

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 Thursday, 18 December 2014, at 10:00am.

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 2014.

2. Re-election of Directors

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

- 2.1. "That Mr Peter Kirby, who retires in accordance with Rule 8.1(d) of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director."
- 2.2. "That Ms Judith Swales, who retires in accordance with Rule 8.1(d) of the Company's Constitution, and being eligible, offers herself for re-election, be re-elected as a Director."

Details of the persons seeking 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 resolution:

"To adopt the Remuneration Report for the year ended 30 September 2014."

The Remuneration Report is set out in the Annual Report.

Voting exclusion statement:

*The Corporations Act 2001 (Cth) (**Corporations Act**) prohibits any votes being cast on resolution 3 by or on behalf of any member of the Company's key management personnel (as disclosed in the Remuneration Report) and their closely related parties. However, the restrictions will not apply where the vote is cast by:*

- (a) *a person as proxy for a person who is permitted to vote, in accordance with the directions on the proxy form; or*

(b) *a person chairing the meeting as a proxy for a person who is permitted to vote, and the appointment expressly authorises the Chairman to exercise the undirected proxies.*

4. Allocation of shares to Patrick Houlihan, Managing Director and Chief Executive Officer, under the Long Term Equity Incentive Plan 2014 offer

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

“That approval be given to the allocation of shares in DuluxGroup Limited to the Managing Director and Chief Executive Officer, Mr Patrick Houlihan, up to a maximum value of \$2,550,602 under the Company’s Long Term Equity Incentive Plan 2014 offer, on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

5. Allocation of shares to Stuart Boxer, Chief Financial Officer and Executive Director, under the Long Term Equity Incentive Plan 2014 offer

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

“That approval be given to the allocation of shares in DuluxGroup Limited to the Chief Financial Officer and Executive Director, Mr Stuart Boxer, up to a maximum value of \$975,002 under the Company’s Long Term Equity Incentive Plan 2014 offer, on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

Voting exclusion statements (applicable to resolutions 4 and 5):

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolutions 4 and 5 by Mr Houlihan and Mr Boxer or any of their associates. In addition, the Corporations Act provides that a member of the Company’s key management personnel (as disclosed in the Remuneration Report) and their closely related parties are not permitted to cast a vote as a proxy on these resolutions. However, these restrictions will not apply where the vote is cast by:

(a) *a person as proxy for a person who is permitted to vote, in accordance with the directions on the proxy form; or*

(b) *a person chairing the meeting as a proxy for a person who is permitted to vote, and the appointment expressly authorises the Chairman to exercise the undirected proxies.*

6. Increase Non-Executive Director maximum aggregate fees

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

“That the maximum aggregate amount of remuneration which may be paid to Non-Executive Directors for their services as Directors in any year for the purposes of Rule 8.3(a) of the Company’s Constitution be increased by an amount of \$150,000 to \$1,650,000 per annum.”

Voting exclusion statements (applicable to resolution 6):

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 6 by the Directors of the Company or any of their associates. In addition, the Corporations Act provides that a member of the Company's key management personnel (as disclosed in the Remuneration Report) and their closely related parties are not permitted to cast a vote as a proxy on these resolutions. However, these restrictions will not apply where the vote is cast by:

- (a) a person as proxy for a person who is permitted to vote, in accordance with the directions on the proxy form; or*
- (b) a person chairing the meeting as a proxy for a person who is permitted to vote, and the appointment expressly authorises the Chairman to exercise the undirected proxies.*

**By order of the Board
Simon Black
Company Secretary
14 November 2014**

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 Tuesday, 16 December 2014.
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 vote your proxies as directed by you.
5. 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 10:00am (Melbourne time) on Tuesday, 16 December 2014 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.

6. 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 last of that corporation's place of incorporation.

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 – Re-election of Directors

The Board has considered the performance of each of the retiring directors standing for re-election as well as the skills, knowledge and experience they bring to the Board and their contribution to Board discussions.

The Board (with Mr Kirby and Ms Swales abstaining in respect of their own re-election) recommends to shareholders the re-election of Mr Kirby and Ms Swales.

Profiles of the candidates for election as Directors are set out below:

Peter Kirby BEc (Hons), MA (Econ), MBA

Mr Kirby is the Chairman and has been a Non-Executive Director since July 2010. He is the Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Mr Kirby brings a wealth of experience from the paints and building products industries established over a number of years through his former roles including as Managing Director and Chief Executive Officer of CSR Limited, Chairman / Chief Executive Officer of ICI Paints and member of the Executive Board of ICI plc.

Mr Kirby's other previous roles include Chairman of Medibank Private, Director of Macquarie Group Limited and Macquarie Bank, Director of Orica Limited and member of the Board of the Business Council of Australia.

Judith Swales BSc Microbiology and Virology

Ms Swales has been a Non-Executive Director since April 2011. She is a member of the Safety and Sustainability Committee and the Audit and Risk Committee.

Ms Swales is a retail, sales and marketing professional who is experienced in leading major business transformation.

Ms Swales has more than 20 years' experience in strategic leadership roles in high profile, global, consumer facing companies. Ms Swales is currently the Managing Director of Australia for Fonterra Co-operative Limited. Ms Swales'

previous roles include Director of Foster's Group Limited, Chief Executive Officer of Heinz Australia, Chief Executive Officer and Managing Director of Goodyear Dunlop (Australia and New Zealand) and Managing Director of Angus and Robertson Australia.

The Board considers Mr Kirby and Ms Swales to be independent Directors.

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 2014. The Remuneration Report is set out in the Directors' Report of the 2014 Annual Report.

In particular, the Remuneration Report discusses the:

- remuneration policy adopted by the Board;
- key remuneration outcomes for 2014;
- 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 Group Executive team.

Given that the Company undertook a comprehensive review of its remuneration arrangements last year, the substance of the Company's remuneration policy and approach this year remains largely unchanged from the one that received endorsement in 2013. However, the Company continues to listen to its shareholders and to seek to improve transparency and so some changes have been made to its report this year to ensure that it continues to communicate both its remuneration policies and outcomes clearly.

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.

Furthermore, as a result of the provisions in the Corporations Act known generally as the 'two strikes rule', shareholders should note that the result of the vote on this item may affect the conduct of next year's Annual General Meeting. If 25% or more of the votes are cast 'against' the adoption of the Remuneration Report at the 2014 and 2015 Annual General Meeting, the Corporations Act requires a resolution on whether to hold a further meeting to spill the Board to be put to the 2015 Annual General Meeting. The Directors therefore encourage shareholders to apply the same level of diligence as for the binding resolutions when casting their vote on resolution 3.

The Board recommends that shareholders vote in favour of this non-binding resolution.

Items 4 and 5 – Allocation of shares to Patrick Houlihan and Stuart Boxer under the 2014 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 Board confirmed again in 2014 that it considers it desirable that the long term incentive component of executives' remuneration continue to be delivered through the LTEIP.

The LTEIP facilitates immediate share ownership by the senior managers 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 senior managers to focus on the key performance drivers that underpin sustainable growth in shareholder value.

The Board believes the LTEIP promotes behaviour that will achieve superior performance over the long term. It has both an earnings 'gateway' that must be achieved before any shares vest and a relative total shareholder return performance condition that provides for a portion of the loan to be forgiven where DuluxGroup performs well against its market comparators.

For the purposes of ASX Listing Rule 10.14, shareholders are asked to approve the allocation of shares under the 2014 LTEIP offer up to a maximum value of \$2,550,602 to Mr Houlihan and \$975,002 to Mr Boxer as part of their long term incentive arrangements on the terms set out in these Explanatory Notes.

To further strengthen the alignment of the interests of the CEO and CFO with value creation for shareholders, the Company has share ownership guidelines in place that encourage the CEO, CFO and other senior executives to build and maintain a minimum shareholding of unrestricted DuluxGroup shares (being shares that are held by executives in their own right and that are not held and restricted under the LTEIP).

These guidelines encourage executives to achieve their requisite holding of unrestricted DuluxGroup shares over a period of 5 years. Under the guidelines, the CEO and CFO are to build a shareholding of unrestricted DuluxGroup shares equivalent to at least 100% of their fixed annual remuneration. As set out on page 73 of the Remuneration Report, as at 30 September 2014 Mr Houlihan had an unrestricted shareholding equal to over 260% of his fixed annual remuneration and Mr Boxer had an unrestricted shareholding equal to over 170% of his fixed annual remuneration.

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 the Remuneration Report on pages 64 to 87 of the 2014 Annual Report.

<p>Entitlement under 2014 LTEIP offer</p>	<p>If shareholder approval is obtained, Mr Houlihan and Mr Boxer will be granted a loan of \$2,550,602 and \$975,002, respectively, under the 2014 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 and the executives must repay the LTEIP loan, either directly or by applying the proceeds from the sale of some or all of their shares to repay the loan.</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 performance period, the shares will be surrendered and forfeited in full settlement of the loan balance and no benefit accrues 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 19 December 2014, but in any event no later than 30 days after the AGM.</p> <p>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.</p> <p>However, 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</p>



	<p>and Mr Boxer will not proceed. In that event, there may be issues associated with the competitiveness of their overall remuneration package, alignment of rewards with other senior executives and the Company's contractual obligations to Mr Houlihan and Mr Boxer. In these circumstances, the Board would need to consider alternative remuneration arrangements for Mr Houlihan and Mr Boxer that are consistent with DuluxGroup's remuneration principles, including providing Mr Houlihan and Mr Boxer with an equivalent long term cash incentive subject to the same performance conditions and performance period as described below.</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>
'Gateway' condition	<p>The Company must achieve a minimum level of acceptable performance before any awards will vest under the LTEIP – for the 2014 grant, compound annual growth in the Company's earnings per share (EPS) over the three year period 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> <p>Where the gateway is met at the end of the performance period, there is potentially value to the executive if the value of the LTEIP shares is greater than the outstanding LTEIP loan balance that must be repaid.</p>
Performance condition (for loan forgiveness)	<p>Relative total shareholder return (TSR) is used to determine the level of loan forgiveness under the plan ('the forgiveness amount').</p> <p>There is no loan forgiveness if the Company's relative TSR is below the 51st percentile 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>If DuluxGroup's TSR is equal to the 51st percentile, participants become entitled to one third of the maximum forgiveness amount available which increases based on the Company's relative performance based on the 'sliding scale' shown below.</p>

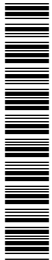
	<table border="1"> <thead> <tr> <th>Relative TSR ranking</th> <th>Loan forgiveness – proportion of initial loan forgiven</th> </tr> </thead> <tbody> <tr> <td>Less than 51st percentile</td> <td>0%</td> </tr> <tr> <td>51st percentile</td> <td>10%</td> </tr> <tr> <td>Between 51st percentile and 75th percentile</td> <td>Percentage of loan forgiveness increases on a straight line basis between 10% and 30%</td> </tr> <tr> <td>75th percentile or above</td> <td>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										
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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 recently adopted 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. This includes discretion to reduce or forfeit unvested awards, reset or alter the performance conditions applying to the applicable award or require the repayment of any vested awards.										
Cessation of employment	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 some or all of the loan forgiveness amount is granted in appropriate circumstances.										
Other required information – ASX Listing Rules	Mr Houlihan and Mr Boxer are the only directors entitled to participate in the LTEIP. In accordance with the approval received from shareholders at the 2013 Annual General Meeting, during the 2014 financial year, the Company allocated 453,758 and 175,280 shares to Mr Houlihan and Mr Boxer, respectively, at a price of \$5.34 per share.										

The Board (other than Mr Houlihan and Mr Boxer who have an interest in resolutions 4 and 5, respectively) recommends that shareholders vote in favour of resolutions 4 and 5.

Item 6 – Increase 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 current maximum aggregate remuneration for Non-Executive Directors is \$1,500,000 per annum, which was approved by DuluxGroup's sole shareholder immediately prior to the Company's demerger from Orica Limited in July 2010. 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 wholly owned subsidiary of the Company), superannuation contributions on behalf of directors and the Directors' travel allowance, are all accommodated within this maximum aggregate amount.

Recognising that it has now been over four years since the Company began operating as an ASX listed company, the Board has reviewed the maximum aggregate for Non-Executive Directors' fees.

In the interests of good governance and transparency, it is the Board's preferred approach to consider small increases to the maximum aggregate periodically (say, every three years). Noting that it has not yet sought approval as a listed company, the Board is now seeking approval for a \$150,000 (10%) increase to the maximum aggregate amount to \$1,650,000 per annum.

As set out in the Corporate Governance Statement of our Annual Report, and noting that the majority of our Directors were appointed on, or shortly after, demerger, the Board continues to consider succession planning. As part of this process, the Board is considering the appointment of a further Director over the near to medium term. This appointment would likely mean that the aggregate fees payable to Directors will approach the current maximum aggregate limit.

Accordingly, approval is sought to provide the Board with flexibility beyond that appointment to continue to manage, as part of its ongoing succession planning, any further future changes in its membership and composition over the coming years, including during transitional periods.

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.

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 2014 are set out in the Remuneration Report on pages 86 and 87 of the 2014 Annual Report.

No securities have been issued to Non-Executive Directors under ASX Listing Rule 10.11 or 10.14 in the preceding 3 years.

The Board unanimously recommends that shareholders vote in favour of this resolution.

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 9:15am. 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 10 December 2014.

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).