



Nomination, Remuneration and ESG Committee Charter

Bapcor Limited ABN 80 153 199 912

Adopted by the Board on 31 March 2014

Reviewed and amended by the Board on 15 February 2021



Bapcor Limited Nomination, Remuneration and ESG Committee Charter

This Charter outlines the role, responsibilities and composition of the Nomination, Remuneration and ESG Committee of the Board of Bapcor Limited (**Bapcor**) and the manner in which it discharges its responsibilities for Bapcor and its subsidiaries.

1 Role of the Committee and authority

- (a) The Nomination, Remuneration and ESG Committee (**Committee**) assists the board (**Board**) of Bapcor Limited (**Bapcor**) in fulfilling its responsibilities for corporate governance and oversight of Bapcor's nomination, remuneration, environmental, social and governance policies and practices. This enables Bapcor to align its business strategy with financial and non-financial risk management frameworks and policies. The Committee also assists the board in the attraction, development and retention of senior management of Bapcor (comprising the Chief Executive Officer and such other individuals as the Committee determines from time to time (**Senior Management**)) and appropriately align their interests with those of key stakeholders.
 - (b) The Committee is a committee of the Board established in accordance with Bapcor's constitution (**Constitution**) and authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.
 - (c) The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and people of Bapcor and the authority to engage external consultants or other professional advisers as it determines necessary to carry out its duties.
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2 Membership

- (a) The Committee should to the extent practicable given the size and composition of the Board from time to time, comprise of:
 - (i) at least three members;
 - (ii) non-executive directors; and
 - (iii) a majority of directors who are independent (and must satisfy this description to the extent required by statute or regulation).
 - (b) Membership of the Committee is as approved by the Board.
 - (c) The chair of the Committee (**Committee Chair**) is nominated by the Board and must be an independent non-executive director (and must satisfy this description if required by statute or regulation).
 - (d) Members will be appointed for a fixed period of no more than three years, with Committee members generally being eligible for re-appointment for so long as they meet the relevant criteria.
 - (e) The appointment and removal of Committee members is the responsibility of the Board.
 - (f) A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Committee Chair.
 - (g) If a Committee member ceases to be a director of the Board their appointment as a member of the Committee is automatically terminated with immediate effect.
 - (h) The company secretary is secretary to the Committee.
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3 Meetings

- (a) The Committee will meet as frequently as is required to undertake its role effectively, but not less than four times per calendar year.
- (b) Any Committee member may, and the company secretary must upon request from any member, convene a meeting of the Committee.
- (c) The Committee may invite any executive director, executive or other staff member to attend all or part of a meeting of the Committee.
- (d) The Committee may, with the approval of the Committee Chair, seek independent advice from external consultants to enable the Committee to properly carry out its functions and meet its objectives.
- (e) The proceedings of all meetings will be minuted by the company secretary. All minutes of the Committee are available for inspection by any director of the Board, except where there is a potential conflict of interest.
- (f) A quorum for any meeting will be at least two Committee members.
- (g) The Committee may request the human resources manager, sustainability manager or any other executive (as applicable) to provide any information or carry out any task that may be necessary to enable the Committee properly to carry out its functions and meet its objectives.
- (h) The Committee meetings may be held virtually at the option of the Chair or, with agreement of the Chair, may be attended virtually by individual directors where it is not possible for the director to attend the Committee meeting in person.

4 Duties and Responsibilities

- 4.1 The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities in relation to Bapcor's:

Remuneration

- (i) remuneration policies, including:
 - (A) evaluating and approving the remuneration packages (including fixed remuneration, short term and long term incentives and any other benefits or arrangements) of the Chief Executive Officer, executive directors and other members of Senior Management;
 - (B) evaluating and approving the remuneration arrangements for non-executive directors;
 - (C) monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool;
 - (D) equitably, consistently and responsibly rewarding Senior Management including incentive targets and achievement of the remuneration outcomes having regard to the performance of Bapcor, the performance of the executives and the general pay environment; and
 - (E) engagement of external remuneration consultants.

- (ii) short and long term incentive plans, including:
 - (A) plan terms and conditions;
 - (B) performance hurdles, if any;
 - (C) invitations to participation in offers and the terms of participation;
 - (D) achievement of performance criteria (if any) and the final level of any payments, grants or allocations; and
 - (E) the ability to claw back performance-based remuneration from non-executive directors, executive directors and Senior Management where appropriate.
- (iii) equity plans, including:
 - (A) amendments to the terms of existing plans within the parameters of those plans;
 - (B) administration and operation of plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans; and
 - (C) the ability to claw back performance-based remuneration from non-executive directors, executive directors and Senior Management where appropriate;
- (iv) The Committee must also oversee remuneration related disclosures required in annual statutory reporting, if any, and provide advice to the Board on approval of those disclosures. Such disclosures may include Bapcor's policies and practices regarding the remuneration of, and the potential claw back of any performance-based remuneration from, non-executive directors, executive directors and Senior Management.

Nomination

- (v) Board composition and performance, including:
 - (A) the appropriate size, composition and diversity of the Board;
 - (B) the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
 - (C) recommendations for the appointment, composition, re-election and removal of directors;
 - (D) the terms and conditions of appointment to and retirement from the Board;
 - (E) ensuring that an effective induction process is in place for newly appointed directors and review of those induction procedures;
 - (F) ensuring that continuing 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 including setting an annual training and development budget for directors;
 - (G) the evaluation of the Board's performance; of the Board, its committees and directors;
 - (H) the time non-executive directors are expected to devote to Bapcor's affairs and whether directors are meeting that requirement; and
 - (I) review of Board succession plans;



- (vi) succession of the Chief Executive Officer and his/her direct reports, including:
 - (A) guidelines for management development; and
 - (B) review of the Chief Executive Officer and other members of Senior Management succession and development plans.

Environmental, Social and Governance (ESG)

The Committee will also:

- (i) have regard to Bapcor's responsibility to serve the communities in which Bapcor's businesses operate and impact;
- (ii) consider emerging ESG issues to understand their materiality with regard to Bapcor's long term value creation;
- (iii) review and recommend to the Board on an annual basis Bapcor's Corporate Governance Statement, ESG reporting and the group's ESG achievements and future commitments;
- (iv) oversee the delivery of group environmental sustainability initiatives and commitments, including performance, challenges and opportunities;
- (v) review the effectiveness of the group's initiatives and policies that support human rights (e.g. modern slavery) in Bapcor's operations and supply chain;
- (vi) review and recommend to the Board on an annual basis Bapcor's Modern Slavery Statement;
- (vii) review and recommend to the Board, Bapcor's annual report to the UN Global Compact via our Communication on Progress; and
- (viii) oversee the development of an emissions reduction framework.

The Committee acknowledges that the Board Audit and Risk Committee reviews the adequacy of management's approach in the identification and management of environmental risks and opportunities, including climate-related issues.

5 Reporting

- (a) The Committee will:
 - (i) regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
 - (ii) report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee; and
 - (iii) as and when appropriate, seek direction and guidance from the Board on remuneration, human resource, nomination, environmental, social and governance risk management and compliance matters.
- (b) Minutes of Committee meetings will be included in the papers for the next full Board meeting.

6 Selection and appointment process

In searching for and selecting new directors for the Board, the Committee may adopt certain criteria to make recommendations to the Board, including the candidate's background, experience, professional skills, personal qualities, gender, ethnicity or other relevant attribute. Consideration will also be given to the capability of the candidate to devote the necessary time and commitment to the role, potential conflicts of interest and independence and whether their skills and experience will complement the existing Board.

With respect to the selection of candidates for the Board:

- (a) the Committee will review on an annual basis the board skills matrix to identify any 'gaps' in the skills and experience of the directors on the Board;
- (b) the Committee will take into consideration Bapcor's Diversity Policy in selecting new directors for the Board.
- (c) the Committee will obtain assistance from professional intermediaries to identify and assess the suitability of Board candidates;
- (d) the Committee will undertake appropriate checks in respect of each candidate;
- (e) the names of candidates submitted for election or re-election as directors at a shareholder meeting should be accompanied in the notice of meeting by the following information to enable shareholders to make an informed decision on their election:
 - (i) biographical details, including skills, experience, competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
 - (ii) a statement by the Board as to whether it supports the nomination of the proposed candidate(s);
 - (iii) details of relationships between:
 - (A) the candidate and Bapcor; and
 - (B) the candidate and directors of Bapcor;
 - (iv) directorships held;
 - (v) particulars of other positions which involve significant time commitments;
 - (vi) if the candidate has been submitted to be elected as a non-executive director, any interests, positions, associations or relationships which may bear on the candidate's independence;
 - (vii) the term of office currently served by any directors subject to re-election; and
 - (viii) any other particulars required by law.

7 Committee Performance

- (a) The Board will, at least once in each year, review the membership and Charter of the Committee to determine their respective adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.



- (b) The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.
- (c) For skills development, if the Committee Chair approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the company's expense.