



**FREEDOM OF  
CONVENIENCE**



2016 NOTICE OF ANNUAL  
GENERAL MEETING

**2016**  
ANNUAL GENERAL  
MEETING AGENDA

*The Annual General Meeting (AGM) of Caltex Australia Limited (ABN 40 004 201 307) (Caltex) will be held at 10:00am (Sydney time) on Thursday, 5 May 2016, at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, Australia.*

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**9:30am**

*Registration opens*

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**10.00am**

*Annual General Meeting commences*

- **Operational Excellence Moment**

The Chairman will present an Operational Excellence Moment to the meeting.

- **Addresses**

The Chairman and the Managing Director & CEO will make presentations to shareholders.

- **Shareholder Questions**

The Chairman will discuss key matters raised by shareholders prior to the meeting and will invite questions and comments from shareholders on these key issues and any other matters that shareholders wish to raise at the meeting.

- **Items of Business**

Refreshments will be served after the meeting.

## CHAIRMAN'S LETTER TO SHAREHOLDERS

1 April 2016

Dear Shareholder

On behalf of the Board, I am pleased to invite you to the 2016 Annual General Meeting (AGM) of Caltex Australia Limited (Caltex) to be held at 10:00am (Sydney time) on Thursday 5 May 2016 at the Wesley Conference Centre in Sydney.

Enclosed are:

- the Notice of Annual General Meeting (including Explanatory Statement)
- the 2015 Annual Review and the 2015 Annual Report (incorporating the 2015 Financial Report), if you have elected to receive printed copies of these documents
- a proxy form
- a question form, and
- a reply paid envelope for lodging your proxy form and/or submitting written questions to Caltex prior to the AGM.

Online versions of the 2015 Annual Review and the 2015 Annual Report are available from our website ([www.caltex.com.au](http://www.caltex.com.au)).

### Business of the AGM

An agenda for the AGM accompanies this letter and the business of the AGM is set out in the Notice of Annual General Meeting and Explanatory Statement.

The Notice of Annual General Meeting and Explanatory Statement contain important information about matters to go before shareholders at the AGM.

### Attendance

If you are attending the AGM, please bring this letter with you on the day to assist with registering your attendance for the AGM.

If you are unable to attend the AGM, you may:

- appoint a proxy to attend and vote at the AGM in your place using the enclosed proxy form or you can appoint a proxy online at [www.investorvote.com.au](http://www.investorvote.com.au);
- submit questions to Caltex or Caltex's auditor online at [www.investorvote.com.au](http://www.investorvote.com.au) or by completing the enclosed question form and returning it to Computershare; and
- watch and listen to the business of the AGM via a webcast from the Caltex website ([www.caltex.com.au](http://www.caltex.com.au)).

Written shareholder issues and questions submitted before the AGM must be received by 5:00pm (Sydney time) on Thursday 28 April 2016.

You are invited to join the Board for morning tea after the AGM.

I look forward to your attendance at the AGM.

Yours sincerely



**Greig Gailey**  
Chairman

## ITEMS OF BUSINESS

### 1. Consideration of Reports

To receive and consider the Financial Report of Caltex Australia Limited and its controlled entities for the year ended 31 December 2015, together with the Directors' Report and the Independent Auditor's Report.

### 2. Election of Directors

#### (a) Steven Gregg

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Steven Gregg, a Non-executive Director appointed by the Directors effective from 9 October 2015 pursuant to clause 54.1 of the Constitution and retiring in accordance with the Constitution, being eligible, is elected as a Non-executive Director of Caltex Australia Limited".

#### (b) Penny Winn

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Penelope Ann Winn, a Non-executive Director appointed by the Directors effective from 1 November 2015 pursuant to clause 54.1 of the Constitution and retiring in accordance with the Constitution, being eligible, is elected as a Non-executive Director of Caltex Australia Limited."

### 3. Non-executive Directors' Fee Pool Increase

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That the maximum aggregate amount payable to Non-executive Directors of Caltex Australia Limited by way of Directors' fees be increased by \$250,000 from \$2,250,000 to \$2,500,000, per annum, effective from 5 May 2016."

### 4. Remuneration Report

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That the Remuneration Report for the year ended 31 December 2015 (set out in the Directors' Report) is adopted."

*Note: the vote on this resolution is advisory only and does not bind the directors or Caltex.*

### 5. 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 101,505 performance rights to Julian Segal, Managing Director & Chief Executive Officer, as his 2016 long term incentive award under the Caltex Equity Incentive Plan on the terms summarised in the Explanatory Statement."

### 6. Adoption of New Constitution

To consider and, if thought appropriate, pass the following Special Resolution:

"That, pursuant to sections 136(2) and 648G of the *Corporations Act 2001* (Cth), the constitution submitted to this meeting and signed by the Chairman of this meeting for the purposes of identification, be adopted as the Constitution of the Company in place of the existing Constitution, with effect from the close of the meeting."

Further detail about each item of business is set out in the enclosed Explanatory Statement, which forms part of this notice of meeting.

By order of the Board of Caltex Australia Limited.



**Peter Lim**

Company Secretary

1 April 2016

## 1. Consideration of Reports

Under the *Corporations Act 2001* (Cth) ("Corporations Act"), the directors of Caltex must lay the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 December 2015 before the AGM.

These reports are contained in the 2015 Annual Report. Shareholders who have elected to receive a printed copy of annual reports have been sent the 2015 Annual Report with this notice of meeting. The 2015 Annual Report is available from the Caltex website ([www.caltex.com.au](http://www.caltex.com.au)).

The Chairman will open the AGM to questions and comments on the Financial Report, the Directors' Report and the Auditor's Report.

## 2. Election of Directors

Under the ASX Listing Rules and Caltex's Constitution, the company must hold an election of directors each year.

Directors are elected for a period of three years or three annual general meetings since last being elected (whichever is longer). Additionally, any Non-executive Director who has been appointed as a casual vacancy or as an addition to the Board during a year holds office until the end of the next annual general meeting.

The following directors will seek election at the AGM.

### (a) Steven Gregg

Steven Gregg was appointed by the Directors as an Independent Non-executive Director effective from 9 October 2015 pursuant to clause 54.1 of the Caltex Constitution, which allows the Board to appoint a Director to fill a casual vacancy or as an addition to the existing Directors.

Mr Gregg retires as required by clause 54.2 of the Caltex Constitution and, being eligible, offers himself for election as an Independent Non-executive Director.

Mr Gregg is a Member of the Audit, OHS & Environmental Risk and Nomination Committees.

He has an extensive background in investment banking in Australia and overseas and he brings significant executive corporate finance, strategy, and mergers and acquisitions experience to the Caltex Board.

Mr Gregg has over 20 years of experience in senior management and consulting roles in Australia and overseas, including as partner in the Corporate Finance and Financial Institutions practice at McKinsey & Company and Global Head of Investment Banking and CEO at ABN Amro.

He is a director of Challenger Limited, Challenger Life Company Limited, Tabcorp Holdings Limited and William Inglis & Son Limited, and serves as Chairman of The Lorna Hodgkinson Sunshine Homes, a trustee of the Australian Museum and a member of the Grant Samuel non-executive Advisory Board. He previously served as Chairman of Goodman Fielder Limited and Austock Group Limited.

Mr Gregg holds a Bachelor of Commerce from the University of New South Wales.

The Board has determined that Mr Gregg is an independent director under the criteria set out in Caltex's *Charter of Director Independence*.

**The Board (excluding Mr Gregg) unanimously recommends that shareholders vote in favour of the election of Mr Gregg to the Board.**

**The Chairman of the AGM intends to vote all available proxies in favour of this resolution.**

### (b) Penny Winn

Penelope Ann Winn was appointed by the Directors as an Independent Non-executive Director effective from 1 November 2015 pursuant to clause 54.1 of the Caltex Constitution, which allows the Board to appoint a Director to fill a casual vacancy or as an addition to the existing Directors.

Ms Winn retires as required by clause 54.2 of the Caltex Constitution and, being eligible, offers herself for election as an Independent Non-executive Director.

Ms Winn is a Member of the Human Resources and Nomination Committees.

She brings to the Caltex Board Australian and international strategic, major transformation and business integration, technology and retail marketing experience.

Ms Winn has over 30 years of experience in retail in senior management roles in Australia and overseas, including as Director Group Retail Services with Woolworths Limited where she was responsible for leading the Logistics and Information Technology divisions and the Customer Engagement teams across the organisation.

She is Chairman of Port Waratah Coal Services Ltd, a director of CSR Limited and a member of the UTS Business School's Advisory Board. She previously served as a director of The Quantum Group Holdings Pty Limited, sass & bide and Greengrocer.com, and was a member of the Australian Payments Clearing Association's CECS Advisory Council.

The Board has determined that Ms Winn is an independent director under the criteria set out in Caltex's *Charter of Director Independence*.

Ms Winn holds a Bachelor of Commerce from the Australian National University and a Master of Business Administration from the University of Technology, Sydney.

**The Board (excluding Ms Winn) unanimously recommends that shareholders vote in favour of the election of Ms Winn to the Board.**

**The Chairman of the AGM intends to vote all available proxies in favour of this resolution.**

### 3. Non-executive Directors' Fee Pool Increase

In accordance with ASX Listing Rule 10.17, the Caltex Board seeks shareholder approval to increase the maximum annual aggregate amount of remuneration that may be paid to Caltex Non-executive Directors by \$250,000 from \$2,250,000 to \$2,500,000 effective from 5 May 2016. If approval is obtained, it will be effective for the purposes of clause 59.1 of Caltex's current Constitution and clause 51(b) of the proposed new Constitution.

The current fee pool limit of \$2,250,000 was approved by Caltex shareholders at the 2015 Annual General Meeting. The fee pool includes all Board and Board Committee fees paid to Non-executive Directors and superannuation contributions made on behalf of Non-executive Directors.

Board and Committee fees paid to Caltex Non-executive Directors in 2014 and 2015 totalled \$1,757,184 and \$1,670,553, respectively. Details of Caltex's Board and Committee fees are contained in pages 42 and 43 of the 2015 Annual Report.

In 2015, Caltex engaged an independent adviser to undertake a review of Board and Committee fees and the Board remuneration pool for Non-executive Directors. As part of this review, Caltex's remuneration practices for Non-executive Directors were benchmarked against comparator groups of listed companies. Peer data from the review indicated that the current pool limit is approximately 90% of the peer median.

Given the Board's focus on succession planning and changes to the composition of the Board in 2015, the Board has determined that shareholder approval for an increase to the fee pool be sought at the 2016 AGM.

The Board believes that the proposed increase to the fee pool limit will enable it to:

- maintain an appropriate reserve to enable Caltex to continue to effect Board and Committee succession in an orderly fashion, including attracting Non-executive Directors with appropriate expertise, experience and skills. This is particularly important as the Board seeks to ensure that it is equipped to steward the company through the next phase of growth and the significant changes impacting the industry; and
- ensure Board and Committee fees are competitive with the market and Caltex's peers.

No securities were issued to any Non-executive Director under ASX Listing Rules 10.11 or 10.14 within the last three years.

**The Chairman of the AGM intends to vote all available proxies in favour of this resolution.**

### Voting exclusion

In accordance with the ASX Listing Rules and the Corporations Act, Caltex will disregard any votes cast on this resolution:

- by or on behalf of the Directors and their associates, regardless of the capacity in which the vote is cast; and
- as a proxy by a person who is a member of Caltex's key management personnel ("KMP") at the date of the AGM and their closely related parties,

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 on the proxy form; or
- by the Chairman of the meeting in accordance with an express authorisation to exercise the proxy, even though this Item 3 is connected with the remuneration of the KMP.

### 4. Remuneration Report

Under the Corporations Act, Caltex is required to include a detailed Remuneration Report including prescribed information in relation to the remuneration of directors and executives of Caltex and Caltex's remuneration practices in the Directors' Report.

The Remuneration Report for the year ended 31 December 2015 is incorporated in the 2015 Annual Report as part of the Directors' Report.

The Chairman will open the AGM to questions and comments on the Remuneration Report.

The Remuneration Report is required to be submitted for adoption by a resolution of shareholders at the AGM. The vote on this resolution is advisory only and does not bind the Directors or Caltex.

**The Board recommends the adoption of the Remuneration Report by shareholders.**

**The Chairman of the AGM intends to vote all available proxies in favour of this resolution.**

### Voting exclusion

In accordance with the Corporations Act, Caltex will disregard any votes cast on this resolution:

- by or on behalf of the KMP named in the Remuneration Report for the year ended 31 December 2015 and their closely related parties, regardless of the capacity in which the vote is cast; and
- as a proxy by a person who is a member of the KMP at the date of the AGM and their closely related parties,

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 on the proxy form; or
- by the Chairman of the meeting in accordance with an express authorisation to exercise the proxy, even though Item 4 is connected with the remuneration of the KMP.

## 5. Grant of Performance Rights to the Managing Director & CEO

Shareholder approval is sought for the grant of performance rights ("Performance Rights") to the Managing Director & CEO, Julian Segal, under the Caltex Equity Incentive Plan ("CEIP") as his long term incentive award for 2016.

The Board (with Mr Segal recusing himself from this matter) has approved the grant of 101,505 Performance Rights to the Managing Director & CEO, subject to shareholder approval at the 2016 AGM.

Under ASX Listing Rule 10.15B, shareholder approval is not required where the Managing Director & CEO acquires Performance Rights under an employee equity incentive plan if the terms of the plan require that the Performance Rights will be satisfied with securities that are acquired on market.

While it is the Board's current intention that any shares that may be awarded to Mr Segal upon vesting of Performance Rights under the 2016 CEIP will be purchased on-market, the Board believes it is appropriate, as a matter of good governance and transparency, to seek shareholder approval. The Board also wishes to retain flexibility to satisfy Mr Segal's vested Performance Rights with newly issued shares if that is considered appropriate at the time of vesting.

The key terms relating to the grant of Performance Rights proposed to be made to Mr Segal under the 2016 CEIP are set out below. Further details of Mr Segal's remuneration package are set out in the Remuneration Report on pages 37 to 38 of the 2015 Annual Report.

### Entitlement under the grant

Subject to shareholder approval, Mr Segal will be granted 101,505 Performance Rights under the 2016 CEIP grant. Performance Rights are granted for nil consideration and do not carry voting or dividend rights.

Each Performance Right entitles Mr Segal to one fully paid ordinary Caltex share if service based and performance based vesting conditions are achieved. The performance conditions are measured over a three year performance period commencing on 1 January 2016, subject to the satisfaction of the performance measures described below.

Under the CEIP rules, the Board may determine to pay executives, including Mr Segal, the cash value of a share in satisfaction of a vested Performance Right, instead of providing a share or restricted share. It is expected such discretion will only be exercised in limited cases, typically where the executive is a "good leaver" (for example, where the employee ceases employment due to redundancy or retirement).

The total number of Performance Rights proposed to be granted to Mr Segal was determined based on Mr Segal's maximum CEIP value of 150% of base salary.

The number of Performance Rights granted is determined by dividing the maximum opportunity level of \$3,222,750 by the twenty day volume weighted average share price up to the first day of the performance period (being 1 January 2016), discounted to take account of the fact that Performance Rights are not entitled to receive dividends. No discount is applied for the probability of achieving the performance measures. The discount is determined by an independent expert.

The Performance Rights will be granted subject to the CEIP rules. If shareholder approval is obtained, it is proposed the Performance Rights will be granted to Mr Segal shortly after the 2016 AGM and no later than 12 months after the date of the 2016 AGM.

### Performance and vesting period

Performance periods under the CEIP are three years in duration, commencing on 1 January in the year the awards are made. For the 2016 awards, the three year period commences on 1 January 2016 and ends on 31 December 2018.

If the vesting conditions are satisfied, the Performance Rights vest in April 2019, approximately three years after grant.

### Performance measures

The proposed grant of Performance Rights will be divided into two portions, and each portion will be subject to a separate performance measure. Sixty percent (60%) of the total grant will be subject to a Relative TSR measure, and the remaining 40% will be subject to a strategic measure.

#### Relative TSR measure

Relative TSR is assessed against a comparator group of S&P / ASX 100 companies determined at the start of the performance period.

The vesting schedule is:

Performance scale	Vesting %
Below Threshold	Zero
Threshold: 50th percentile	33.3% of the rights will vest
Between Threshold and Target	Pro-rata vesting occurs between these relative performance levels
Target: 75th percentile	66.6% of the rights will vest
Between Target and Stretch	Pro-rata vesting occurs between these relative performance levels
Stretch: 90th percentile	100% of the rights will vest

#### Strategic measure

The strategic growth measure is a three year earnings growth measure from mergers and acquisitions (core and non-core) and step-out ventures (new products/services/ geographies). This is measured from earnings in the 2015 base year, excluding refining. Before this hurdle is assessed, the Board must be satisfied that an appropriate return on average funds employed (RoAFE) gateway has been met.

The Board will exercise discretion regarding both the application of the gateway and in assessing how the profit growth target is measured. This measure was chosen as it reflects the importance of growth in achieving Caltex's key success measure of top quartile shareholder returns.

The actual profit target cannot be disclosed, as this is commercially sensitive. The Board will set out how Caltex has performed against both of these performance measures in its 2018 Remuneration Report. In this Remuneration Report the Board will disclose whether it has exercised any discretion regarding the RoAFE gateway and how the profit target has been measured.

### Price on Grant or Vesting

No amount will be payable in respect of the grant or upon vesting of the Performance Rights.

### Trading restrictions

Under share retention arrangements, 25% of the vested portion of Performance Rights for Mr Segal will be converted into restricted shares. These shares are unable to be sold for a further period of 4 years (until April 2023 for the 2016 CEIP awards). This effectively extends the life of the CEIP award from 3 years to 7 years. These share retention requirements can only be waived by the Board where Mr Segal can demonstrate that he holds 100% of his base salary as vested shares in the month prior to the vesting of the 2016 LTI awards.

On ceasing employment, all dealing restrictions on the restricted shares cease to apply, subject to the application of the Clawback Policy.

All shares allocated on vesting of the Performance Rights will be subject to the Caltex Securities Trading Policy. If the Performance Rights are settled in cash, no retention arrangements or dealing restrictions apply.

### Termination provisions

If Mr Segal ceases to be an employee due to resignation, all unvested equity awards held will lapse, except in exceptional circumstances as approved by the Board. The Board has the discretion to determine the extent to which equity awards granted to a participant under the CEIP vest on a pro-rated basis where the participant ceases to be an employee of a Caltex group company for reasons including retirement, death, total and permanent disablement, and bona fide redundancy.

In these cases, the Board's usual practice is to pro-rate the award to reflect the portion of the period from the date of grant to the date the participant ceased to be employed. In addition, the portion of the award that ultimately vests is determined by testing against the relevant performance hurdles.

### Clawback

Caltex has a Clawback Policy which 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 occur which the Board determines in good faith to have resulted in an "unfair benefit" to the senior executive.

### Change of control

Any unvested Performance Rights may vest at the Board's discretion, having regard to pro-rated performance.

### Other information

Mr Segal is the only current Caltex Director entitled to participate in the CEIP.

There is no loan scheme in relation to the grant of rights under the CEIP.

The Board (excluding Mr Segal) unanimously recommends that shareholders vote in favour of this resolution.

The Chairman of the AGM intends to vote all available proxies in favour of this resolution.

### Voting exclusion

In accordance with the ASX Listing Rules and the Corporations Act, Caltex will disregard any votes cast on this resolution:

- by or on behalf of Mr Segal and his associates, regardless of the capacity in which the vote is cast; and
- as a proxy by a person who is member of the KMP at the date of the AGM and their closely related parties,

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 on the proxy form;
- by the Chairman of the meeting in accordance with an express authorisation to exercise the proxy, even though Item 5 is connected with the remuneration of the KMP.

## 6. Adoption of New Constitution

Caltex is seeking shareholder approval for the adoption of a new Constitution for Caltex Australia Limited ("Caltex"). If approved by shareholders, the new Constitution will be effective from the date of the Annual General Meeting.

The existing Caltex Constitution was originally adopted by shareholders at the AGM in 2000. While a limited number of amendments were made in 2007, Caltex's Constitution has not been comprehensively reviewed since 2000.

Since 2007, there have been significant developments in Australian corporate law practice, including, among other things, a number of changes to the *Corporations Act 2001* (Cth) ("Corporations Act") and ASX Listing Rules, changes to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* and the widespread adoption by other listed companies of electronic forms of communication and general corporate commercial practice. Accordingly, Caltex's current Constitution requires substantial updating.

The Board has determined that it is more appropriate to adopt a new constitution, which reflects these changes, rather than make each of the necessary amendments to the current Constitution.

A copy of the proposed new Constitution can be obtained prior to the meeting on the Caltex website ([www.caltex.com.au](http://www.caltex.com.au)). A copy will also be available at the Annual General Meeting and a copy of the new Constitution signed by the Chairman for the purposes of identification will be tabled at the meeting.

Many of the proposed changes are administrative or relatively minor in nature. The key differences between the existing Constitution and the proposed new Constitution are outlined below.

### Conduct of shareholder meetings

The proposed new Constitution incorporates a number of changes proposed to assist with the orderly conduct of general meetings.

Clause 34 will authorise the chair of a general meeting to require attendees to comply with security arrangements before they are admitted to the meeting. Amendments in that Rule will also permit the chair to determine that a vote cast in contravention of the Corporations Act or the ASX Listing Rules is to be disregarded, and allow the chair to demand the cessation of any discussion at a meeting if that action is considered to be required to ensure orderly conduct of the meeting. Clause 34 will also include amendments recognising that determinations made by the chair at a general meeting are final, including determinations on procedural matters and on any challenges to the rights of particular persons to vote, subject always to the law.

Clause 35 will also expressly acknowledge the ability for an acting chair of a general meeting to be appointed, holding all of the powers of the chair of a meeting, where the chair is unwilling to chair any part of the meeting (for example, for an item of business in which the chair is personally interested).

### **Quorum of general meetings**

The quorum for a meeting of members has been reduced under Clause 33 from members with at least 10% of the votes that may be cast at a general meeting of the company to 2 shareholders present and entitled to vote at the meeting. The deadline for a quorum to assemble before a meeting is dissolved or adjourned will remain at 30 minutes, however the provisions in the existing Constitution have been slightly relaxed regarding postponement of general meetings to assist the Board in managing such meetings, subject always to the Corporations Act.

### **Direct Voting**

The proposed new Constitution allows the Board to introduce direct voting, which involves shareholders directly recording their vote electronically, or otherwise by approved means, before the meeting (rather than appointing a proxy or other representative to do so at the meeting). If the Board determines that votes may be cast by direct vote, Clause 44 empowers the Board to determine appropriate procedures for the implementation of direct voting, including as to the form, method and time requirements applicable.

The proposed new Constitution also (in Clause 46) includes rules regarding the interaction between multiple direct votes by a shareholder, and between direct votes that have been lodged with the company and other forms of voting appointments (including proxy appointments). Similar to the proposed position for proxies (see below), Clause 46 also provides that a direct vote will not be revoked by the shareholder's presence at the relevant general meeting, unless the shareholder informs the company (or its share registry) before the meeting starts that the shareholder wishes to vote on any resolution at the meeting.

### **Proxies**

The Corporations Act allows for the electronic lodgement of proxy appointments, and permits such appointments to be authenticated by means other than signature in writing. To ensure that the new Constitution fully reflects this flexibility, Clause 43 expressly allows the Board to determine the form of proxy appointments (which may include electronic means), and provides for the notice of meeting to which the proxy appointment relates to specify requirements for the lodgement of appointments (including requirements as to authentication).

Clause 43 also includes expanded provisions dealing with proxy appointments that are not duly executed or validated or that are unclear or incomplete. Clause 43 will allow the company to seek written or oral clarification of proxy instructions and amend the appointment to reflect the clarification (including after the set time for lodgement of the completed appointment). The company may also return proxy appointments for proper execution or validation (which may be later than the time specified in the relevant notice of meeting for the receipt of proxy appointments).

Where a proxy or attorney and their appointing shareholder both register to attend a general meeting, Clause 45(b) will clarify that the proxy or attorney's authority to vote (and speak) at the meeting is not revoked by the shareholder's presence, unless the shareholder informs the company (or its share registry) before the meeting starts that the shareholder wishes to vote on any resolution at the meeting. This more closely aligns with share registry operations.

Finally, Clause 45 will set a time limit for variations in the instructions to Company Proxies (ie proxy appointments in favour of a director or employee of the company who are held out by the company in material sent to shareholders as willing to act as a proxy). Instructions to Company Proxies to vary instructions will only be valid if received by the Company at least 48 hours before the relevant meeting or they are otherwise validated by the appointing shareholder prior to the meeting in a manner acceptable to the Board.

### **Dividends**

Clauses 74 and 75 will give the Board additional flexibility regarding the payment of dividends and other distributions.

### **Share Qualification for Directors**

Clause 49 in the new Constitution contemplates that from time to time directors may be required to accumulate shares and maintain a minimum shareholding in accordance with any CAL Non-executive Director Share Plan Ownership Policy.

### **Proportional takeover provision**

Under the Corporations Act, a company may include a proportional takeover approval provision in its Constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving a bid is passed by shareholders.

A proportional takeover bid is a takeover offer made to all shareholders for the acquisition of their shares, however, the offer made to each shareholder is only for a specified proportion of that shareholder's shares (and that proportion is the same for all shareholders). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the company and retain the balance of the shares.

### **Effect of the proportional takeover approval provision**

In the event that a proportional takeover offer is made to shareholders of the company, the existence of the new provision (Clause 81) would require the Board of the company to convene a meeting of shareholders to vote on a resolution to approve the proportional takeover offer. Under the Corporations Act, the approving resolution must be passed at least 14 days before the offer under the proportional takeover bid closes.

To be passed, the resolution must be approved by a majority of votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if no resolution to approve the bid has been voted on in accordance with the time required by relevant provisions of the Corporations Act, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the company.

If the resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

If approved by shareholders at the meeting, Clause 81 will operate for three years from the date of the meeting (ie until 5 May 2019), unless earlier reviewed.

Clause 81 will not apply to full takeover bids.

### **Reasons for proposing the resolution**

In the Board's view, the relevant shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the company may enable control of the company to be acquired by a party holding less than a majority interest. As a result, the relevant shareholders may not have the opportunity to dispose of all their shares and risk being part of a minority interest in the company or suffering loss if the takeover bid causes a decrease in the market price of the shares or makes the shares less attractive and, accordingly, more difficult to sell. Clause 81 would only permit this to occur with the approval of a majority of the relevant shareholders.

### **Potential Advantages and disadvantages**

For relevant shareholders, the potential advantages of Clause 81 are that it will provide them with the opportunity to consider and discuss a proportional takeover bid in a meeting called specifically for that purpose, and vote on whether a proportional takeover bid should be approved. This affords the relevant shareholders an opportunity to have a say in the future ownership and control of the company and help the shareholders avoid being locked into a minority. The Board believes that this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of relevant shareholders. It may also discourage the making of a proportional takeover bid that may be considered opportunistic. Finally, knowing the view of the majority of the relevant shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

On the other hand, the potential disadvantage for the relevant shareholders arising from Clause 81 is that proportional takeover bids may be discouraged by the further procedural steps that Clause 81 will necessitate and, accordingly may reduce the opportunities which shareholders may have to sell all or some of their shares at a premium to persons seeking control of the company and may reduce any takeover speculation element in the company's share price. Clause 81 may also be considered an additional restriction on the ability of individual shareholders to deal freely in their shares.

The company's directors do not consider that there are any advantages or disadvantages specific to the directors in relation to the proposed Clause 81. The Board will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

### **Present acquisition proposals**

As at the date on which this Explanatory Note is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the company.

### **Other matters**

Various other less significant amendments are contained in the new Constitution to reflect current corporate governance practices or for clarification. These include the following:

- **Definitions and interpretation** – Various defined terms used in the Constitution will be updated to reflect relevant name changes and the current Corporations Act and ASX Listing Rules.
- **Redundant provisions** – A number of provisions in the company's current Constitution duplicate existing Corporations Act or ASX Listing Rule requirements and, if the proposed new Constitution is not adopted, will require amendment of the Constitution in the event of legislative or regulatory change. Accordingly, such rules have been omitted from the proposed new Constitution.
- **Vacation of office of director** – One of the grounds in the existing Constitution for the office of a director of the company to automatically vacate is that the director has been absent from Board meetings, without the consent of the Board, for more than three months. The proposed new Constitution (Clause 52) will instead provide for such vacation of office if the relevant director has been absent during a continuous period of six months, without the consent of the Board. This recognises that there can be varying periods between Board meetings, both shorter and longer.
- **Preference shares** – the power to issue preference shares which are convertible and redeemable according to issue terms determined by the directors under Clause 6 of the new Constitution.

**The Board unanimously recommends that shareholders vote in favour of this special resolution.**

**The Chairman of the AGM intends to vote all available proxies in favour of this special resolution.**

## 1. Conduct of AGM

The AGM is intended to give shareholders the opportunity to hear from the Chairman and Managing Director & CEO about the performance and operations of Caltex. The Chairman will also present an Operational Excellence Moment to the AGM.

For shareholders who are unable to attend the AGM, Caltex will webcast the business of the AGM on its website. Viewing the webcast does not count as attendance at the AGM and you will not be able to submit a vote or ask questions via the webcast. For further information about the webcast, please visit the Caltex website ([www.caltex.com.au](http://www.caltex.com.au)).

## 2. Questions from Shareholders

Shareholders who are entitled to vote at the AGM may submit written questions to Caltex or Caltex's auditor before the AGM. Questions may be submitted online at [www.investorvote.com.au](http://www.investorvote.com.au) or by using the form included with this Notice of Meeting.

The question form must be received by Computershare no later than 5:00pm (Sydney time) on Thursday, 28 April 2016 (or any adjournment) to allow time to collate questions and prepare answers.

## 3. Voting

Individual shareholders may vote in person or by proxy. A corporate shareholder may vote by proxy or through a body corporate representative.

If your shares are held jointly, please note that if you and another joint holder both wish to vote, only the vote of the holder appearing first in the share register will be accepted, to the exclusion of the other holder(s).

The Board has determined that, for the purposes of the AGM, Caltex shares will be deemed to be held by those shareholders who held shares at 7:00pm (Sydney time) on Tuesday, 3 May 2016, as recorded in Caltex's share register.

## 4. Proxies

A shareholder entitled to attend and vote at the AGM may appoint a proxy to attend and vote on their behalf.

Shareholders should note that:

- all shareholders have the right to appoint a proxy;
- a proxy does not have to be a Caltex shareholder;
- a proxy may be an individual or a body corporate;
- if you hold two or more shares, you may appoint up to two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise;

- if the Chairman of the AGM is appointed as your proxy and you do not direct the Chairman how to vote on Items 3, 4 and 5, then, by completing and returning the proxy form, you will be expressly authorising the Chairman of the AGM to vote in favour of Items 3, 4 and 5 even though each item is connected with the remuneration of Caltex's KMP; and
- if you have appointed someone other than the Chairman of the AGM as your proxy and you do not direct that person how to vote, that person may vote or abstain from voting at their discretion, subject to any applicable voting exclusions.

A proxy form is included with this Notice of Meeting.

Alternatively, you can appoint a proxy online and submit your voting instructions (if any) by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions on the website. To use this online facility, you will need your Shareholder Reference Number ("SRN") or Holder Identification Number ("HIN"), postcode and the six digit PIN shown on your proxy form. If you lodge an online proxy appointment in accordance with the instructions, you will be taken to have signed or authorised the proxy form.

Custodians and nominees with access to Intermediary Online can appoint a proxy online and submit their voting instructions (if any) at [www.intermediaryonline.com](http://www.intermediaryonline.com).

If you are appointing a second proxy, you must complete a second proxy form. Please contact Caltex's share registry, Computershare, if you require an additional proxy form. If the two appointments do not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of your votes (with fractions of votes to be disregarded).

Proxy forms or online proxy appointments for the AGM must be received by Computershare no later than 10:00am (Sydney time) on Tuesday, 3 May 2016.

If your proxy form has been signed under power of attorney or other authority, the original or a certified copy of the power of attorney or authority must also be received by Computershare no later than 10:00am (Sydney time) on Tuesday, 3 May 2016 (unless you have previously lodged the original or a certified copy with Computershare).

If you have appointed a proxy for the AGM and you later decide to attend the AGM, your attendance at the AGM will result in the proxy's authority to speak and vote for you being suspended while you are present at the AGM.

## 5. Undirected Proxies

The Chairman of the AGM intends to vote all available proxies in favour of all resolutions. If there is a change to how the Chairman intends to vote undirected proxies, Caltex will make an announcement to the market.

## 6. Body Corporate Representatives

A corporate shareholder entitled to attend and vote at the AGM may appoint a body corporate representative to attend and vote for the shareholder. A body corporate may also be appointed as a proxy.

Caltex will accept the original appointment, a certified copy of the appointment or a certificate from the company giving notice of the appointment as satisfactory evidence of the appointment.

You can lodge your body corporate representative appointment document before the AGM (in which case, the document should be received by Computershare no later than 10:00am (Sydney time) on Tuesday, 3 May 2016) or present the document at the registration desk at the AGM.

### Where to send proxy forms and appointment of body corporate representative documents and related documents

You can send your proxy form or appointment of body corporate representative document (and any related appointment documents or authorities) to Caltex:

- in the reply paid envelope (which is included with this Notice of Meeting)
- by mail to:  
Caltex Australia Limited  
c/- Computershare Investor Services  
Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia
- by facsimile:  
within Australia: 1800 783 447  
outside Australia: +61 3 9473 2555

**Proxy forms for the AGM and any related appointment documents or authorities for a proxy must be received by Computershare no later than 10:00am (Sydney time) on Tuesday, 3 May 2016.**



**CALTEX**  
Caltex Australia