



CALTEX AUSTRALIA LIMITED
ACN 004 201 307

CALTEX AUSTRALIA SECRETARIAT – MARCH 2011

PERFORMANCE EVALUATION PROCESS

BOARD

The review of the performance of the Board, its committees and individual directors typically occurs every two to three years and is facilitated by an external consultant. The consultant conducts one-on-one interviews with directors and key executives. Directors provide feedback on other Board members as part of the review.

The external consultant prepares a report relating to Board and committee performance, which is discussed by the Nomination Committee and then by the Board. Any actions to further enhance Board and committee performance are documented, so that progress against their implementation can be monitored. The external consultant also meets with the Chairman to discuss a peer assessment for each director.

In February 2011, the Board completed a performance review facilitated by an external consultant, which followed this process.

MANAGING DIRECTOR & CEO

The Board sets goals and objectives for the Managing Director & CEO each year, which are recorded in a performance agreement.

The Board's review process includes the following aspects:

- The Chairman carries out an initial assessment of the Managing Director & CEO's performance.
- The Board's Human Resources Committee discusses the initial assessment with the Chairman and the Managing Director & CEO. The committee agrees an assessment to recommend to the Board.
- The Board discusses the Managing Director & CEO's performance in detail and approves an assessment.

This process was followed in February 2011 in relation to the Managing Director & CEO's performance for 2010.

CALTEX LEADERSHIP TEAM

Performance objectives for members of the Caltex Leadership Team are agreed for the coming year with the Managing Director & CEO.

In addition, there is a job description for each member of the Caltex Leadership Team, which documents the core accountabilities and behavioural expectations for the role.

The performance objectives and job description form the basis for assessing the executive's performance. Performance against the objectives determine any short term incentive the executive will achieve, subject to overall company targets being met, while performance against the job description is used to assess base salary.

The Managing Director & CEO formally reviews the performance of Caltex Leadership Team members both mid-year and at the end of the year. The full year review is discussed with the Board's Human Resources Committee and then with the Board.

This process was followed in relation to performance in 2010.