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## **Nomination and Remuneration Committee Charter**

Bapcor Limited ABN 80 153 199 912

Adopted by the Board on 31 March 2014



## Bapcor Limited Nomination and Remuneration Committee Charter

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### 1 Role of the Committee and authority

- (a) The Nomination and Remuneration Committee (**Committee**) assists the board (**Board**) of Bapcor Limited (**Bapcor**) in fulfilling its responsibilities for corporate governance and oversight of Bapcor's nomination and remuneration policies and practices which enable it to attract and retain 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 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.
- (c) 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.

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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**) should be nominated by the Board and be an independent 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 at least once annually or as frequently as is required to undertake its role effectively.

- (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.
- (f) A quorum for any meeting will be at least two Committee members.
- (g) The Committee may request the human resources manager 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 must obtain approval from the Committee Chair before obtaining advice from external consultants.

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## 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:

- (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; and
  - (D) 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) 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;
  - (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;
- (v) 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.

4.2 The Committee must also oversee remuneration related disclosures required in annual statutory reporting, if any, and provide advice on the Board on approval of those disclosures. Such disclosure 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.

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## 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 and human resource risk management and compliance matters.
- (b) Minutes of Committee meetings will be included in the papers for the next full Board meeting.

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## 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, 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 consider developing a board skills matrix to identify any 'gaps' in the skills and experience of the directors on the Board, and if thought appropriate, will implement such a matrix;
- (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.

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## 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.

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## 8 Claw back policy

- 8.1 If Bapcor becomes aware of a material misstatement in its financial statements for any of its immediately preceding three financial years or some other event has occurred which, as a result, a non-executive director, executive director or Senior Management should not have received some or all its performance-based remuneration (the **Overpayment**), the Board may claw back that Overpayment in accordance with the terms of the applicable incentive or equity plan. Such claw back may involve:
  - (i) requiring the non-executive director, executive director or Senior Manager to pay back the Overpayment; or
  - (ii) adjusting the current year incentives or fixed remuneration of that non-executive director, executive director or Senior Manager to take account of the Overpayment.
- 8.2 The Committee will review this claw back policy at least annually, and make recommendations to the Board as to any changes it considers should be made.