



DuluxGroup Limited
ABN 42 133 404 065
Registered Office:
1956 Dandenong Road
Clayton Victoria 3168
Australia

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of DuluxGroup Limited ('the Company') will be held at DuluxGroup's Head Office at 1956 Dandenong Road, Clayton, Victoria 3168 on Wednesday, 14 December 2016, at 10:30am.

ITEMS OF BUSINESS

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the financial report, directors' report and auditor's report for the year ended 30 September 2016.

2. Election and Re-election of Directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

2.1. "That Mr Graeme Liebelt be elected as a Director."

2.2. "That Mr Andrew Larke be re-elected as a Director."

Details of the persons seeking election and re-election are set out in the Explanatory Notes to this Notice of Meeting.

3. Adoption of Remuneration Report

To consider, and if thought fit, pass the following resolution as a non-binding ordinary resolution:

"To adopt the Remuneration Report for the year ended 30 September 2016."

The Remuneration Report is set out in the Annual Report.

A voting exclusion statement applies to this resolution.

4. Allocation of shares under the Long Term Equity Incentive Plan 2016 offer

To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

- 4.1. “That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the allocation of shares in DuluxGroup Limited to the Managing Director and Chief Executive Officer, Mr Patrick Houlihan under the Company’s Long Term Equity Incentive Plan 2016 offer, on the terms summarised in the Explanatory Notes to this Notice of Meeting.”
- 4.2. “That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the allocation of shares in DuluxGroup Limited to the Chief Financial Officer and Executive Director, Mr Stuart Boxer under the Company’s Long Term Equity Incentive Plan 2016 offer, on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

A voting exclusion statement applies to these resolutions.

5. Renewal of approval of leaving entitlements under the Long Term Equity Incentive Plan

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That for a period of 3 years commencing from the date this resolution is passed, approval be given for all purposes, including Part 2D.2 of the Corporations Act, for the giving of benefits to any current and future person holding a managerial or executive office in the Company or a related body corporate under the Company’s Long Term Equity Incentive Plan in connection with that person ceasing to hold that office on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

A voting exclusion statement applies to this resolution.

6. Grant of share rights to Non-Executive Directors under the Sacrifice Share Acquisition Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes for the grant of rights to acquire shares to Non-Executive Directors of the Company under the Sacrifice Share Acquisition Plan on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

A voting exclusion statement applies to this resolution.

7. Increase to Non-Executive Director maximum aggregate fees

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.17 and Rule 8.3(a) of the Company’s constitution, approval be given to increase the maximum aggregate amount of remuneration which may be paid to Non-Executive Directors for their services as Directors in any year by an amount of \$150,000 to \$1,800,000 per annum.”

A voting exclusion statement applies to this resolution.

The Explanatory Notes and the Notes on voting that accompanying this Notice form part of this Notice of Meeting.

**By order of the Board
Simon Black
Company Secretary
11 November 2016**

Voting exclusion statements

Voting exclusion statement – item 3:

*In accordance with the Corporations Act 2001 (Cth) (**Corporations Act**) the Company will disregard any votes cast on item 3:*

- *by or on behalf of any member of the Company's key management personnel (as disclosed in the Remuneration Report for the year ended 30 September 2016) or their closely related parties (regardless of the capacity in which the vote is cast); or*
- *as a proxy by a member of the Company's key management personnel at the date of the meeting or their closely related parties,*

unless the vote is cast as proxy for a person entitled to vote on item 3:

- *in accordance with the directions on the proxy form; or*
- *by the Chairman of the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though item 3 is connected with the remuneration of the key management personnel.*

Voting exclusion statement – item 4:

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast on item 4:

- *by or on behalf of Mr Houlihan and Mr Boxer or their associates (regardless of the capacity in which the vote is cast); or*
- *as a proxy by a member of the Company's key management personnel at the date of the meeting or their closely related parties,*

unless the vote is cast as proxy for a person entitled to vote on the item:

- *in accordance with the directions on the proxy form; or*
- *by the Chairman of the Meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though the relevant resolution is connected with the remuneration of the key management personnel.*

Voting exclusion statement – item 5:

If any shareholder is an employee or Director of the Company or a related body corporate, then that shareholder (and their associates) should not vote on item 5 if they wish to preserve their ability to receive benefits under this approval.

Further, the Company will disregard any votes cast on item 5 as a proxy by a person who is a member of the Company's key management personnel at the date of the Meeting or their closely related parties, unless the vote is cast by a person as a proxy for a person entitled to vote on item 5:

- *in accordance with the directions on the proxy form; or*
- *by the Chairman of the Meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though the relevant resolution is connected with the remuneration of the key management personnel.*

Voting exclusion statements – items 6 and 7:

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast on items 6 and 7:

- *by or on behalf of each Director or any of their associates; or*
- *as a proxy by a member of the Company's key management personnel at the date of the meeting or their closely related parties,*

unless the vote is cast as proxy for a person entitled to vote on items 6 and 7:

- *in accordance with the directions on the proxy form; or*
- *by the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected with the remuneration of the key management personnel.*

Notes

1. For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at 7:00pm (Melbourne time) on Monday, 12 December 2016.
2. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote instead of the shareholder. A proxy form is included with this Notice of Meeting and an additional proxy form (if two proxies are to be appointed) can be obtained from Computershare Investor Services Pty Limited. A proxy need not be a shareholder of the Company.
3. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights on a poll. If the appointment does not specify the proportion or number of votes, each proxy may exercise half of the votes (any fraction of votes will be disregarded). Neither proxy is entitled to vote on a show of hands if more than one proxy attends.

4. If your proxy chooses to vote, he/she must vote in accordance with your directions. If you have directed your proxy to vote, and they fail to attend the meeting or they choose to not vote, then, on a poll, the Chairman of the Meeting will become your proxy and vote your proxies as directed by you.
5. If you appoint a member of the Company's key management personnel (which includes each of the Directors) as proxy, or one of their closely related parties, they will not be able to cast your votes on resolutions 3, 4, 5, 6 and 7 unless you direct them how to vote or the Chairman is your proxy. If you appoint the Chairman as your proxy, or the Chairman becomes your proxy by default, and you do not direct the Chairman how to vote on resolutions 3, 4, 5, 6 and 7, then by returning and submitting the proxy form you will be expressly authorising the Chairman to exercise the proxy in respect of those resolutions even though they are connected with the remuneration of the Company's key management personnel.
6. The Chairman of the meeting intends to vote all available proxies in favour of the resolutions put at the Annual General Meeting.
7. The proxy form (and the power of attorney or other authority, if any, under which a proxy form is signed) must be completed and returned to the Company no later than 10:30am (Melbourne time) on Monday, 12 December 2016 by:
 - (a) lodging electronically via www.investorvote.com.au and then inputting the shareholder's secure access information or;
 - (b) for Intermediary Online subscribers only (custodians) www.intermediaryonline.com;
 - (c) lodging it with Computershare Investor Services Pty Limited (452 Johnston Street, Abbotsford, Vic 3067) or the Company at its registered office (1956 Dandenong Road, Clayton, Victoria);
 - (d) posting it in the reply envelope to Computershare Investor Services Pty Limited (GPO Box 242, Melbourne, Vic 3001); or
 - (e) faxing it to Computershare Investor Services Pty Limited facsimile (within Australia) 1800 783 447, (outside Australia) +613 9473 2555.

Any proxy form received after that time will not be valid for the scheduled meeting.

8. The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.
9. A body corporate that is a shareholder, or that has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

Explanatory Notes to Shareholders

Item 1 – Financial Report

The Corporations Act requires the financial report (which includes financial statements, notes to the financial statements and directors' declaration), the directors' report and the auditor's report to be laid before the Annual General Meeting.

There is no requirement for a formal resolution on this matter. Accordingly, there will be no formal resolution put to the meeting.

Shareholders will be given a reasonable opportunity at the meeting to raise questions on these reports and to make comments on the business, operations and management of the Company.

Item 2 – Election and re-election of Directors

In accordance with the Company's constitution, a Director appointed by the Directors to fill a casual vacancy, who is not a Managing Director, holds office until the conclusion of the next Annual General Meeting following his or her appointment. In addition, no Director (other than the Managing Director) may hold office without re-election beyond the third Annual General Meeting following the meeting at which the Director was last elected.

Mr Graeme Liebelt was appointed as a Director of the Board on 14 June 2016. Mr Andrew Larke was last elected at the 2013 Annual General Meeting. They therefore retire, and being eligible, offer themselves for election and re-election respectively.

Ms Gaik Hean Chew also retires at the 2016 Annual General Meeting. However, as announced on 11 November 2016, Ms Chew has decided to retire as a Director from the conclusion of the Annual General Meeting and will not be standing for re-election.

The Board has considered the performance of Mr Larke as well as the skills, knowledge and experience that Mr Larke and Mr Liebelt bring to the Board and their contribution to Board discussions.

The Board (with Mr Liebelt and Mr Larke abstaining in respect of their own election and re-election respectively) recommends that shareholders vote in favour of resolutions 2.1 and 2.2.

Profiles of the candidates are set out below:

Graeme Liebelt

BEC (Hons)

Non-executive Director since June 2016. Member of the Remuneration and Nominations Committee and member of the Safety and Sustainability Committee.

Mr Liebelt has been the chairman of Amcor Limited since December 2013, Director of Amcor Limited since April 2012, Director of ANZ Banking Group Limited since July 2013 and Director of the Australian Foundation Investment Company Limited since June 2012. He is also a Director of Carey Baptist Grammar School. Mr Liebelt is a Fellow of the Australian Institute of Company Directors and of the Australian Academy of Technological Sciences and Engineering. He was the Managing Director and CEO of Orica Limited from 2005 to 2012 and Executive Director of Orica Limited from 1997 to 2012. Mr Liebelt has also held a number of senior roles, including CEO of Orica Mining Services from 2000 to 2005 and Managing Director of DuluxGroup from 1995 to 1997.

The Board considers Mr Liebelt to be an independent Director.

Andrew Larke

LLB, BCom, Grad Dip (Corporations & Securities Law)

Non-executive Director since October 2010. Member of the Audit and Risk Committee and member of the Remuneration and Nominations Committee.

Mr Larke has been the chairman of IXOM Limited (formerly the Chemicals Division of Orica) since October 2015 and non-executive Director of Diversified United Investment Limited since March 2015. He was Managing Director and Chief Executive of IXOM Limited prior to his appointment as Chairman. Mr Larke was also Group General Manager, Mergers & Acquisitions, Strategy and Technology at Orica for 12 years and Group General Manager of Orica's Chemicals Division from 2012 until 2014. Prior to that, he was General Manager of Strategy and Mergers & Acquisitions at North Limited.

The Board considers Mr Larke to be an independent director.

Item 3 – Remuneration Report (non-binding advisory vote)

Shareholders are asked to adopt, by way of a non-binding resolution, the Company's Remuneration Report for the year ended 30 September 2016. The Remuneration Report is set out in the Directors' Report of the 2016 Annual Report.

In particular, the Remuneration Report discusses the:

- remuneration policy adopted by the Board;
- key remuneration outcomes for 2016;
- links between the Board's policy and the Company's performance;
- the performance conditions that must be met prior to Executives deriving any value from the 'at risk' components of their remuneration; and
- remuneration details of each Director and certain members of the DuluxGroup Executive team.

The Remuneration Report has received strong support from shareholders in the past, and the content of the 2016 Remuneration Report remains largely consistent with prior years. We have, however, in response to shareholder feedback and to more clearly communicate the link between our strategy, our performance and executive remuneration outcomes, reduced the length and updated the format of the Report.

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Remuneration Report.

The vote on this item is advisory only and will not bind the Directors or the Company. However, the Board will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

The Board recommends that shareholders vote in favour of item 3.

Item 4 – Allocation of shares to Patrick Houlihan and Stuart Boxer under the 2016 LTEIP offer

The Company operates a Long Term Equity Incentive Plan (**LTEIP**) as part of its long term executive remuneration strategy. Under the LTEIP, eligible executives are provided with a non-recourse loan for the sole purpose of acquiring shares in the Company.

The LTEIP facilitates immediate share ownership by the participants and links a significant proportion of their 'at-risk' remuneration to DuluxGroup Limited's ongoing share price and returns to shareholders over the performance period. It is designed to encourage participants to focus on the key performance drivers that underpin sustainable growth in shareholder value.

For the purposes of ASX Listing Rule 10.14, shareholders are asked to approve the allocation of shares under the 2016 LTEIP offer up to a maximum value of \$2,693,340 to Mr Houlihan and \$1,029,600 to Mr Boxer as part of their long term incentive arrangements on the terms set out in these Explanatory Notes.

Consistent with past practice, the Company intends to source shares for the 2016 LTEIP offer through on-market purchases which means that shareholder approval is not technically required for the purposes of ASX Listing Rule 10.14. However, the Board is seeking this shareholder approval in the interests of transparency and good corporate governance and to preserve flexibility in case for any reason it is ultimately considered in the Company's best interests to issue shares rather than source them on-market.

The Board believes that an equity-based long term incentive is important to ensure an appropriate part of the executive's reward is linked to generating long term returns for shareholders. If shareholders do not approve the allocation of shares as part of Mr Houlihan or Mr Boxer's long term incentive arrangements, the proposed allocation of shares to Mr Houlihan and Mr Boxer will not proceed and alternative remuneration arrangements for Mr Houlihan and Mr Boxer will need to be considered (such as a cash-based incentive subject to the same performance conditions and performance period).

A brief overview of the LTEIP offer is set out below. Further details of Mr Houlihan's and Mr Boxer's remuneration packages, and the LTEIP, are set out in sections 3.5, 5 and 6 of the Remuneration Report in the 2016 Annual Report.

<p>Entitlement under 2016 LTEIP offer</p>	<p>If shareholder approval is obtained, Mr Houlihan and Mr Boxer will be provided a loan of \$2,693,340 and \$1,029,600 respectively, under the 2016 LTEIP offer for the sole purpose of acquiring shares in the Company.</p> <p>The amount of the LTEIP loan is calculated based on the relevant long term incentive component target amount of their remuneration multiplied by an externally determined value, calculated using an adjusted Black-Scholes option pricing valuation model.</p>
<p>Key terms of the loan</p>	<p>The LTEIP loan is a non-recourse loan from the Company for the sole purpose of acquiring shares in the Company.</p> <p>Any dividends paid on the shares while the shares are restricted are applied (on a notional after-tax basis) towards repaying the loan. The balance of the dividend is paid directly to the executives to fund their tax liability on the dividends received.</p> <p>Following the end of the three year performance period, if the 'gateway' is met (refer below for details), the LTEIP shares will vest. The executives will be able to repay the LTEIP loan at any time from the date of vesting until January 2022, through application of dividend payments, their own funds and/or by applying the proceeds from the sale of some or all of their shares.</p> <p>In order to reward superior performance, part of the loan (up to a maximum of 30%) may be forgiven at the end of the performance period if the performance condition (refer below for details) is achieved.</p> <p>There is no annual interest charge to the executive on the loan, however an interest component is taken into account in determining the level of performance based debt forgiveness benefit that may be awarded.</p> <p>As this is a non-recourse loan, if the value of the shares is less than the outstanding loan balance at the end of the loan repayment period, the shares will be surrendered and forfeited in full settlement of the loan balance and no benefit would accrue to the executive.</p>
<p>Number and price of LTEIP shares</p>	<p>The number of DuluxGroup Limited shares to be allocated to Mr Houlihan and Mr Boxer will be determined by dividing the value of their respective LTEIP loans by the volume weighted average price of DuluxGroup Limited shares sold on the ASX over a 5 day trading period (which is expected to be the 5 trading days before the date of the AGM) prior to allocation.</p> <p>If shareholder approval is obtained, it is expected that DuluxGroup Limited shares will be allocated to Mr Houlihan and Mr Boxer on 15 December 2016, but in any event no later than 12 months after the meeting.</p>

Performance period	<p>The performance period is three years. The performance condition is only tested once at the end of the performance period.</p> <p>The 2016 LTEIP award will be tested for vesting and loan forgiveness after the end of the 2019 performance year and the non-recourse loan will be due for repayment in January 2022, if it is not repaid earlier.</p>										
‘Gateway’ condition (for vesting)	<p>The Company must achieve a minimum level of acceptable performance before any awards will vest under the LTEIP – for the 2016 grant, compound annual growth in the Company’s earnings per share (EPS) over the three year period, comprising the 2017, 2018 and 2019 financial years, must equal or exceed 4% per annum.</p> <p>EPS is calculated by dividing the Company’s net profit after tax before non-recurring items by the weighted average number of ordinary shares on issue during the relevant period. The Board has retained discretion to adjust EPS for individually material non-recurring items on a case by case basis when determining whether the EPS performance gateway condition has been met.</p>										
Performance condition (for loan forgiveness)	<p>Relative total shareholder return (TSR) is used to determine the level of loan forgiveness under the plan.</p> <p>The Company’s relative TSR is compared against a comparator group of peer companies in the ASX200, excluding those companies which operate in very different markets (ie mining, financial services, overseas domiciled companies and listed property trusts).</p> <p>The level of loan forgiveness, based on the Company’s relative TSR is shown in the table below.</p> <table border="1" data-bbox="501 1305 1342 1693"> <thead> <tr> <th data-bbox="501 1305 887 1391">Relative TSR ranking</th> <th data-bbox="887 1305 1342 1391">Loan forgiveness – proportion of initial loan forgiven</th> </tr> </thead> <tbody> <tr> <td data-bbox="501 1391 887 1453">Less than 51st percentile</td> <td data-bbox="887 1391 1342 1453">0%</td> </tr> <tr> <td data-bbox="501 1453 887 1516">51st percentile</td> <td data-bbox="887 1453 1342 1516">10%</td> </tr> <tr> <td data-bbox="501 1516 887 1632">Between 51st percentile and 75th percentile</td> <td data-bbox="887 1516 1342 1632">Percentage of loan forgiveness increases on a straight line basis between 10% and 30%</td> </tr> <tr> <td data-bbox="501 1632 887 1693">75th percentile or above</td> <td data-bbox="887 1632 1342 1693">30%</td> </tr> </tbody> </table>	Relative TSR ranking	Loan forgiveness – proportion of initial loan forgiven	Less than 51 st percentile	0%	51 st percentile	10%	Between 51 st percentile and 75 th percentile	Percentage of loan forgiveness increases on a straight line basis between 10% and 30%	75 th percentile or above	30%
Relative TSR ranking	Loan forgiveness – proportion of initial loan forgiven										
Less than 51 st percentile	0%										
51 st percentile	10%										
Between 51 st percentile and 75 th percentile	Percentage of loan forgiveness increases on a straight line basis between 10% and 30%										
75 th percentile or above	30%										

Trading restrictions	The shares are restricted until the end of the performance period and while the loan remains outstanding.
Clawback	In accordance with the Company's Clawback Policy, the Board has broad discretion to ensure that, among other things, no unfair benefit is derived by any LTEIP participant in the case of a material misstatement of financial results or serious misconduct by a participant.
Cessation of employment	<p>In general, all shares are forfeited and surrendered if a participant ceases employment prior to the end of the performance period. However, the Board has discretion to determine that some or all of a participant's LTEIP shares may vest and a level of loan forgiveness may be provided in appropriate circumstances.</p> <p>The LTEIP shares will not be forfeited if a LTEIP participant ceases employment after the shares have vested but before the loan has been repaid. However, in this circumstance, the outstanding loan would need to be repaid (unless the value of the shares is less than the outstanding loan balance in which case the shares would be surrendered and forfeited in full settlement of the loan balance).</p>
Other required information – ASX Listing Rules	<p>Mr Houlihan and Mr Boxer are the only Directors entitled to participate in the LTEIP.</p> <p>In accordance with the approval received from shareholders at the 2015 Annual General Meeting, during the 2016 financial year, the Company allocated 416,341 and 159,152 shares to Mr Houlihan and Mr Boxer, respectively, at a price of \$6.31 per share.</p> <p>If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that shares issued to Mr Houlihan and Mr Boxer pursuant to this approval will not use up part of the 15% cap on issuing securities within a 12 month period which is imposed on the Company under ASX Listing Rule 7.1.</p>

The Board (with Mr Houlihan and Mr Boxer abstaining) recommends that shareholders vote in favour of the resolutions in item 4.

Item 5 – Renewal of approval of leaving entitlements under the Company’s Long Term Equity Incentive Plan

As noted in item 4 of this Notice of Meeting in respect of issues of shares to the Executive Directors under the LTEIP, where an executive ceases employment with the Company during the performance period, their LTEIP shares will be surrendered and forfeited in full satisfaction of the loan.

However, in certain ‘exceptional’ circumstances (such as where the cessation of employment was due to death or disability or other circumstances approved by the Board), the Board has discretion to determine that some or all unvested shares do not lapse, and that they vest on cessation, for example, on a pro rata basis having regard to the portion of the performance period that has elapsed and the Company’s performance. The Board also has discretion to provide a level of loan forgiveness on this basis. In such circumstances, the executive is still required to repay the outstanding portion of the loan.

The exercise of such discretion by the Board may constitute a ‘benefit’ for the purposes of terminations benefits laws. Under section 200B of the Corporations Act, the Company may only give a person a ‘benefit’ in connection with their ceasing to hold managerial or executive office in the Company or its related bodies corporate (**Group**) if it is approved by shareholders or an exemption applies.

Accordingly, shareholder approval is sought for any termination ‘benefit’ payable to current or future employees of the Group who are regulated by those provisions in relation to the Company’s LTEIP on cessation of their employment. This includes any exercise of the Board’s discretion for acceleration or early vesting of equity and the forgiveness of loans in relation to the Company’s LTEIP.

If shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating the relevant employee’s terminations benefits cap for the purpose of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act.

Further information on the Company’s long term incentive arrangements is set out in the Remuneration Report.

Shareholders last approved potential termination benefits in 2013. To date, the Board has not relied on this approval. If approval is obtained, the Board intends to ‘refresh’ this approval in 3 years’ time.

The value of the benefit in these circumstances cannot currently be ascertained. The circumstances which might affect calculation of this benefit may include the portion of the performance period that has elapsed at the time employment ceases and the Company’s performance against the gateway and performance condition. The value of the benefit will not require the Company to seek approval for the purposes of ASX Listing Rule 10.19.

The Board (with Mr Houlihan and Mr Boxer abstaining) recommends that shareholders vote in favour of item 5.

Item 6 – Grant of share rights to Non-Executive Directors under the Sacrifice Share Acquisition Plan

The Company is seeking shareholder approval in accordance with ASX Listing Rule 10.14 for the grant of rights to acquire shares (**Rights**) to Non-Executive Directors of the Company pursuant to the Sacrifice Share Acquisition Plan (**SSAP**).

The SSAP was established in July 2016 and Rights granted under the SSAP to date will be satisfied with shares acquired through on-market purchases. Going forward, the Company also intends to source shares for the SSAP through on-market purchases, which means that shareholder approval is not technically required for the purposes of ASX Listing Rule 10.14. However, the Board is seeking this shareholder approval in the interests of transparency and good corporate governance and to preserve flexibility in case for any reason it is ultimately considered in the Company's best interests to issue shares rather than source them on-market.

What is the SSAP?

The SSAP provides an opportunity for Non-Executive Directors to accumulate DuluxGroup ordinary shares at market value by sacrificing a portion of their pre-tax fees (less compulsory superannuation contributions) into Rights.

The SSAP has been established to encourage the Non-Executive Directors to continue to build their shareholdings in the Company and to assist them to meet and exceed the Company's minimum shareholding requirements. The SSAP is not intended to be used for the purposes of providing Non-Executive Directors with additional remuneration.

Terms of the SSAP

Below is a summary of the key terms of the grants of Rights to Non-Executive Directors under the SSAP:

Eligibility	All current Non-Executive Directors of the Company, being Peter Kirby, Garry Hounsell, Chew Gaik Hean, Andrew Larke, Judith Swales and Graeme Liebelt.
Amount sacrificed	Anywhere between 10% and 100% of fees on a pre-tax basis. The amount elected will be deducted in equal instalments from regular fee payments.
Number of Rights to be granted	The maximum number of Rights that may be acquired by participants cannot be calculated as it depends on: <ul style="list-style-type: none">• the amount chosen to be sacrificed by participants;• the amount of the participants' remuneration from time to time;• the share price at the time when Rights are granted; and• the number of participants who participate in the SSAP.

Calculation of the number of Rights	The number of Rights to be granted will be calculated by reference to the 5 day volume-weighted average price for a share at the allocation date (which will generally be one business day after the five trading days following the release of half yearly result or annual result announcement as applicable).
Conversion date	After they are granted, Rights will convert into shares one business day after the five trading days following the release of the next half yearly result or annual result announcement (as applicable).
Trading restrictions on shares	Shares allocated on vesting of Rights will be subject to trading restrictions on dealing. The restriction period will be until the earlier of: <ul style="list-style-type: none"> • the restriction period nominated by the Non-Executive Director (which may be from 3 years after the conversion date up to 15 years from the grant date for the Rights); or • the date the participant ceases to hold office as a Non-Executive Director.
Exceptions to trading restrictions	The Board may exercise its discretion to release all or part of the restricted shares on a case by case basis in exceptional circumstances (for example, demonstrated financial or personal hardship or other extenuating circumstances).
Opting out	Participants may opt out of the SSAP at any time.
Retirement and cessation of employment	If the participant ceases to hold office as a Director of the Company, unvested Rights will lapse (with sacrificed fees being paid back to the Director) and all shares held under the SSAP will be released from restriction.
Dividends, capital returns and voting rights	Rights do not carry dividend or voting entitlements. However, as shares have been 'earned', participants will be immediately entitled to any dividends and capital returns paid on the shares and to exercise voting rights attached to any shares allocated.

No loans will be made available in relation to the acquisition of Rights or shares under the SSAP.

The SSAP has only been in operation since July 2016 and shareholder approval has not been previously sought in relation to it. Two Non-Executive Directors have already participated in the SSAP in FY16, with the relevant shares to be acquired on-market. Details of their participation are set out in sections 4.2 and 4.3 of the Remuneration Report.

Securities will only be issued to Non-Executive Directors under the SSAP up until 14 December 2017, unless shareholder approval is refreshed. If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that securities issued to Non-Executive Directors pursuant to this approval will not use up part of the 15% cap on issuing securities within a 12 month period which is imposed on the Company under ASX Listing Rule 7.1.

The Board recommends that shareholders vote in favour of item 6.

Item 7 – Increase to Non-Executive Director maximum aggregate fees

The ASX Listing Rules and the Company's constitution require the maximum amount of Non-Executive Directors' remuneration be determined by shareholders in general meeting. The Company is seeking shareholder approval in accordance with ASX Listing Rule 10.17 and Rule 8.3(a) of its constitution to increase the maximum aggregate remuneration payable to Non-Executive Directors.

The current maximum aggregate remuneration for Non-Executive Directors is \$1,650,000 per annum, which was approved by DuluxGroup's shareholders in December 2014. As stated in the Notice of Meeting for the Company's 2014 Annual General Meeting, the Board has a preference to regularly review the maximum aggregate remuneration payable to Non-Executive Directors and seek shareholder approval for smaller increases as and when required.

The Directors' fees (including the Chairman's fee), fees for sitting on the Committees of the Board, fees paid to one of the Company's Non-Executive Directors, Ms Gaik Hean Chew, for her services as a director of DGL Camel International Limited (a majority owned subsidiary of the Company), superannuation contributions on behalf of directors and the Directors' travel allowance, are all accommodated within this maximum aggregate amount.

Non-Executive Director fees are reviewed annually and are set and approved by the Board based on independent advice received from external remuneration consultants from time to time. The Board has reviewed the maximum aggregate for Non-Executive Directors' fees in 2016. The Board is now seeking approval for a \$150,000 (9%) increase to the maximum aggregate amount to \$1,800,000 per annum.

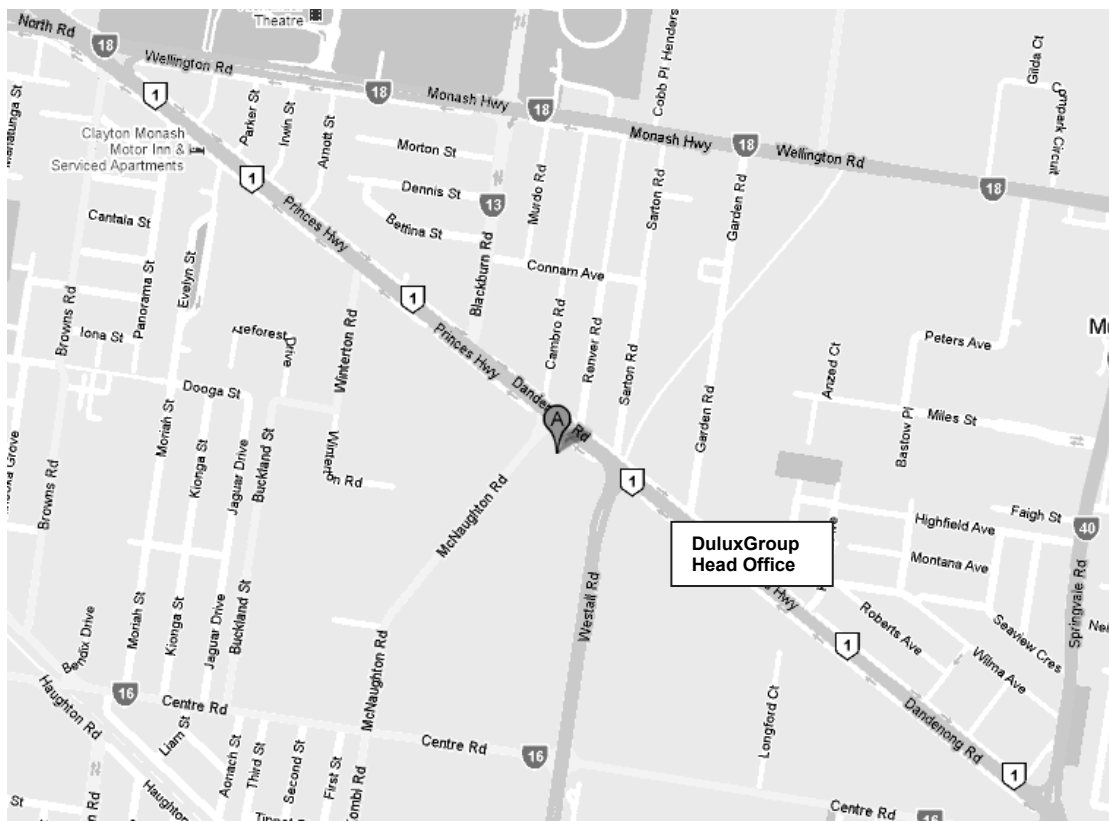
The Board believes that the proposed increase to the maximum aggregate fee limit will enable it to continue to attract and retain Non-Executive Directors of appropriate skill, expertise and calibre, ensure that Board Committees have appropriate membership, and also assist in maintaining market competitiveness by allowing future adjustments to Board and Committee fees over the next few years.

In addition, given that the majority of the Non-Executive Directors were appointed on, or shortly after, demerger of the Company from Orica Limited, the Board continues to consider succession planning. As part of this process, the Board is considering further Board appointments over the near term.

Details of the Board's policy in relation to setting Non-Executive Directors' fees and amounts paid to each Non-Executive Director for the year ended 30 September 2016 are set out in section 7 of the Remuneration Report. No Non-Executive Director has been issued securities within the past 3 years pursuant to a shareholder approval under ASX Listing Rules 10.11 or 10.14.

The Board recommends that shareholders vote in favour of item 7.

Location of Annual General Meeting



Transport Options

Trains

Westall Station on the Pakenham Line or Syndal Station on the Glen Waverley Line. Bus transfers will depart both Westall Station and Syndal Station to the meeting venue at 9:30am. Return bus transfers to both Westall Station and Syndal Station will also be available departing approximately 30 minutes after the meeting concludes.

If you intend to travel by train and require a bus transfer to and from the meeting venue, please register by calling DuluxGroup Reception on (03) 9263 5678 by no later than 5:00pm on Friday, 2 December 2016.

Buses



Bus route 631 (operating between Southland Shopping Centre and Waverley Gardens Shopping Centre) or bus route 800 (operating between Dandenong Station and Chadstone Shopping Centre).


Car Parking

Car parking is available on site. Entry to the site is via McNaughton Road if travelling from Centre Road, Blackburn Road or Dandenong Road (from the city). Entry to the site is via Dandenong Road if travelling from Westall Road or Dandenong Road (from Dandenong).

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Lodge your vote:

  **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000



Proxy Form




Lodge proxy and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to lodge your proxy.

Your access information that you will need to vote:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10:30am (Melbourne time) Monday, 12 December 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Proxy voting by key management personnel: Voting exclusions apply to items 3, 4.1, 4.2, 5, 6 & 7 (see the Notice of Meeting for full details). If you intend to appoint a member of the key management personnel (other than the Chairman of the Meeting) or one of their closely related parties or associates, please ensure that you direct them how to vote on items 3, 4.1, 4.2, 5, 6 & 7 by marking the For, Against or Abstain boxes (except in the case of the Chairman of the Meeting, where you may expressly authorise him to vote your undirected proxy - see Step 1 overleaf).

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com.au under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of DuluxGroup Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of DuluxGroup Limited to be held at DuluxGroup's Head Office at 1956 Dandenong Road, Clayton, Victoria 3168 on Wednesday, 14 December 2016 at 10:30am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4.1, 4.2, 5, 6 & 7 (except where I/we have indicated a different voting intention below) even though Items 3, 4.1, 4.2, 5, 6 & 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 4.1, 4.2, 5, 6 & 7 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2.1	Election of Director - Mr Graeme Liebelt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2.2	Re-election of Director - Mr Andrew Larke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4.1	Allocation of shares to Patrick Houlihan, Managing Director and Chief Executive Officer, under the Long Term Equity Incentive Plan 2016 offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4.2	Allocation of shares to Stuart Boxer, Chief Financial Officer and Executive Director, under the Long Term Equity Incentive Plan 2016 offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Renewal of approval of leaving entitlements under the Long Term Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Grant of share rights to Non-Executive Directors under the Sacrifice Share Acquisition Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Increase to Non-Executive Director maximum aggregate fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /