

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

**Bapcor Limited**

**ABN / ARBN**

**80 153 199 912**

**Financial year ended:**

**30 June 2021**

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- ✓ This URL on our website: <https://www.bapcor.com.au/governance>

The Corporate Governance Statement is accurate and up to date as at 13 September 2021 and has been approved by the Board.

The annexure includes a key to where our corporate governance disclosures can be located.



**GEORGE SAKOUFAKIS**  
Company Secretary  
20 September 2021

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ✓ at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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1.7	A listed entity should: <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	The board of a listed entity should: <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	A listed entity should disclose: <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ✓ in our Corporate Governance Statement <b>AND</b> ✓ at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and a copy of the charter of the committee: ✓ at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a> ... and the information referred to in paragraphs (4) and (5): ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p>✓ in our Corporate Governance Statement <b>AND</b></p> <p><input type="checkbox"/> in the Shareholder Communication Policy which can be found at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



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7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ✓ in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p>✓ in the Company's 2021 Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Securities Trading Policy which can be found at <a href="https://www.bapcor.com.au/governance">https://www.bapcor.com.au/governance</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

# 2021 CORPORATE GOVERNANCE STATEMENT

## APPROACH TO CORPORATE GOVERNANCE

The Board and all levels of management are fully committed to maintaining and enhancing corporate governance so that it continues to contribute to the delivery of Bapcor's key strategic objectives.

Whilst the Board is responsible for establishing the corporate governance framework of Bapcor, we believe good governance is the collective responsibility of all our team members. We believe that excellence in governance is more than just compliance with the law, is essential for the long-term sustainability of our business, and is one of our key focus areas and measures of success.

Our governance framework supports our team members in delivering our strategy, and provides an integral role in effective, responsible and sustainable decision making and business conduct. The Code of Conduct and Bapcor's other corporate governance policies reinforce the importance of our values: we give a damn; we are in it together; we get it done; and we do the right thing. Our values are at the centre of everything we do, and guide our behaviours, interactions and decisions each and every day in carrying out our responsibilities to all stakeholders.

This Corporate Governance Statement outlines the key features of Bapcor's governance framework and discloses the extent to which Bapcor has followed the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**).

During the FY21 reporting period, the Company's corporate governance practices have complied with all relevant ASX Recommendations. The Company regularly reviews its governance practices and corporate governance policies to reflect the growth and strategy of the Company, current legislation and best practice.

Bapcor's Corporate Governance Statement is accurate and current as at 13 September 2021 and has been approved by the Board of Directors. The Corporate Governance Statement can be found on the Governance page of our website at <https://www.bapcor.com.au/governance> along with the ASX Appendix 4G – a checklist cross-referencing the ASX Recommendations to disclosures in the Corporate Governance Statement, the 2021 Annual Report and the Company website.

In accordance with the ASX Recommendations, the Company's policies and charters, referred to in this statement, are also available on the Governance page of our website at <https://www.bapcor.com.au/governance> (the **Website**).

## 2021 GOVERNANCE HIGHLIGHTS

Board succession has been at the front of mind for Bapcor, and throughout FY21 there have been a number of changes that have taken place. Mark Powell and James Todd were appointed to the Board on 1 September 2020. In February 2021, our former Board Chair Andrew Harrison retired from the Board and Margie Haseltine was appointed as Board Chair. Along with this Board renewal, after Margie's appointment as Board Chair, Mark Powell took over as the Chair of the Remuneration, Nomination and ESG Committee. The Board succession plan has been implemented to ensure appropriate continuity and stability is present amongst Board members whilst enabling appropriate renewal. The key consideration is given to the balance between the need for the highest levels of governance, and the strategic leadership and oversight required for the long-term sustainable growth of the company.

Succession planning is ongoing to further build the strength and capability of the Bapcor Board with a strong focus on recruiting non-executive directors with skills and experience that strengthen the areas identified in the Board skills matrix.

The Board has incorporated the environmental, social and governance (ESG) function into the Nomination and Remuneration Committee, which has now been renamed to Nomination, Remuneration and ESG Committee. This will serve to further ensure oversight of all ESG matters are managed by the Board and that the long-term strategy of Bapcor is achieved in a sustainable manner that will create value for the Company and shareholders.

## ROLE OF THE BOARD

The Board has adopted a Charter (**Board Charter**) which establishes the role of the Board and its relationship with management. The Board Charter clearly articulates the division of responsibilities between the Board and management, in order to manage expectations and avoid misunderstandings about their respective roles and accountabilities.

As detailed in the Board Charter, the primary role of the Board is the protection and enhancement of long-term shareholder value, and its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the overall corporate governance of Bapcor.

Some of the key functions of the Board are:

- › approving Bapcor’s strategies, budgets and business plans;
- › approving Bapcor’s annual report including the financial statements, directors’ report, remuneration report and corporate governance statement, with advice from the Nomination, Remuneration and ESG Committee and the Audit and Risk Committee, as appropriate;
- › approving major borrowing and debt arrangements, the acquisition, establishment, disposal or cessation of any significant business of the company, any significant capital expenditure and the issue of any shares, options, equity instruments or other securities in Bapcor;
- › approving Bapcor’s purpose, values and Code of Conduct, monitoring the culture of the company (including by forming a view on the risk culture) and instilling Bapcor’s Code of Conduct through policies, processes, systems and people;
- › assessing performance against strategies to monitor both the performance of senior management of Bapcor Limited (being the Chief Executive Officer and other individuals as determined from time to time by the Nomination, Remuneration and ESG Committee) (**Senior Management**) as well as the continuing suitability of strategies;
- › reviewing operating information to understand at all times the state of health of Bapcor;
- › considering the economic, occupational health and safety, environmental and social sustainability risks of Bapcor’s activities;
- › ensuring that Bapcor acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- › maintaining a constructive and ongoing relationship with the Australian Securities Exchange (**ASX**) and regulators, and approving policies regarding disclosure and communications with the market and Bapcor’s shareholders; and
- › monitoring and approving changes to internal governance including delegated authorities, and monitoring resources available to Senior Management.

The Board Charter additionally sets out the role and responsibility of the Board Chair, and outlines the Board’s policy on when and how Directors may seek independent professional advice at the expense of the Company.

The Board has delegated to the Chief Executive Officer (**CEO**) the authority to manage Bapcor and its businesses within levels of authority specified by the Board from time to time. The CEO may sub-delegate aspects of his authority and power but remains accountable to the Board for Bapcor’s performance, and is required to report regularly to the Board on the progress being made by Bapcor’s business units. The Board is responsible for appointing, evaluating or removing the Chief Executive Officer, and approving appointments or removal of all other members of Senior Management and Directors.

The Board is responsible for appointing a Company Secretary. The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is made or approved by the Board.

The Company Secretary is responsible for the day-to-day operations of the company secretary’s office, including the administration of Board and committee meetings, overseeing Bapcor’s relationship with its share registrar and lodgements with the ASX and other regulators. The Company Secretary is also responsible for communications with the ASX about listing rule matters, including making disclosures to the ASX in accordance with Bapcor’s Disclosure Policy.

The Company Secretary supports the effectiveness of the Board by monitoring compliance with Board policies and procedures, and co-ordinating the completion and despatch of Board agendas and briefing papers. The Company Secretary is responsible for taking minutes and keeping record of Board meetings.

In accordance with the Board Charter, the Board reviews the Board Charter at least annually, and in doing so will continually review the division of functions between the Board and management to ensure that it continues to be appropriate to the needs of the Group.

A copy of the Board Charter is available on the Website.

## Board Composition and Skills

NAME	POSITION	APPOINTED	INDEPENDENT
Margaret Haseltine	Non-Executive Chair	30 May 2016 (as Chair 17 February 2021)	Yes
Darryl Abotomey	Managing Director & Chief Executive Officer	17 October 2011	No
Therese Ryan	Non-Executive Director	31 March 2014	Yes
Jennifer Macdonald	Non-Executive Director	1 September 2018	Yes
James Todd	Non-Executive Director	1 September 2020	Yes
Mark Powell	Non-Executive Director	1 September 2020	Yes

The Board aims to be comprised of Directors who have, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to Bapcor's businesses and the Board's responsibilities. This objective is described in the Board Charter.

The Board regularly evaluates the mix of skills, experience and diversity at the Board level, and has developed and adopted a Board skills matrix which has been tailored to the circumstances and requirements of Bapcor.

The objectives of the skills matrix adopted by the Board are to:

- › Identify the skills, knowledge, experience and capabilities that are considered to be desired of the Board of Bapcor as a whole, in order for the Board to fulfil its role and in light of Bapcor's strategic direction;
- › Ascertain the current skills, knowledge, experience and capabilities of the Board, and provide the incumbent Directors with an opportunity to reflect upon and discuss the current composition of the Board; and
- › Identify any gaps in skills or competencies that can be addressed in future director appointments.

## Board skills matrix

### Our Approach to Board composition and skills matrix

The Board and its Nomination, Remuneration and ESG Committee work to ensure the Board has the right balance necessary to fulfil its responsibilities. The composition of our Board is designed to include Directors that bring diversity of thought and a level of skill and experience that helps deliver value and returns to our shareholders.

Our skills matrix identifies the skills, knowledge, experience and capabilities of our Board to enable it to meet both the current and future challenges for Bapcor. All Directors are expected to comply with the Code of Conduct, act with integrity, lead by example and promote the desired culture of Bapcor. In addition, our Board operates under the premise that all Directors:

- › Have clear understanding of regulatory and legal compliance matters, director responsibilities, duties and stakeholder expectations;
- › Have strong understanding of ethical obligations to all stakeholders and understand the factors that impact on Bapcor's social licence to operate;
- › Have clarity about Bapcor's purpose, strategy and culture and the need to focus on both financial and non-financial risks;
- › Can and do challenge the management and status quo;
- › Are willing to show their technical ability, depth and breadth of knowledge and use it to Bapcor's benefit;
- › Are willing to continuously learn and improve their skills;
- › Are collaborative;
- › Consider health & safety in all decisions and processes.

To ensure we cover existing and emerging business and governance issues relevant to Bapcor, we review our Board's skills annually. The 2021 review focused on the skills and experience required for Bapcor to continue to achieve its purpose and strategy to maintain our leading role in providing vehicle parts, accessories, equipment, service and solutions across Asia Pacific.

## Board skills and why are they important to Bapcor

The skills matrix below provides a list of skills relevant for the Board of Bapcor given our current business strategy and market positioning, as determined by our Board and Nomination, Remuneration and ESG Committee, and presents the results of the assessment of the skill and experience represented on the Board.

### SKILLS, LINKS TO THE BUSINESS STRATEGY AND CRITERIA

#### LEADERSHIP, GOVERNANCE & COMPLIANCE

Providing leadership and oversight is a key responsibility of the Board. The Board, including the CEO, sets the 'tone from the top'. This includes upholding the company's mission to become the leading automotive aftermarket service provider across the Asia-Pacific, demonstrating behaviour that is aligned with Bapcor values and creating a performance environment that reinforces the way something is achieved is as important as what is achieved

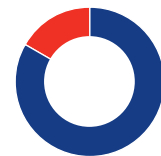
##### Executive leadership

Senior executive role in a publicly listed company in Australia or overseas.



##### People, culture and remuneration

Senior executive role with direct responsibility for people, culture, hiring, remuneration and skills development.



##### Legal, public policy and regulation

Experience with regulatory and legal compliance and litigation/disputes.



#### INDUSTRY

Bapcor must have a board comprising directors who are able to effectively understand and manage the issues arising in the Company's business, review and challenge the performance of management and optimise the Company's performance. To achieve this goal, the board should have significant technical expertise in retail, franchising, wholesale and supply chain & distribution.

##### Retail, franchising and wholesale

Role in sales for either retailers, franchises or wholesalers.



##### Supply chain and distribution

Role in distribution and supply chain logistics.



##### Automotive

Role in the automotive sector (retail, manufacturing or aftermarket).



■ Highly skilled ■ Skilled ■ General knowledge ■ Limited experience

**COMMERCIAL**

Bapcor’s strategy is growth across the Asia-Pacific and to maintain market position in Australia and New Zealand as the #1 automotive aftermarket provider across trade, specialist wholesale, commercial vehicles, retail and services. Our Board must have a strong commercial sense and ability to assess market risks and opportunities.

**Strategy and risk management**

Experience in enterprise-wide strategy development and implementation, managing business operations, and designing an effective capital management framework.



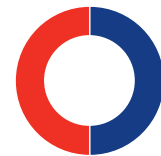
**Accounting and corporate finance**

Role in accounting, auditing, corporate taxation, investment banking, funds management, capital markets or equity analysis.



**M&A and investments**

Experience with developing and executing M&A, divestments, restructuring, capital allocations and spin-offs.



**Technology and digital strategy**

Role in technology with a specific focus on developing and utilising digital and emerging technologies.



**Entrepreneurship and innovation**

Experience in product innovation and diversification, implementing new ideas from concept to production.



**Asia-Pacific business experience**

Role in developing and implementing successful and sustainable operational/governance structures in new geographies and jurisdictions (primarily South East Asia and China).



**Sales, marketing and PR**

Commercial understanding of market trends, demands, influences, competitors, cycles, customer preferences and other factors impacting the demand and market share.



■ Highly skilled ■ Skilled ■ General knowledge ■ Limited experience



## PEOPLE AND SUSTAINABILITY

People are the key to our business. Employees, franchisees, customers, suppliers and communities must be considered when assessing and approving strategies to ensure that Bapcor maintains its social licence to operate.

### Health and safety

Role with direct control, responsibility and accountability for the health and safety of employees.



### Human and social capital management

Understanding of issues related to human rights and sustainability of the supply chains, particularly with respect to the automotive parts sector.



### Environment and sustainability

Understanding of key environmental impacts for an Australian automotive parts distributor, including fluency in how climate change risks and opportunities affect the business and experience in management, performance and governance of these impacts.



■ Highly skilled ■ Skilled ■ General knowledge ■ Limited experience

The Board considers that it currently has an appropriate mix of skills and diversity.

## Director Succession

The Board has established and operates a Nomination, Remuneration and ESG Committee. The Nomination, Remuneration and ESG Committee's functions and powers are formalised in a Nomination, Remuneration and ESG Committee Charter, a copy of which is available on the Website.

The nomination-related function of the Nomination, Remuneration and ESG Committee is to, where required:

- > identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Board, in order for the Board to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board;
- > undertake appropriate checks on a candidate and seek confirmation from the candidate that they will have sufficient time to fulfil their responsibilities as a director; and
- > subject to the results of such checks and confirmations, make recommendations to the Board on their appointment.

Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.

The Company provides information to shareholders about Directors seeking re-election at a general meeting, to enable shareholders to make an informed decision on whether or not to re-elect the Directors. In particular, the Company provides information on each relevant Director's qualifications and experience; the skills they bring to the Board; details of any other listed directorships held in the preceding 3 years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the re-election of the Director.

The Company will, in the case of a candidate standing for election as a Director for the first time, provide information to shareholders about the candidate to enable them to make an informed decision on whether or not to elect the candidate, including material adverse information revealed by any checks the Nomination, Remuneration and ESG Committee has performed on the candidate; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, the candidate's capacity to exercise independent judgement on board matters or to act in the best interests of the Company and its shareholders generally; the Board's view on whether the candidate will be considered to be an independent Director; and a recommendation by the Board in respect of the election of the candidate.

All Directors and senior executives have entered into written agreements with the Company setting out the key terms, conditions and expectations of their engagement. Specifically, each Non-Executive Director letter of appointment outlines the terms of appointment including the Director's duties; disclosure of director interests; obligations; policy on seeking independent advice at the expense of the entity; remuneration; access to corporate information; expected time commitments; and compliance with the Company's policies.

Similarly, senior executives including the CEO and Chief Financial Officer (**CFO**), have a formal job description and services agreement or employment agreement with the Company describing their term of office, duties, rights and responsibilities, and entitlements on termination.

### Director Induction and Development

The Nomination, Remuneration and ESG Committee is tasked with ensuring that an effective induction process is in place for newly appointed Directors, and the review of those induction procedures.

In addition, the Nomination, Remuneration and ESG Committee is responsible for ensuring that incumbent Directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a director effectively.

As Directors join the Board, they undertake a comprehensive induction program, which includes the provision of information on the Company's core values, key strategies and objectives, as well as its governance framework and operations. New Directors also meet with Senior Management to gain a better appreciation of the Group's services and capabilities.

The Board receives ongoing governance updates as required, including in relation to recent legislative and regulatory changes and developments in corporate governance.

All Directors have ongoing access to information on the Company's operations and to the Group's Senior Management. Each Director is, at any time, able to seek reasonable independent professional advice on any business-related matter at the expense of the Company.

Directors also have access to adequate internal resources to seek any information from any officer or employee of the Group, or to require the attendance of management at meetings to enable them as Directors to fulfil their duties.

### Director Independence

As at the date of this statement, the Board is comprised of six Directors. A majority (five) of the Directors are Non-Executive and independent. The only non-independent Director is Mr Darryl Abotomey, the Managing Director & CEO of Bapcor.

The Board has considered the circumstances of each Director and determined that all Non-Executive Directors are independent Directors, on the basis that they are free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence the independent exercise of their judgement. In reaching this conclusion, the Board considered the guidelines of materiality for the purpose of determining Director independence set out in the Board Charter and Box 2.3 of the Recommendations.

The Board, with the guidance of the Nomination, Remuneration and ESG Committee, will continually assess whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board, and to act in the best interests of Bapcor and its security holders generally.

The Corporations Act and regular Board meeting processes require Directors to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence. If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market.

## Board Committees

The Board Committees assist the Board in effectively discharging its duties. Each committee focuses on a particular set of responsibilities and provides feedback on these to the Board.

The Board had the following committees in FY2021:

AUDIT AND RISK COMMITTEE		NOMINATION, REMUNERATION AND ESG COMMITTEE		
		MEETINGS ATTENDED/HELD	MEETINGS ATTENDED/HELD	
MEMBERS	Jennifer Macdonald (Chair)	4/4	Mark Powell (Chair)	3/3
	Therese Ryan	4/4	Margaret Haseltine	4/4
	Margaret Haseltine*	3/3	Jennifer Macdonald	4/4
	James Todd	3/3	Therese Ryan	4/4
	Andrew Harrison**	3/3		
COMPOSITION	> Minimum 3 Directors		> Minimum 3 Directors	
	> 100% Independent		> Majority Independent	
	> Chair is an independent Non-Executive Director who is not Board Chair		> Chair must be an independent Non-Executive Director	
	> At least one member must have relevant financial qualifications and experience			
	> All Committee members should be financially literate			

\* Margaret Haseltine was a member of the Audit and Risk Committee until 17 February 2021.

\*\* Andrew Harrison was a member of the Audit and Risk Committee until his retirement as a Director on 16 February 2021.

All the members of the committees were independent Non-Executive Directors and each committee is chaired by a Non-Executive Director, who is not the Chair of the Board. Further, there is a minimum of three members per Committee.

The Chair of a Committee may invite other Directors, members of Senior Management and representatives of the external auditor to be present at meetings of the committee and seek advice from external advisers.

## PERFORMANCE EVALUATION AND REMUNERATION

### Evaluation of Board performance, committees and individual directors

In accordance with the Board Charter, the Nomination, Remuneration and ESG Committee is required to regularly carry out a formal review of the performance of the Board, its committees, and each individual Director, using where necessary an external consultant, against appropriate measures. The review will assess, amongst other things:

- > the effectiveness of the Board and each committee in meeting the requirements of its charter;
- > whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- > the contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and
- > whether adequate time is being allocated to Bapcor's matters, taking into account each Director's other commitments.

During the year, the Board undertook a performance evaluation, which was conducted by an independent external consultant. The purpose of the Board evaluation was to improve board and company performance and to allow the Board to identify areas where performance can be enhanced.

In addition, during the year, the Board undertook an assessment and review of the skillset and experience of each Director individually and the Board as a whole.

Both Board committees are also required to evaluate their own performances at least once every two years, to determine whether each committee is functioning effectively by reference to current best practice. Performance evaluations for the committees were undertaken during the year by an external independent consultant.

## Evaluation of Senior Executives' performance

The Nomination, Remuneration and ESG Committee is required to regularly carry out a formal review of the performance of Senior Management against appropriate measures, using an external consultant where necessary. In addition, each year, the Nomination, Remuneration and ESG Committee is required to review the performance of the CEO and any other executive directors as may be appointed against guidelines approved by the Board.

A performance evaluation of the CEO and senior executives was undertaken by the Nomination, Remuneration and ESG Committee in respect of the 2021 financial year. Further details of how Bapcor assesses the performance of senior executives are set out in the Remuneration Report (contained within the 2021 Annual Report).

## REMUNERATION

### Executive Remuneration

The Bapcor Board is committed to delivering a remuneration framework that:

- › Attracts, motivates and retains senior executives to drive the long-term sustainable growth of Bapcor;
- › Creates the strongest alignment between senior executives and shareholders through value creation by achieving Bapcor's strategic objectives;
- › Supports Bapcor's purpose and values that rewards executives within the risk profile determined by Bapcor.

Further details of the key senior executives' remuneration are set out in the Remuneration Report section of the Company's 2021 Annual Report.

### Non-Executive Remuneration

The structure of Non-Executive Directors' remuneration is distinct from that of executives. The remuneration policy for Non-Executive Directors is designed to attract and retain directors that are appropriately skilled and experienced in order to carry out the roles and responsibilities required. These include the need for Board oversight, independence and the highest levels of governance.

The Board fees provided to directors fall within the maximum aggregate fee limit of \$1,500,000 which was approved by shareholders (as per the ASX Listing Rules) at the Annual General Meeting held on 20 October 2020.

Non-Executive Directors' remuneration is further detailed in the Remuneration Report section of the Company's 2021 Annual Report.

## RISK FRAMEWORK

### Management of risks

The Group has various policies and procedures to identify, assess and manage business and operational risks. Responsibility for risk management is shared across the organisation. The Board is responsible for overseeing the establishment of and approving risk management strategy, policies, procedures and systems of Bapcor. Bapcor management is responsible for establishing Bapcor's risk management framework.

The Board has delegated to the Audit and Risk Committee responsibility for reviewing and monitoring Bapcor's risk management framework, to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

In addition, the Audit and Risk Committee is required, under its charter, to undertake a review of Bapcor's risk management framework with management at least once annually. The identification and effective management of these risks, including measured risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value.

The Group's operations are not subject to any significant environmental regulations under Australian Commonwealth or State legislation or other jurisdictions in which it operates. Whilst the Company has exposure to elements of risks relevant to the industry in which Bapcor operates, the Company does not consider, given the nature of its business, that it has any specific extraordinary exposure to economic, environmental and social sustainability risks.

Notwithstanding this, Bapcor recognises that a sustainable and successful business is impacted by the engagement of employees, delivery of shareholder wealth and optimisation of business operations in an affordable, social and environmentally responsible manner. Bapcor takes an integrated sustainability approach, aligning company values and strategic direction with positive outcomes for Bapcor's stakeholders, and the wider community in which it operates. Bapcor views investment in these areas as an important driver of long-term performance and value creation.

To formally document its approach and commitment to sustainability, the Board has adopted an Environmental Social and Governance (ESG) Policy, a copy of which is available on the Website. The Board is tasked with responsibility for the ESG Policy, including the responsibility to regularly review and monitor the effectiveness of the policy. The Board is also responsible, under the ESG Policy, to annually set and review objectives in relation to the policy, and annually assess Bapcor's progress in achieving these objectives.

In addition, the Board has adopted an ESG Strategy which builds upon Bapcor's vision, commitment and responsibilities with respect to the ESG sustainability factors outlined in the ESG Policy. A copy of the ESG Strategy is available on the Website, and is regularly reviewed by the Board.

Further details about Bapcor's ongoing economic, environmental and social sustainability initiatives are provided in the Sustainability section of its 2021 Annual Report. A review of the Group's risk management framework and risk register was undertaken during the 2021 financial year.

### Internal audit function

The Company has established an Internal Audit function. The principal objective of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the business operations at Bapcor. The Internal Audit function helps Bapcor accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, risk and governance processes.

The functional and organisational framework within which Bapcor's Internal Audit operates is formalised in an Internal Audit Charter, a copy of which is available on the Website.

The Internal Audit function is led by the Group's Head of Risk and Internal Audit, with the assistance of a service provider with the skill-sets, sufficient knowledge, experience, professional certifications, geographic reach and independence required to deliver an objective and value adding assurance function to Bapcor, and to meet the requirements of the Internal Audit Charter. The appointment of the Head of Risk and Internal Audit and the external service provider is approved by the Audit and Risk Committee.

The Internal Audit function has strict accountability for the confidentiality and safeguarding of records and information, and is fully authorised to have free and unrestricted access to any and all of Bapcor's records, physical properties and personnel pertinent to carrying out any engagement. All Bapcor employees are required to assist in Internal Audit activity as part of their role and responsibility within the organisation. The Internal Audit function also has free and unrestricted access to Bapcor's Audit and Risk Committee.

The Internal Audit function is independent of the external audit function, and remains free from interference by any element in the organisation, including matters of external audit selection, scope, procedures, frequency timing or report content. The Internal Audit function reports to the Audit and Risk Committee periodically and administratively (on a day-to-day basis) to the CFO, with rights of direct access to the Chair of the Audit and Risk Committee.

Internal Audit reports are regularly submitted to the Audit and Risk Committee and, where appropriate, to management and the Board. The Audit and Risk Committee approves the internal audit plan annually.

### CEO and CFO certification

The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects. The Board, with the guidance of the Audit and Risk Committee, reviews the Group's half yearly and annual financial statements.

The Board has a process to receive written assurances from the CEO and the CFO that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results, and are in accordance with relevant accounting standards and section 295A of the Corporations Act, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board does and will continue to seek these assurances prior to approving the financial statements for all half year and full year results.

## Periodic Corporate Reports

The Audit and Risk Committee reviews and makes recommendations to the Board regarding approval of all financial reports. Where a periodic corporate report is not required to be audited or reviewed by an external auditor, senior management conducts a comprehensive internal verification process. This process includes layers of preparation, peer review, subject matter expert input (internal and external), and board approval where appropriate. This is to ensure the report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions.

## GOVERNANCE CODES AND POLICIES

The Group has developed a number of codes and policies to help Directors and employees understand what is expected of them.

### Code of Conduct

The Board is committed to observing the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, a copy of which is available on the Website.

The Code of Conduct sets out the way in which Bapcor seeks to conduct business, namely in an honest and fair manner, aligned with our values and acting only in ways that reflect well on Bapcor in strict compliance with all laws and regulations.

The Code of Conduct articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices.

The Company also seeks to ensure that advisers, consultants and contractors are aware of the Company's expectations as set out in its Code of Conduct.

Responsibilities of Bapcor's personnel under the Code of Conduct include protection of Bapcor's business, using Bapcor's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest. Breaches of the Code of Conduct are reported to the Board on a regular basis.

### Whistleblower Policy

Bapcor has a stand-alone Whistleblower Policy that encourages all eligible whistleblowers to raise matters that are of legitimate concern, including in relation to a potential breach of any legal or regulatory requirement, or a Company policy.

#### Internal Reporting

Under this Policy, reports of actual or suspected misconduct may be made to the:

- > CEO and Managing Director;
- > CFO;
- > Executive General Manager – Human Resources; or
- > Any member of the Group Leadership Team (GLT).

#### External Reporting

If it is not practical to raise concerns regarding actual or suspected misconduct internally, the 'Speak Up at Bapcor' service can be contacted. The 'Speak Up at Bapcor' service is an independent, externally managed reporting service that enables whistleblowers to raise concerns regarding actual or suspected misconduct. The 'Speak Up at Bapcor' service is managed by STOPLine.

All whistleblower disclosures are reviewed and investigated, either internally or externally, as appropriate. A summary of all whistleblower disclosures is provided to the Board on a monthly basis.

Further information can be found in the Whistleblower Policy available on the Website.

## Anti-bribery, Corruption and Fraud Policy

The Anti-Bribery, Corruption and Fraud Policy states how Bapcor conducts business in line with the Company's values and how bribery and corruption are wholly inconsistent with these values. Bapcor has a zero tolerance for bribery and corruption.

Anti-bribery and corruption complaints may be reported to the CEO, CFO, Executive General Manager – Human Resources or to any member of the GLT. Any team member or external business partner may also raise anti-bribery and corruption complaints directly with the 'Speak Up at Bapcor' service. Complaints received by the Company are reviewed and investigated which may include the involvement of senior executives or external providers as appropriate. A summary of anti-bribery and corruption complaints is also provided to the Board on a monthly basis.

A copy of the Anti-Bribery, Corruption and Fraud Policy is available on the Website.

## Disclosure Policy

The Board has adopted a Disclosure Policy which has established procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The focus of these procedures is on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities and improving access to information for all investors.

The Board has established a Disclosure Committee comprising the CEO, the CFO and the Company Secretary (who also acts as the Disclosure Officer).

The Disclosure Committee is responsible for:

- > determining what information will be disclosed by Bapcor to the ASX;
- > implementing procedures to ensure that, if required, disclosures to the ASX can be made immediately; and
- > trading halt requests can be lodged with the ASX immediately.

In accordance with the Disclosure Policy, the Disclosure Officer is responsible for ensuring that all Board decisions that must be disclosed to the ASX are dealt with by an appropriate company announcement.

To ensure the Board has timely visibility of all information being disclosed to the market, all material market announcements are circulated to the Board promptly after they have been made.

At any time, the Company provides investor presentation materials on the ASX Market Announcements Platform ahead of the respective investor presentation.

The purpose of these procedures is to ensure timely and accurate information is provided equally to all shareholders and market participants.

A copy of the Disclosure Policy is available on the Website.

## Diversity and Inclusion Policy

The workforce of Bapcor is made up of team members with diverse skills, backgrounds, perspectives and experiences, and this diversity is recognised, valued and respected.

To articulate its commitment to diversity and inclusion in its workforce, including but not limited to gender diversity, the Board has adopted a Diversity and Inclusion Policy, a copy of which is available on the Website.

The overriding objective of the Diversity and Inclusion Policy is to align Bapcor's business operations with the positive outcomes that can be achieved through a diverse workforce that recognises and utilises the contribution of its diverse skills and talent. The policy also seeks to ensure that Bapcor has a properly functioning diverse workplace where discrimination, bullying, harassment, vilification and victimisation cannot and will not be tolerated.

The Diversity and Inclusion Policy seeks to promote diversity that extends beyond gender and includes, but is not limited to, age, ability, ethnicity, marital or family status, religious or cultural background, and sexual orientation or preference.

The Board is tasked with responsibility for the Diversity and Inclusion Policy, including the responsibility to regularly review and monitor the effectiveness of the policy. The Board is also responsible, under the Diversity and Inclusion Policy, to annually set and review measurable objectives in relation to gender diversity (and where appropriate, other aspects of diversity including in respect of women in leadership, age diversity and cultural diversity), and annually assess Bapcor's progress in achieving these objectives.

In respect of the 2021 financial year, the table below sets out Bapcor's measurable objectives for gender diversity:

	OBJECTIVE	RESULTS
1	Increase female representation in the total workforce to one third.	Female representation across the total workforce was 25%, unchanged from 25% in FY20.
2	Promote and provide opportunities to capable female team members internally.	24% of promotions were provided to female team members. 32% of identified "Top Talent" leaders are female.

To support gender diversity and progress towards these measurable objectives, a range of initiatives and actions were undertaken during the year including:

- > Establishing networks for female leaders across the Group to share and develop with the first Female Leader's Networking Session and Focus Group held in May 2021. Further sessions are scheduled for FY22;
- > Senior leadership teams participated in facilitated Inclusive Leadership (Unconscious Bias) training with an on-line program for all people leaders in FY22;
- > Commenced the development of a Women's Leadership Development program for launch in FY22;
- > Continuation of the 'Respect in the Workplace' on-line learning program to ensure all team members are aware of Bapcor's commitment to diversity and that discrimination, bullying, harassment, vilification and victimisation cannot and will not be tolerated.

As at 30 June 2021, female representation in Bapcor's workforce at various management levels was as follows:

LEVEL	2021 OUTCOME	2020 OUTCOME
Board of Directors	50%	60%
Non-Executive Directors	60%	75%
Senior Executives	9%	11%
Managers	24%	26%
Entire organisation	25%	25%

For the purposes of the table above:

- > "Senior Executive" means the CEO and the CEO's direct reports.
- > "Managers" means executives two layers below the CEO.
- > "Entire organisation" includes casual team members and excludes Non-Executive Directors and independent contractors.

Bapcor considers that overall female representation of 25% of the workforce as at 30 June 2021 (30 June 2020: 25%) represents some progress towards its measurable objective of approximately one third female representation, given the overall increase in the total number of team members during FY21.

During the 2020/2021 reporting period, there was ongoing progress in providing promotion opportunities, with females awarded 24% of promotions (female promotions during the 2019/2020 reporting period; 31% and the 2018/2019 reporting period: 24%).

In accordance with the *Workplace Gender Equality Act 2012*, Bapcor has submitted a Workplace Gender Equality Report for the 2020/2021 reporting period. The submission includes details of Bapcor's Gender Equality Indicators and is available on the Website.

## Modern Slavery

As our business grows, it is important that we continue to work with integrity and strengthen our internal controls. In June 2020, we established our Human Rights Policy and continued work towards meeting our compliance obligations arising from the *Modern Slavery Act 2018*.

The *Modern Slavery Act 2018* requires Bapcor to report annually on the steps the Company has taken to address modern slavery risks in its supply chain for each reporting period. The latest Modern Slavery statement was approved by the Board on 26 March 2021 and is available on the Website.



## Securities trading policy

The Company has adopted a Securities Trading Policy which prohibits Directors, the CEO and senior executives and other key management personnel and their closely related parties from entering into any arrangement that would have the effect of, directly or indirectly, granting any form of security (whether by way of charge, mortgage, pledge or otherwise) over any Bapcor securities which are unvested or subject to a holding lock, to secure any obligation or enter into any margin lending arrangement involving Bapcor securities.

A copy of Bapcor's Securities Trading Policy is available on the Website.

## SHAREHOLDER COMMUNICATION

The Bapcor Website is the primary medium of providing information to all shareholders and stakeholders. It has been designed to enable information to be accessed in a clear and readily accessible manner.

The Website contains information relevant to shareholders and stakeholders including:

- › all relevant announcements made to the market, including annual and half yearly reports;
- › all corporate governance policies and charters adopted by the Board;
- › information provided to analysts or media during briefings; and
- › the full text of notices of meeting and explanatory material.

The Board is committed to facilitating effective two-way communication with its shareholders, investors and stakeholders, and has adopted a Shareholder Communication Policy to define and support this commitment. A copy of the Shareholder Communication Policy is available on the Website.

The Shareholder Communication Policy sets out the Company's investor relations approach, namely by communicating with its shareholders and investors by posting information on the Website, and by encouraging attendance and participation of shareholders at general meetings.

Following the release of Bapcor's half-year and full-year results, Bapcor conducts a results announcement open briefing which the public, including the media, all shareholders, stakeholders and new investors, are invited to attend. In addition, Bapcor also conducts investor and analyst briefings at which institutional investors and stockbroking analysts are briefed. At both meetings, attendees are given an opportunity to ask questions of the CEO and CFO.

Shareholders are encouraged to attend the Company's general meetings and notices of such meetings are given in accordance with the Company's Constitution, the Corporations Act, and the ASX Listing Rules.

The Company's annual general meeting in particular is an opportunity for shareholders to receive updates from the CEO and Board Chair on Group performance, ask questions of the Board and vote on the various resolutions affecting the Company's business.

Shareholders are also given an opportunity at annual general meetings to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.

The date, time and location of the Company's general meetings are provided in the notices of meetings lodged with the ASX, and on the Website. Whilst shareholders are encouraged to attend meetings in person, in the event that they are unable to do so, they are encouraged to participate in the meeting by appointing a proxy, attorney or representative to vote on their behalf. All resolutions at a meeting of shareholders are decided by poll.

Investors are able to communicate with the Company electronically by emailing the Company Secretary. Investors are also able to communicate with the Company's registry electronically by emailing the registry or via the registry's website.

Bapcor encourages its shareholders to receive company information electronically by registering their email addresses online with Bapcor's share registry.