



CALTEX

CALTEX AUSTRALIA LIMITED
ACN 004 201 307

BOARD APPROVED – 21 FEBRUARY 2012

CHARTER OF DIRECTOR INDEPENDENCE

INTRODUCTION

1. All directors of a company, whether independent or not, should bring independent judgement to board decisions.
2. The Board of Caltex Australia Limited (Caltex) recognises that it is in the best interests of shareholders for the Board to have a strong representation of independent directors; that is, directors who are independent of management and free of any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the independent exercise of their judgement.
3. This *Charter of Director Independence* sets out the criteria agreed by the Caltex Board when determining if a non-executive director is independent.

DETERMINATION OF INDEPENDENCE

4. The Board will determine whether a non-executive director is independent:
 - 4.1 at the time of the director's appointment; and
 - 4.2 in February of each year.
5. To assist the Board in making a determination, each director is required to provide all information that may be relevant to the Board's assessment. The director should also confirm in writing, at that time, whether the director considers himself / herself to be independent in accordance with this *Charter of Director Independence*.
6. Directors must disclose material interests or conflicts to the Board. When a new interest or conflict is disclosed, or there has been a change in an interest, the Company Secretary will determine if that interest or conflict may affect the independence of the director in accordance with this charter. If the Company Secretary determines that the independence of a director may be affected, the Company Secretary will advise the Board to review its assessment of that director's independence.
7. The Board's determination of the status of a director (as independent or otherwise) will be advised to the market:
 - 7.1 at the time of the director's appointment, by disclosing the Board's determination of independence in the announcement of the director's appointment; and
 - 7.2 each year, by disclosing the director's status in the annual directors' report and the corporate governance statement.



DIRECTOR INDEPENDENCE

Board policy on composition

8. The Board reviews its composition each year, including the number of independent directors and the mix of skills and experience of directors, and determines the number of directors in office in accordance with its Constitution, as appropriate. There are currently eight directors on the Caltex Board.
9. The Board's policy on composition is to have at least four independent non-executive directors and up to three directors who are Chevron executives. Additionally, the CEO serves as the Managing Director.

When a director is independent

10. The Board has determined that, as a general rule, a non-executive director will be considered to be ***independent*** if the director:
 - 10.1 is not a substantial shareholder (as defined in the *Corporations Act*) of Caltex;
 - 10.2 is not an officer of, or otherwise directly associated with, a substantial shareholder of Caltex;
 - 10.3 has not served as a director or senior executive of Caltex in the last three years;
 - 10.4 has not been a professional adviser or consultant that has had a material business relationship with Caltex in the last three years;
 - 10.5 has not had a significant relationship (as a substantial shareholder, partner, principal, director, officer, senior executive, or employee significantly associated with the service provided to Caltex) with a professional adviser or consultant that has had a material business relationship with Caltex in the last three years;
 - 10.6 has not had significant direct or indirect involvement in the external audit of Caltex in the last five years or been a partner, principal or director of the external auditor in that period;
 - 10.7 has not been a supplier or customer that has had a material business relationship with Caltex;
 - 10.8 has not had a significant relationship (as a substantial shareholder, partner, principal, director, officer, senior executive, or employee significantly associated with the goods or services provided to or by Caltex) with a supplier or customer that has had a material business relationship with Caltex;
 - 10.9 has no contractual relationship (directly or indirectly) with Caltex that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Caltex;
 - 10.10 has not served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Caltex; and
 - 10.11 is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Caltex.

Material business relationship

11. A professional adviser, consultant, supplier or customer will be considered to have a material business relationship with Caltex if:
 - 11.1 from the perspective of the director, the business relationship is significant (directly or indirectly) to their own circumstances; or
 - 11.2 from Caltex's perspective, the business relationship generates revenue or expenses (to Caltex) of 10% or more of Caltex's total revenues or expenses, as applicable.

Board judgement that a director remains independent

12. The Board may consider a director to be independent notwithstanding that the director has an interest or relationship set out in *clause 10*.
13. In these circumstances, the Board will take into account:
 - 13.1 the nature and extent of the interest or relationship;
 - 13.2 the type of transactions that are normally entered into between Caltex and the other party, the nature of the transactions and whether the director has been personally involved in negotiating the terms and conditions of any of the transactions; and
 - 13.3 any other matters the Board considers relevant to its assessment.
14. If the Board determines that, notwithstanding the interest or relationship, the director is independent, the Board will disclose its reasons for this assessment and the interest or relationships of the director in the annual corporate governance statement.

REVIEW OF CHARTER

15. The Board should review the *Charter of Director Independence* on an annual basis.

PUBLICATION

16. The *Charter of Director Independence* will be made available from the Caltex website (www.caltex.com.au).