

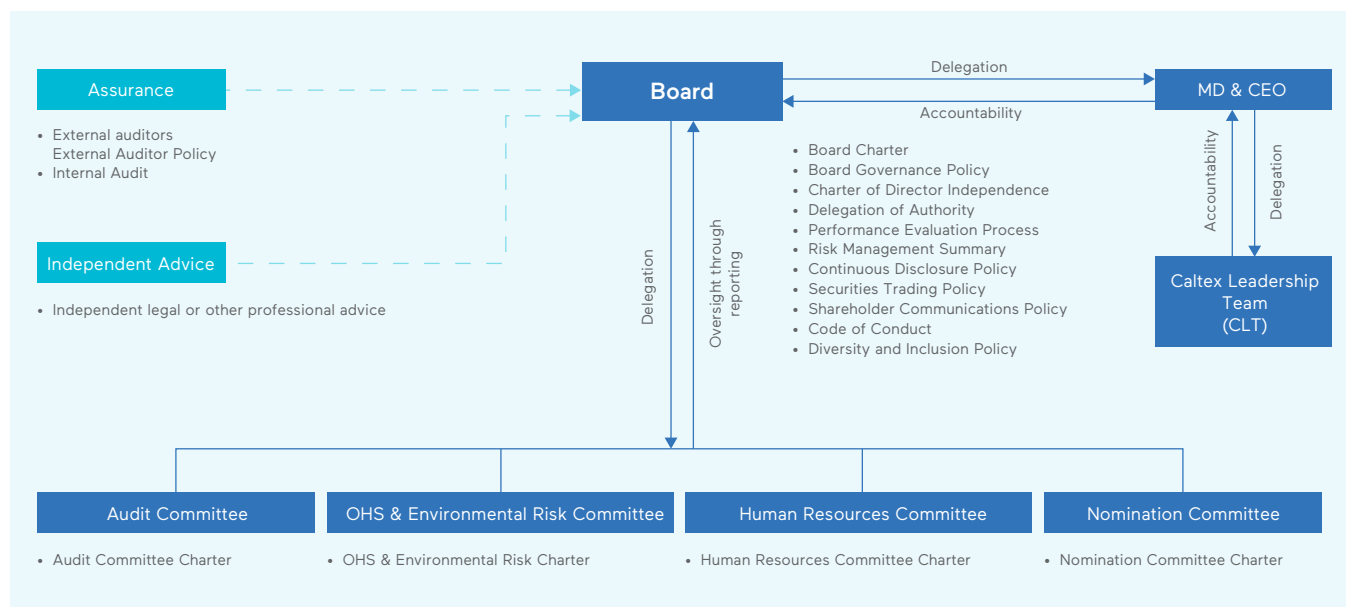
2017 CORPORATE GOVERNANCE STATEMENT FOR CALTEX AUSTRALIA LIMITED

As at 21 March 2018

Introduction

The board of directors (Board) of Caltex Australia Limited (Caltex or the Company) is committed to high standards of corporate governance.

This Corporate Governance Statement (Statement) summarises Caltex's corporate governance practices including compliance with the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) for the period from 1 January 2017 to 21 March 2018. This Statement has been approved by the Board. As at the date of this Statement, Caltex has complied with all of the ASX Principles.



The Board

Role and Responsibilities

The Board directs and oversees the performance of Caltex management in seeking to deliver superior business and operational performance, and growth in shareholder value.

The Board has delegated responsibility for managing Caltex's day-to-day business and operations to the Managing Director & CEO (MD&CEO) within the limits set out in delegations of authority (DOA) approved by the Board. The MD&CEO has in turn delegated authority for certain matters to management.

The Board Charter sets out matters expressly reserved to the Board.

The Board Charter is available on the Corporate Governance page of our website.

Board Composition and Independence

There are seven Directors on the Caltex Board, comprising six independent, Non-executive Directors and the MD&CEO. The Chairman is an independent, Non-executive Director.

Mark Chellew has been appointed as an additional independent, Non-executive Director effective 2 April 2018.

Details of each Director's date of appointment and tenure are set out in the table below:

		Date of Appointment	Tenure as at 21 March 2018
Steven Gregg (Chairman)	Independant, Non-Executive Director	9 Oct 2015	2 years, 5 months
Julian Segal	Managing Director & CEO	1 Jul 2009	8 years, 8 months
Trevor Bourne	Independant, Non-Executive Director	2 Mar 2006	12 years
Melinda Conrad	Independant, Non-Executive Director	1 Mar 2017	1 year
Bruce Morgan	Independant, Non-Executive Director	29 Jun 2013	4 years, 8 months
Barbara Ward AM	Independant, Non-Executive Director	1 Apr 2015	2 years, 11 months
Penny Winn	Independant, Non-Executive Director	1 Nov 2015	2 years, 4 months

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Access to Independent Advice

Caltex Directors have access to independent professional advice at Caltex's expense.

Company Secretaries

The company secretaries are accountable directly to the Board, through the Chairman, on all matters to do with governance and the proper functioning of the Board.

Election and Re-Election of Directors

All newly appointed Non-executive Directors are subject to appropriate checks before being appointed. Newly appointed Non-executive Directors hold office until the end of the next Annual General Meeting and are eligible for election by shareholders at the meeting. The MD&CEO is appointed by the Board and is not subject to election by shareholders.

The Board's recommendations are disclosed in the Notice of Meeting made available to shareholders, together with biographical information for each Non-Executive Director standing for election or re-election. The notice of meeting also includes relevant material information disclosed to or identified by Caltex to assist securityholders to make an informed decision on whether or not to elect or re-elect a Director.

An appointment letter is provided to each Non-executive Director which sets out the terms of their appointment.

Induction and Training

All new Non-executive Directors are invited to participate in an induction program to assist with familiarising them with Caltex's business, strategy and operations, performance, risks, governance and external environment. The induction program is tailored to each Non-executive Director's experience and circumstances and includes briefings, site visits and relevant training. New Non-executive Directors receive induction materials.

Non-executive Directors are encouraged to attend director training and professional development courses, as required.

Performance Evaluation

A formal Board evaluation process is carried out every two to three years and is facilitated by an external consultant who conducts one on one interviews with Directors and key executives and prepares a report which is discussed with the whole Board. The Chairman also discusses the report with individual Directors and key executives.

A Board performance evaluation was conducted in 2016.

Directors' Skills and Diversity

The Board reviews its composition annually, including the mix of skills, experience, expertise and diversity of Directors and the Board, to ensure it is able to effectively discharge its obligations.

Details of the skills, experience, expertise and Committee membership of each Director is contained in their biographies which are in the Annual Report and on our website.

The current board skills matrix is set out below.

Industry experience - industrial



Industry experience - retail/marketing



Strategy / M&A



Financial acumen



Executive leadership



International experience



Risk management



Technology and new media



Large Capital Projects



Public Policy / Regulatory



Governance and Board



Health, Safety, Environment & Sustainability



Remuneration



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Board Committees

The Board has established four standing committees (Committees). Each Committee has a Charter, comprises a majority of independent, Non-executive Directors. Each Committee is chaired by an independent, Non-executive Director.

CALTEX BOARD & COMMITTEE COMPOSITION

Board

Steven Gregg
Julian Segal
Trevor Bourne
Melinda Conrad
Bruce Morgan
Barbara Ward AM
Penny Winn

Nomination Committee

Steven Gregg
Trevor Bourne
Melinda Conrad
Bruce Morgan
Barbara Ward AM
Penny Winn

Audit Committee

Bruce Morgan (C)
Melinda Conrad
Barbara Ward AM

Human Resources Committee

Barbara Ward AM (C)
Trevor Bourne
Penny Winn

OHS & Environmental Risk Committee

Trevor Bourne (C)
Melinda Conrad
Bruce Morgan
Penny Winn

The Chairman of the Board attends Committee meetings in an ex-officio capacity. All Directors receive Committee papers and are invited to attend meetings of Committees of which they are not members.

For details of Committee membership and number of times the Board and Committee met throughout the financial year and the individual attendances of Directors at those meetings, refer to Caltex's Annual Report which is available on our website.

Caltex does not have a separate Risk Committee. Oversight of Caltex's Risk Management Framework is the responsibility of the Board with each standing Committee delegated oversight of specific risks.

Caltex does not have a separate Remuneration Committee. Oversight of remuneration and compensation matters is divided between the Board, Human Resources and Nomination Committees.

[Each Committee Charter is available on our website.](#)

Risk Management

Risk Management Framework

The Board reviews Caltex's Risk Management Framework at least annually to satisfy itself that it continues to be sound.

Caltex's Risk Management Summary outlines how Caltex's oversees and manages risk, including the Risk Management Framework and the roles and responsibilities of the Board, its Committees, senior executives and employees.

[Caltex's Risk Management Summary is available on our website.](#)

Internal Audit

Caltex has a dedicated internal audit function which provides an independent and objective assessment to the Board and management regarding the adequacy, effectiveness and efficiency of our risk management, control and governance processes.

Internal audit conducts audits in accordance with audit plans approved by the Audit Committee (for financial risks) and the OHS & ER Committee (for OHS and environmental risks) and provides regular reports to those Committees and to senior management.

The Head of Internal Audit reports to the Executive General Manager, Legal & Corporate Affairs and also has a reporting line to the Chairman of each of the Audit and OHS & ER Committees and meets with them regularly. In addition, the Audit Committee and the OHS & ER Committee meet privately with the Head of Internal Audit.

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Economic, Environmental and Social Sustainability Risks

Maintaining safe, reliable and sustainable operations is at the core of our business. A culture of operational excellence is formally supported through an enterprise-wide risk management framework and our operational excellence management system.

Key metrics and other Economic, Environmental and Social Sustainability Risks are included in the Annual Report which is available on our website.

Remuneration

Non-Executive Director Remuneration

Non-executive Director fees are reviewed by the Human Resources Committee, taking into account recommendations from an independent remuneration consultant. Changes are approved by the Board.

Fees for Non-executive Directors are set at a level to attract and retain Non-executive Directors with the necessary skills and experience to allow the Board to have a proper understanding of, and competence to deal with, current and emerging issues. The Board seeks to attract Non-executive Directors with the skills, experience and abilities to enable it to effectively oversee and challenge the performance of management.

Remuneration for Non-executive Directors is fixed and is subject to a remuneration pool of \$2,250,000, which was approved by shareholders in 2015. Non-executive Directors receive statutory superannuation and may salary sacrifice fees to superannuation but do not participate in any incentive plans or receive any performance-based remuneration. Superannuation is not paid to overseas Directors and there is no retirement benefits scheme for Non-executive Directors.

Non-executive Directors' fees are disclosed in the Remuneration Report, contained in Caltex's Annual Report, which is available on our website.

Senior Executives

Senior executives enter into a service agreement (contract of employment) upon their appointment. The material terms of KMP service agreements are set out in the Remuneration Report contained in Caltex's Annual Report which is available on our website. The standard service agreement is reviewed periodically to ensure it remains appropriate and in line with contemporary human resources practice.

Evaluation of the performance of both the MD & CEO and the Caltex Leadership Team (CLT) is undertaken by reference to a performance evaluation process.

The Board sets annual performance objectives for the MD & CEO. The performance of the MD & CEO has been assessed for the year ended 31 December 2017.

The MD & CEO regularly reviews the performance of the CLT and reports to the Human Resources Committee on their performance. The performance of the CLT has been assessed for the year ended 31 December 2017.

For more information refer to the Remuneration Report, contained in Caltex's Annual Report, which is available on our website.

Hedging, Margin Lending and Trading by Connected Persons

Caltex's Securities Trading Policy prohibits Designated Caltex Personnel entering into any arrangements that would have the effect of limiting their risk exposure relating to Caltex securities, including vested Caltex securities or unvested entitlements to Caltex securities under Caltex employee incentive schemes. Designated Caltex Personnel must not enter into any margin lending arrangements in respect of Caltex securities.

Designated Caltex Personnel must take reasonable steps, including notifying their connected persons of closed periods, to prevent any closely connected persons from trading in Caltex securities in any way that is prohibited under this Policy.

Caltex's Securities Trading Policy is available on our website.

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Diversity and Inclusion

At Caltex, we embrace a strong belief in the advantages of a diverse and inclusive workplace in which individuals of varied backgrounds and perspectives are welcomed, encouraged and given the opportunity to contribute to their full potential.

Our commitment to diversity and inclusion forms part of a merit-based organisational culture. We seek to create a work environment where people are included and free to achieve their best, without encountering prejudice. We will not tolerate any form of unlawful discrimination, harassment or victimisation of an employee.

The Board, having regard to the deliberations of the Human Resources Committee, sets measurable objectives relating to diversity and inclusion. These objectives, and our progress in achieving them is assessed annually. The requirement to set measurable objectives for achieving diversity and for them to be assessed is set out in the Diversity and Inclusion Policy.

Caltex's Diversity and Inclusion Policy is available on our website.

Diversity and Inclusion Disclosures

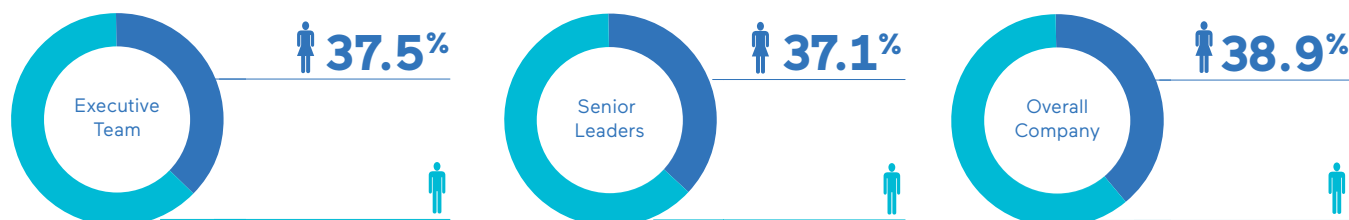
At Caltex, we know that a diverse and inclusive workplace makes us more effective, more resilient and more vibrant.

Gender Equality

Reflecting our commitment to diversity and inclusion and our best practice programs to promote gender equality, in 2017 Caltex was once again awarded the Employer of Choice for Gender Equality (EOGC) citation from the Workplace Gender Equality Agency (WGEA). This represents the third consecutive year that we have been awarded this citation.

To help guide our progress toward gender equality, we have set a goal of 40% female representation in senior leadership positions (Executive Team and Senior Leaders) to be achieved by 31 December 2020. Currently women represent 37.1% of all senior leadership positions, with 47.6% of all promotions to senior leader positions in 2017 achieved by women. Female representation on the Caltex Leadership Team has remained stable at 37.5% since 2016. There has been positive increase on the Caltex Board with 42% female representation (up from 29% in 2016). To continue increasing the pipeline of female talent and the representation of women in senior positions, we will continue to provide appropriate development and promotion opportunities through our Caltex Leadership Academy and Talent programs.

Our gender pay differential stands at a minimal rate of 0.93% in favour of males on a like-for-like job basis, a reduction of 0.1% since 2016.



Indigenous Employment

Creating a meaningful difference to the lives of Indigenous Australians by providing sustainable employment and development opportunities continues to be a focus area for Caltex. Reflective of our commitment, in 2017 we doubled the number of Aboriginal and Torres Strait Islander employees and also employed our first Indigenous Graduate who was a former participant in the Career Trackers program. We employed our first Indigenous school based trainee and continued our support of the Career Trackers program, employing an additional three interns.

Building on our commitment toward reconciliation, in 2017 Caltex formed its Reconciliation Action Plan (RAP) Working Group, composed of a diverse group of Indigenous and non-Indigenous employees from across the business to develop Caltex's first RAP. This RAP will build on and formalise Caltex's commitment to reconciliation in Australia and will be launched in 2018.

Flexibility and Inclusion

In 2017 Caltex launched its Flexible Work Program which is designed to help employees manage their career with their personal interests and commitments outside of work. This program is designed to further entrench our flexible work culture with 82.9% of employees surveyed in 2017 agreeing that they have the flexibility to manage their work with their caring responsibilities.

Our generous BabyCare package also continues to provide practical and financial support to parents in their transition back to work, with 58 parents accessing the package in 2017. Flexibility continues to be essential to parents, with over 50% of employees returning to a flexible work arrangement on their return from parental leave in 2017.

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Code Of Conduct

Caltex's Code of Conduct (Code) applies to all employees, directors and officers of the Caltex Group. Caltex expects external parties, including suppliers and customers to act in accordance with our Code.

Caltex's Code of Conduct is available on our website.

Integrity in Financial Reporting

Prior to the approval of Caltex's full year financial statements the Board receives a signed declaration from the MD & CEO and the Chief Financial Officer, pursuant to section 295A of the *Corporations Act 2001* (Cth) (Corporations Act).

A signed declaration in the form required the Corporations Act has been received from the MD & CEO and the Chief Financial Officer for the year ended 31 December 2017.

Continuous Disclosure

Caltex has a written policy for complying with its continuous disclosure obligations.

Caltex's Continuous Disclosure Policy is available on our website.

Communicating With Shareholders

Caltex is committed to giving investors and other stakeholders timely and balanced information about our business and performance, including via the Caltex website.

Caltex's Shareholder Communications Policy is available on our website.

Investor Relations Program

Caltex has a mature investor relations program which facilitates effective two-way communication with investors.

Annual General Meetings

Caltex has implemented various policies and processes to facilitate and encourage participation at meetings of security holders, including holding its annual general meetings in an accessible location, webcasting and by encouraging security holders to submit questions by email to the company or the external auditor prior to annual general meetings.

Caltex's external auditor attends its annual general meetings and is available to answer questions from security holders relevant to the audit and in accordance with the Corporations Act.

Electronic Communication and Payments

Caltex encourages security holders to receive communications and payments electronically.

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

Security holders can update their payment and communication elections anytime by emailing caltex.queries@computershare.com.au, visiting www.computershare.com.au or by contacting Computershare.

Caltex has a dedicated email address for our security holders. Contact us by email at caltex.queries@computershare.com.au