

ASX RELEASE

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ASSISTANCE FUND FOR FRANCHISEE EMPLOYEES

Caltex Australia Limited (ASX:CTX) announces it will establish a \$20 million assistance fund for franchisee employees who have not been paid their full entitlements by Caltex franchisees.

While Caltex has no liability to pay franchisee employee entitlements, the fund has been established because Caltex wants to do the right thing by franchisee employees.

Caltex has been part of Australian corporate life for more than 115 years and cares deeply about doing the right thing, including by paying fair and reasonable wages.

Caltex-initiated workplace audits have uncovered underpayments of entitlements by some franchisees.

Caltex deplores this illegal and unfair practice and is committed to stamping it out anywhere in its network.

As part of the audit process, Caltex has terminated franchise agreements with 19 franchisees for underpayment or other non-compliance with workplace audit requirements.

The Caltex audit program is ongoing and Caltex will continue to take all necessary action to stop underpayment of franchisee employees.

Caltex has reviewed its franchise model and confirmed the model allows franchisees to draw a wage, make a profit, and pay their employees' lawful entitlements.

The review of the model and the audits undertaken reveal there is no correlation between site profitability and underpayment of franchisee employees.

The responsible franchisees will remain liable for any underpayments to their employees and the Caltex fund will not prejudice the ability of franchisee employees to seek redress from their employers.

Caltex will seek to recover the costs of its fund from franchisees responsible for underpayment of their employees' entitlements.

Fund Amount

The \$20 million fund has been established based on Caltex's rigorous assessment of workplace audit data and evidence to date.

Fund Operation

The fund will allow franchisee employees to claim underpayments for the period from 2015 to date.

When franchisees are exited from the Caltex network, Caltex will invite employees and former employees of those franchisees to come forward if they believe they may have been underpaid.

Since November 2016, an independently-managed, confidential hotline has been in place for franchisee employees to report underpayment issues.

Franchisee employees will be able to make claims within three months of a franchisee exiting the Caltex network or, for franchisees who have already exited, in the three months from 31 May 2017.

The fund will be administered with fair criteria for assessment of claims which will be paid once claims have been substantiated.

To further assist franchisee employees, Caltex seeks to offer employment under Caltex terms and conditions, which observe all workplace laws including wage rates, when a franchisee exits and Caltex takes over operation of a site.

Caltex Australia

A proud and iconic Australian company, Caltex has grown to become the nation's leading transport fuel supplier, with a vast network of approximately 1,900 company-owned, franchised or affiliated sites. Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace, by delivering the fuel and other everyday needs of its diverse customers through its networks. With a history tracing back to 1900, Caltex has safely and reliably fuelled the needs of Australian motorists and businesses for more than a century. It operates as a refiner, importer and marketer of fuels and lubricants. It is listed as CTX on the Australian Securities Exchange. For more information visit www.caltex.com.au

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