 10 May 2018 at the Wesley Conference Centre, 220 Pitt Street, Sydney (Meeting).

A Notice of Meeting and Explanatory Statement (Notice) is set out on the following pages.

Should you wish to submit a question, please submit your question electronically. Visit www.investorvote.com.au or email caltex.queries@computershare.com.au. Questions you submit will be considered in preparing my AGM address.

If you are attending the AGM in person, please arrive at least 30 minutes prior to commencement and bring your personalised Proxy Form as it contains a barcode to assist with the registration process.

If you are unable to attend the Meeting in person, I encourage you to appoint a proxy to attend and vote on your behalf. If you wish to appoint a proxy, you will need to do so before 10:00am (AEST) on Tuesday, 8 May 2018. You can lodge your proxy online or in any of the other ways explained on the Proxy Form. The Meeting will be webcast via our website. Visit www.caltex.com.au.

At the Meeting, we will ask members to consider the following items of business:

1. Consider the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2017
2. Election of Directors
 - a. Re-election of Barbara Ward AM as a Director
 - b. Re-election of Trevor Bourne as a Director
 - c. Election of Mark Chellew as a Director
3. Grant of Performance Rights to the Managing Director & CEO

The Board, excluding the interested Directors, recommend that members vote in favour of the proposed resolutions.

Caltex's Annual Report and Corporate Governance Statement are available on our website. Visit www.caltex.com.au.

I look forward to welcoming you to the 2018 AGM and extend a warm invitation to you to join the Directors and executives for refreshments at the conclusion of the Meeting.

Yours faithfully

A handwritten signature in black ink, which appears to read 'Steven Gregg'. The signature is written in a cursive style with a horizontal line underneath.

Steven Gregg
Chairman

Items of Business

Additional information on each item of business is set out in the enclosed Explanatory Statement which forms part of this Notice.

Consider the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2017

To receive and consider the Financial Report (including Notes to the Financial Statements), the Directors' Report and the Independent Auditor's Report of Caltex Australia Limited for the year ended 31 December 2017.

Election of Directors

Re-election of Barbara Ward AM as a Director

To consider and, if thought appropriate, pass the following ordinary resolution:

"That Barbara Ward AM be re-elected as a Director of Caltex Australia Limited."

Re-election of Trevor Bourne as a Director

To consider and, if thought appropriate, pass the following ordinary resolution:

"That Trevor Bourne be re-elected as a Director of Caltex Australia Limited until the conclusion of the 2019 Annual General Meeting."

Election of Mark Chellew as a Director

To consider and, if thought appropriate, pass the following ordinary resolution:

"That Mark Chellew be elected as a Director of Caltex Australia Limited."

Adopt the Remuneration Report

To consider and, if thought appropriate, pass the following resolution as a non-binding ordinary resolution of the Company in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

"That the Remuneration Report for the year ended 31 December 2017 be adopted."

Grant of Performance Rights to the Managing Director & CEO

To consider and, if thought appropriate, pass the following ordinary resolution:

"That approval is given for all purposes, including ASX Listing Rule 10.14, for the grant of 103,890 performance rights to Julian Segal, Managing Director & Chief Executive Officer (MD&CEO) as his 2018 long term incentive award under the Caltex Equity Incentive Plan on the terms summarised in the Explanatory Statement."

By order of the Board.



Lyndall Stoyles

Company Secretary

6 April 2018

Explanatory Statement

Consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 December 2017

In accordance with the *Corporations Act 2001* (Cth), the Financial Report (including the Notes to the Financial Statements), the Directors' Report and the Independent Auditor's Report of Caltex Australia Limited (Reports) for the year ended 31 December 2017 will be laid before the Meeting. This item of business does not require a formal resolution.

The Reports are in Caltex's Annual Report which can be accessed from our website. Visit www.caltex.com.au.

Shareholders will be given a reasonable opportunity to ask questions on the Reports at the Meeting. Shareholders are encouraged to submit questions before the Meeting (refer to 'Important Information').

Election of Directors

Re-election of Barbara Ward AM as a Director

Shareholder approval is sought to re-elect Barbara Ward AM as a Director. The Board considers Barbara Ward AM to be an Independent Director.

Appointed as a Director on 1 April 2015.



Independent, Non-executive Director

Board committees

Nomination Committee, Audit Committee, Human Resources Committee (Chair).

Barbara Ward AM brings to the Caltex Board strategic and financial expertise in senior management roles, including as Chief Executive Officer of Ansett Worldwide Aviation Services and General Manager Finance at TNT Limited. Barbara also served as a Senior Ministerial Adviser to the Honourable Paul Keating.

Barbara Ward AM is a director of Qantas Airways Limited and various Brookfield companies. An experienced director, she has previously served on the boards of various public companies including the Commonwealth Bank of Australia, Lion Nathan Limited and Multiplex Limited, and public sector entities, including as Chairman of Country Energy and most recently, the Sydney Children's Hospital Foundation.

Barbara Ward AM is a member of the Australian Institute of Company Directors and holds a Bachelor of Economics and a Master of Political Economy from the University of Queensland.

Shareholders will have an opportunity to hear from Barbara with respect to her re-election at the Meeting.

The Board, with Barbara Ward AM abstaining, unanimously recommends that shareholders vote in favour of the resolution.

The Chairman intends on voting all available proxies in favour of this resolution.

Re-election of Trevor Bourne as a Director

Shareholder approval is sought to re-elect Trevor Bourne as a Director. The Board considers Trevor Bourne to be an Independent Director.

Appointed as a Director on 2 March 2006.

At the Board's request, Trevor is seeking re-election until the conclusion of the 2019 Annual General Meeting to allow an appropriate amount of time for board renewal and succession.



Independent, Non-executive Director

Board committees

Nomination Committee, Human Resources Committee and OHS & Environmental Risk Committee (Chair).

Trevor Bourne brings to the Caltex Board extensive management experience in industrial and capital-intensive industries, and a background in engineering and supply chain. From 1999 to 2003, he served as CEO of Tenix Investments. Prior to Tenix, Mr Bourne spent 15 years at Brambles Industries, including six years as Managing Director of Brambles Australasia. He has also previously worked for Incitec Pivot and BHP.

Trevor Bourne is Chairman of Senex Energy Limited, a director of Sydney Water Corporation and Virgin Australia Holdings Limited. He was previously a director of Origin Energy Limited.

Trevor Bourne holds a Bachelor of Science (Mechanical Engineering) from the University of New South Wales, and a Master of Business Administration from the University of Newcastle. He is a Fellow of the Australian Institute of Company Directors.

Shareholders will have an opportunity to hear from Trevor with respect to his re-election at the Meeting.

The Board, with Trevor Bourne abstaining, unanimously recommends that shareholders vote in favour of the resolution.

The Chairman intends on voting all available proxies in favour of this resolution.

Explanatory Statement

Election of Mark Chellew as a Director

Shareholder approval is sought to elect Mark Chellew as a Director. The Board considers Mark Chellew to be an Independent Director.

Appointed as a Director on 2 April 2018.



Independent, Non-executive Director

Board committees

Nomination Committee

Mark Chellew brings to the Caltex Board international expertise in industry, strategy, governance and large capital projects with a background in manufacturing, mining and process industries. He was the Chief Executive Officer and Managing Director of Adelaide Brighton and prior to that, held executive positions at Blue Circle Industries and CSR.

Mark Chellew is currently a director of Virgin Australia Holdings Limited and Infigen Energy Limited. He is Chairman of Cleanaway Waste Management Limited and was until recently Chairman of the industry body Manufacturing Australia.

Mark Chellew holds a Bachelor of Science (Ceramic Engineering) from the University of New South Wales, a Master of Engineering (Mechanical) from the University of Wollongong and a Graduate Diploma of Management from the University of New South Wales.

Shareholders will have an opportunity to hear from Mark with respect to his election at the Meeting.

The Board, with Mark Chellew abstaining, unanimously recommends that shareholders vote in favour of the resolution.

The Chairman intends on voting all available proxies in favour of this resolution.

Adopt the Remuneration Report

Shareholder approval is sought to adopt the Remuneration Report for the year ended 31 December 2017. The vote on this resolution is non-binding and advisory only and does not bind the Board or the Company. However, Caltex values shareholder feedback and the Board will take the outcome of the vote into account when considering future remuneration policies.

The Remuneration Report is included in the Directors' Report located in the Annual Report which can be accessed on our website. Visit www.caltex.com.au.

The Remuneration Report outlines Caltex's remuneration strategy and objectives and provides details of Key Management Personnel (KMP) remuneration.

Shareholders will be given a reasonable opportunity to ask questions on the Remuneration Report at the Meeting. Shareholders are encouraged to submit questions before 5:00 pm on Thursday, 3 May 2018.

Voting exclusions

Caltex will disregard any votes cast on this resolution:

- By or on behalf of KMP named in the Remuneration Report for the year ended 31 December 2017, or that KMP's closely related party; or
- As a proxy by a member of the KMP at the date of the Meeting, or that KMP's closely related party,

unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- In accordance with their directions of how to vote as set out in the Proxy Form; or
- By the Chairman pursuant to an express authorisation in the Proxy Form.

The Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

The Chairman intends on voting all available proxies in favour of this resolution.

Grant of performance rights to the Managing Director & CEO

Shareholder approval is sought for the grant of performance rights (Performance Rights) to Julian Segal, Caltex's Managing Director & CEO under the Caltex Equity Incentive Plan (CEIP) as his long term incentive award for 2018.

The Board, with Julian Segal abstaining, has approved the grant of 103,890 Performance Rights, subject to receipt of shareholder approval at the Meeting.

It is the current intention that if the Performance Rights awarded to Mr Segal vest, they will be satisfied with shares purchased on-market, which does not require shareholder approval under the ASX Listing Rules. However, the Board considers it appropriate to seek shareholder approval as a matter of best practice governance. Shareholder approval will allow shares to be issued upon vesting if considered appropriate.

The key terms of the 2018 Performance Rights award are set out below. Refer to the Remuneration Report located in the Annual Report for further information about Julian Segal's remuneration package. The Annual Report can be downloaded from www.caltex.com.au.

Entitlement under the grant

Subject to receipt of shareholder approval, 103,890 Performance Rights will be granted shortly after the Meeting (and no later than 12 months after the date of the Meeting) for nil consideration with no voting or dividend rights, subject to the CEIP rules.

The number of Performance Rights was determined by dividing the maximum CEIP value (150% of base salary or \$3,222,750) by the 20 day VWAP of Caltex securities up to 1 January 2018 (being the first day of the performance period), discounted to take account of the Performance Rights not being entitled to receive dividends using a valuation provided by an external, independent valuer. No discount applies for the probability of achieving performance measures. No amount will be payable in respect of the grant or upon vesting of the Performance Rights.

Julian Segal is the only director currently entitled to participate in the CEIP. 121,200 Performance Rights were granted to Julian Segal at no cost following receipt of shareholder approval at the 2017 AGM. No additional new grants have been made under the CEIP to a director or

Explanatory Statement

an associate of a director of the Company since the 2017 AGM. There is no loan in relation to the grant of rights under the CEIP.

Each Performance Right entitles Julian Segal to one fully paid ordinary share subject to service and performance-based vesting conditions being met. The Performance conditions are measured over a three year performance period commencing on 1 January 2018. The performance period ends on 31 December 2020.

Under the CEIP rules, the Board may determine to pay the cash value of a share in satisfaction of a vested Performance Right. Discretion will only be exercised by the Board in limited cases such as when an executive ceases employment due to redundancy or retirement.

Should a change of control occur, any unvested Performance Rights may vest at the discretion of the Board having regard to pro-rata performance.

In the event of any reorganisation of the issued capital of the Company on or prior to the vesting of the performance rights, the rights will be changed to the extent necessary to comply with the applicable Listing Rules at the time of the reorganisation.

There is no entitlement to participate in a new issue of Company shares or other securities merely because of an existing holding.

Performance measures

Three differently weighted performance measures will apply to the 2018 Performance Rights award. All measures have a three year performance period from 1 January 2018 to 31 December 2020, vesting in April 2021.

1. Relative total shareholder return (TSR) is assessed against a comparator group of S&P/ASX 100 companies determined at the start of the performance period. It has a 60% weighting. The vesting schedule is:

Performance scale	Vesting %
Below threshold	0
Threshold (50th percentile)	33.3%
Between Threshold and Target	Pro-rata vesting occurs between the relative performance levels
Target (75th percentile)	66.6%
Between Target and Stretch	Pro-rata vesting occurs between the relative performance levels
Stretch (90th percentile)	100%

2. A Fuels & Infrastructure growth measure, with a 20% weighting, will measure material changes to earnings which result from M&A and step-out ventures resulting from the Company's Fuels & Infrastructure strategy related to entry into or development of new markets, products and /or services. The growth will be measured in annualised RCOP EBIT.

The scope of the metric will not include normal business-as-usual improvement efforts, or growth in current existing business activities. Before this hurdle is assessed, the Board must also be satisfied that an appropriate return on average funds employed gateway has been met for any applicable M&A.

The Board may exercise discretion regarding both the application of the gateway and in assessing how the profit growth target is measured. At threshold performance 33.3% of rights vest, at target 66.6% of rights vest, with 100% of rights vesting at stretch performance. Pro-rata vesting occurs between these relative vesting levels. This measure was chosen as it reflects the importance of earnings growth outside our core business in achieving Caltex's key success measure of top quartile shareholder returns.

3. The Convenience Retail strategic measure, with a 20% weighting, has two metrics, each worth 10%.

Ten percent (10%) will measure the Company's integration of franchisee operated stores into the Calstores company operation over the three year period to 31 December 2020. It will be measured by actual performance against the Board approved integration budget which includes transition team and implementation costs and the Board's assessment of several project criteria. These criteria include:

- the quality of teamwork, stakeholder management (including the fair and equitable treatment of franchisees and their employees), communications and change management; and
- delivery of project milestones to time;
- any material change in circumstances affecting the schedule and costs of the project.

This measure has been chosen due to the major impact that this project will have to the future of the Company's Convenience Retail strategy and the importance the Board places on management ensuring that this project is done effectively, both in terms of ensuring the Company is able to effectively implement its new convenience retail strategy and the fair and equitable treatment of all the major stakeholders in this process.

The second Convenience Retail hurdle has a ten percent (10%) weighting and will measure the incremental earnings resulting from new format stores, M&A and step-out ventures in the Company's Convenience Retail division. Growth will be measured based on EBIT from sites that have been converted to new Caltex formats or from other new retail business ventures including M&A. When this is assessed, the Board must be satisfied that an appropriate return on average funds employed gateway has been met.

This measure was chosen as it reflects the importance of earnings growth in our Convenience Retail division from new format stores, and/or M&A at an appropriate return in the Convenience Retail area, in achieving Caltex's key success measure of top quartile shareholder returns.

For both Convenience Retail measures, at threshold performance 33.3% of rights vest, at target 66.66% of rights vest, with 100% of rights vesting at stretch performance. Pro-rata vesting occurs between these relative vesting levels.

The Board will set out how Caltex has performed against all performance measures in the 2020 Remuneration Report.

Termination and clawback provisions

If Julian Segal ceases to be an employee due to resignation, all unvested equity awards held will lapse, except in exceptional circumstances if approved by the Board. The Board has discretion to determine how an equity award will be treated if he ceases to be an employee for reasons including retirement, death, total and permanent disablement or bona fide redundancy.

In these cases, the Board's default position is to pro-rata the award based on the portion of the award's vesting period that the participant is employed, with the portion of the award the participant retains tested against the relevant performance hurdles at the original vesting date.

Caltex's Clawback Policy allows the Company to recoup incentives which may have been awarded and/or vested to senior executives in certain circumstances. The specific triggers which allow Caltex to recoup the incentives include senior executives acting fraudulently or dishonestly, acting in a manner which has brought a Caltex Group company into disrepute, where there has been a material misstatement or omission in the financial statements in relation to a Caltex Group company in any of the previous three financial years, or any other circumstances that occur which the Board determines in good faith to have resulted in an 'unfair benefit' to the senior executive.

Share retention and trading restrictions

Under current share retention arrangements, 25% of the vested portion of Performance Rights will be converted into restricted shares. These shares are unable to be sold for a further period of four years (until April 2025 for the 2018 CEIP awards), subject to the exceptions below.

Share retention requirements can only be waived where Julian Segal can demonstrate that he holds 100% of his base salary as vested shares prior to the vesting of the 2018 Long Term Incentive (LTI) awards.

All shares allocated on vesting are subject to the Securities Trading Policy. If the Performance Rights are settled for cash, no retention arrangements or dealing restrictions apply. On ceasing employment, all dealing restrictions on the restricted shares cease to apply, subject to the application of the Clawback Policy and the *Corporations Act 2001* (Cth).

ASX Listing Rules and Voting Exclusion Statement

ASX Listing Rule 10.14 permits a director of the Company to acquire securities under an employee incentive scheme with the approval of shareholders. If shareholder approval is granted under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1. Any securities issued will not be required to be included in the Company's 15% placement capacity calculation.

In accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth), the Company will disregard any votes cast in favour of this resolution:

- By or on behalf of Julian Segal and any associate; or
- As a proxy by a member of the KMP at the date of the Meeting, or that KMP's closely related party,

unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- In accordance with their directions of how to vote as set out in the Proxy Form; or
- By the Chairman pursuant to an express authorisation in the Proxy Form.

The Board, with Julian Segal abstaining, unanimously recommends that shareholders vote in favour of the resolution.

The Chairman intends on voting all available proxies in favour of this resolution.

Important Information

Conduct of the Meeting

The AGM is intended to provide shareholders with the opportunity to hear from the Chairman and Managing Director & CEO about the performance and operations of the Company.

Voting on resolutions at the Meeting is expected to be conducted by poll. The Chairman intends to vote all available proxies in favour of each resolution.

Questions from Shareholders

Shareholders who are entitled to vote at the AGM may submit written questions to the Company and the Auditor prior to the Meeting. Visit www.investorvote.com.au to submit a question electronically or email caltex.queries@computershare.com.au. Questions you submit will be considered in preparing the Chairman's AGM address.

Questions must be received by 5:00 pm (AEST) on Thursday, 3 May 2018.

Proxies

Proxies must be received by 10:00am (AEST) on Tuesday, 8 May 2018.

Shareholders may appoint a proxy to attend the Meeting on their behalf. The proxy does not need to be a Caltex shareholder. Should you hold two or more shares you are able to appoint up to two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. Where the proportion or number of votes is not specified, each proxy may exercise one half of the total number of votes that shareholder is entitled to exercise.

Voting

For the purpose of the Meeting, the directors have determined that Caltex shares will be taken to be held by the persons who are registered as holding them at 7:00pm (AEST) on Tuesday, 8 May 2018. The entitlement of members to vote at the Meeting will be determined by that date and time.

If your shares are held jointly, please note that if you and another joint holder both vote, only the vote of the holder appearing first in the register will be accepted.

To lodge your proxy vote online prior to the Meeting visit www.investorvote.com.au. You will need your SRN or HIN and six digit PIN located on your Proxy Form. You will be taken to have signed the Proxy Form if you lodge your proxy vote in accordance with the online instructions.

Custodians, nominees, non-broker participants, portfolio administrators, portfolio aggregators and eligible financial advisers may also lodge their proxy vote online. Visit www.intermediaryonline.com.

In person or by post

A Proxy Form is enclosed with this Notice. Provide the completed, signed Proxy Form to:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street, Sydney NSW 2000
GPO Box 242
Melbourne VIC 3001

By email or facsimile

Email: caltex.queries@computershare.com.au

Facsimile: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Corporate Representative

In order to vote at the Meeting, a corporation that is entitled to vote must appoint an individual to act as its Corporate Representative in accordance with the *Corporations Act 2001* (Cth). This includes body corporates that have been appointed as a proxy for a shareholder.

The Corporate Representative should bring to the Meeting evidence of their appointment including any authority under which it is signed unless previously provided to Computershare. A pro forma "Certificate of Appointment of Corporate Representative" can be obtained from Computershare.

Location of the Meeting



Public transport, parking and accessibility

By foot:

Wesley Conference Centre can be accessed by foot from Pitt Street

By bus:

for information about bus routes and timetables, call 131 500 or visit www.131500.com.au

By train:

the closest train station is Town Hall. Take the Galleries Victoria Pitt Street exit. For information about trains and timetables, call 131 500 or visit www.131500.com.au

Parking:

Wilson and Secure parking stations (next to Hilton hotel) are directly opposite the Conference Centre main entry

Accessibility:

the Pitt Street entrance is a level access. The Meeting is being held in the main auditorium on the LG level accessible by stairs or lifts

SUSTAINABLE AND EFFICIENT INVESTOR COMMUNICATIONS

Caltex has transitioned to electronic investor communications as permitted by the *Corporations Act 2001* (Cth).

To update or change your communication elections, visit www.computershare.com.au and go to 'investor' or contact Computershare by telephone on 1300 850 505 or by email at caltex.queries@computershare.com.au. You can change your election at any time.

ELECTRONIC PAYMENTS

Caltex has transitioned to mandatory electronic payments. If you previously received cheque payments, please ensure that your payment instructions are updated. You can elect to receive your dividend statements in hard copy.

To update or change your payment instructions, visit www.computershare.com.au and go to 'investor' or contact Computershare by telephone on 1300 850 505 or by email at caltex.queries@computershare.com.au.