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## **Board Charter**

Bapcor Limited ABN 80 153 199 912

Adopted by the Board on 31 March 2014

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## Bapcor Limited Board Charter (Charter)

This Charter outlines the role, responsibilities and composition of the board of directors (**Board**) of Bapcor Limited (**Bapcor**) and the manner in which it discharges its responsibilities for Bapcor and its subsidiaries (the **Bapcor Group**).

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### 1 The Board and overview of its role

- (a) The Board of Bapcor is responsible for, and oversees the governance of, Bapcor and the Bapcor Group.
  - (b) Corporate governance describes the way Bapcor is directed and controlled. Bapcor's shareholders appoint directors and hold them accountable for the performance of the company. A key part of directors' responsibility is to ensure that an effective corporate governance structure operates in Bapcor.
  - (c) The governance structure should ensure that reasonable profit and growth targets are set and achieved and risk is properly managed, while taking into account the interests of Bapcor stakeholders. Bapcor's corporate governance culture and its way of doing business, including leadership by the Board and senior executives, is critical to Bapcor's continuing success.
  - (d) This Charter sets out the functions of Bapcor's Board by describing the structure of the Board and its committees, the need for independence and other obligations of directors.
  - (e) The Board will meet regularly on such number of occasions each year as the Board deems appropriate.
  - (f) Each year, the Board will prepare a Corporate Governance Statement which 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**). The Board will regularly review its governance practices and corporate governance policies in light of the ASX Recommendations to reflect the growth and strategy of the Bapcor Group, current legislation and best practice.
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### 2 Functions of the Board

- (a) The Board strives to build sustainable value for shareholders whilst protecting the assets and reputation of Bapcor. Its functions include but are not limited to:
    - (i) approving Bapcor's strategies, budgets and business plans;
    - (ii) approving Bapcor's annual report including the financial statements, directors' report, remuneration report, sustainability report and corporate governance statement, with advice from the Remuneration and ESG Committee and the Audit and Risk Committee, as appropriate;
    - (iii) 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;
    - (iv) 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;
    - (v) assessing performance against strategies to monitor both the performance of senior management of Bapcor Limited (being the Executive Chair or Chief Executive Officer and
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- other individuals as determined from time to time by the Board) (referred to as “**Senior Management**” throughout this Charter) as well as the continuing suitability of strategies;
- (vi) reviewing operating information to understand at all times the state of health of Bapcor;
  - (vii) considering the economic, occupational health and safety, environmental and social sustainability risks of Bapcor’s activities;
  - (viii) ensuring that Bapcor acts legally and responsibly on all matters and that the highest ethical standards are maintained;
  - (ix) 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
  - (x) monitoring and approving changes to internal governance including delegated authorities, and monitoring resources available to Senior Management.
- (b) With the guidance of the Board’s Nomination Committee, the Board is responsible for:
- (i) appointing, evaluating or removing the Chief Executive Officer;
  - (ii) regularly assessing the independence of all directors;
  - (iii) reviewing and implementing succession planning for directors, the Executive Chair or Chief Executive Officer and ; and
  - (iv) monitoring the mix of skills, experience, expertise and diversity on the Board and, when necessary, appointing new directors, for approval by shareholders.
- (c) With the guidance of the Board’s Remuneration and ESG Committee, the Board is responsible for:
- (i) evaluating and approving the remuneration policies and remuneration packages of the Executive Chair or Chief Executive Officer, directors and other members of Senior Management;
  - (ii) reviewing and implementing succession planning for Senior Management;
  - (iii) 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;
  - (iv) considering the environmental, social and governance (**ESG**) impact of Bapcor’s activities and overseeing the system for managing compliance with Bapcor’s corporate governance, sustainability and ESG policies and practices;
  - (v) ensuring that Bapcor’s business strategy is informed by a comprehensive ESG materiality assessment, with reference to generally accepted sustainability reporting frameworks;
  - (vi) ensuring adequate alignment between Bapcor’s business strategy, risk framework, ESG policies and executive remuneration;
  - (vii) administering short and long term incentive plans (including any equity plans) and engaging external remuneration consultants.

- (d) With the guidance of the Audit and Risk Committee, the Board is responsible for:
- (i) overseeing the establishment of and approving Bapcor's risk management strategy policies, procedures and systems;
  - (ii) reviewing and monitoring the effectiveness of Bapcor's risk management strategy, policies, procedures and systems;
  - (iii) approving and presenting Bapcor's financial statements and reports;
  - (iv) overseeing Bapcor's financial reporting, which, without limitation, includes:
    - (A) reviewing the suitability of Bapcor's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
    - (B) assessing significant estimates and judgements in financial reports;
    - (C) assessing information from external auditors to ensure the quality of financial reports; and
    - (D) recommending to the Board whether the financial and associated non-financial statements should be signed based on the Audit and Risk Committee's assessment of them;
  - (v) the entry into, approval or disclosure of related party transactions (if any);
  - (vi) overseeing Bapcor's financial controls and systems;
  - (vii) managing audit arrangements and auditor independence.
- (e) The functions listed are matters which the Board specifically reserves for itself and does not limit the Board's overall duties and responsibilities. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.
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### **3 Delegation of powers**

- (a) The role of the Executive Chair, where appointed, will be as follows:
- (i) The Executive Chair will have a primary responsibility to lead the Board and promote Bapcor's interests both within Bapcor and in the broader business context.
  - (ii) The Executive Chair will have the functions and responsibilities outlined in section 7(b) of this Charter, except to the extent those functions or responsibilities are vested in the Lead Independent Director.
  - (iii) The management function will be conducted by, or under the supervision of, the Executive Chair as directed by the Board (and by other officers to whom the management function is properly delegated by the Executive Chair).
  - (iv) The Executive Chair is responsible for implementing strategic objectives, plans and budgets approved by the Board.
- (b) The Board has delegated to the Executive Chair, where appointed, or the Chief Executive Officer the authority and power to manage Bapcor and its businesses within levels of authority specified by the Board from time to time. The delegation of authority to the Executive Chair or Chief Executive Officer may be sub-delegated but the Executive Chair or Chief Executive

Officer 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.

- (c) The role of the person who holds the office of Chief Executive Officer includes:
- (i) responsibility for the effective leadership of the management team;
  - (ii) the development of strategic objectives for the business;
  - (iii) the day-to-day management of Bapcor's operations; and
  - (iv) instilling Bapcor's purpose, values and Code of Conduct.
- (d) Where an Executive Chair is appointed to the Board, a non-executive director of the Board will be appointed to the role of Lead Independent Director. The responsibility of the Lead Independent Director includes:
- (i) liaising with the Executive Chair on behalf of the independent non-executive directors;
  - (ii) advising the Board or acting as chair where there may be an actual or perceived conflict of interest involving the Executive Chair;
  - (iii) overseeing or calling meetings of the independent, non-executive directors;
  - (iv) overseeing, or acting as chair, in relation to the appointment or selection of the successor of the Executive Chair, or in relation to any other matter where the Executive Chair is unable to do so due to issues of independence;
  - (v) liaising with shareholders, proxy advisors and other external stakeholders regarding governance, reporting, management oversight and related matters (especially where those communications concern the Executive Chair); and
  - (vi) leading remuneration and performance discussions regarding the Executive Chair.

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## 4 Board structure

The composition, structure and proceedings of the Board are primarily governed by Bapcor's constitution (a copy can be found on the company's website) (**Constitution**) and the laws governing corporations in jurisdictions where the company operates. The Board, with the assistance of the Nomination Committee, will regularly review the composition and structure and performance of the Board.

The Board aims to have a Board which has, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to Bapcor's businesses and the Board's responsibilities (through, among other things, the use of a board skills matrix).

The majority of the Board should, to the extent practicable given the size and composition of the Board from time to time, be comprised of independent directors as determined in accordance with section 12 of this Charter.

It is the Board's intention that the Executive Chair or Chief Executive Officer may be the only executive director.

The quorum necessary for a meeting of directors shall be three directors, unless otherwise determined by the Board. Board meetings may be attended virtually by directors where it is not

possible for the director to attend the Board meeting in person. The minutes of the meeting will be approved by the Board and signed by the Chair within a reasonable time after the meeting.

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## **5 Appointment and re-election of directors**

- (a) With guidance from the Nomination Committee and, where necessary, external consultants, the Board will identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.
  - (b) The Nomination Committee assesses nominations of new directors against a range of criteria including the candidate's background, experience, gender, professional skills, personal qualities and whether their skills and experience will complement the existing Board.
  - (c) The criteria to assess nominations of new directors is reviewed annually and the Nomination Committee regularly compares the skill base of existing directors with that required for the future strategy of Bapcor to enable identification of attributes required in new directors.
  - (d) Before appointment to the Board, candidates must confirm that they will have sufficient time to meet their obligations to Bapcor, in light of other commitments.
  - (e) New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that Bapcor considers relevant to the appointment.
  - (f) For shareholder meetings where directors are standing for election or re-election, the notice of meeting must include information to enable shareholders to make an informed decision on their election. This requirement is set out in detail in Bapcor's Nomination Committee Charter.
  - (g) All directors (other than a managing director, if any) are subject to re-election by rotation at least every three years. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment.
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## **6 Review of Board, committee and individual directors' performance**

- (a) The Nomination Committee will, at least once every two years, carry out a formal Board evaluation process to review the performance of the Board and its committees, as well as Senior Management and each non-executive director, using where necessary an external consultant, against appropriate measures. The review will assess:
  - (i) the effectiveness of the Board and each committee in meeting the requirements of its charter;
  - (ii) whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
  - (iii) the contribution made by each director at meetings and in carrying out their responsibilities as directors generally, including preparing for meetings;
  - (iv) whether adequate time is being allocated to Bapcor's matters, taking into account each director's other commitments; and
  - (v) the independence of each non-executive director, taking into account the director's other interests, relationships and directorships.

- (b) Each year, the Nomination Committee will review the performance of the Chief Executive Officer and any other executive directors as may be appointed against guidelines approved by the Board.
  - (c) Each year, a statement detailing the mix of skills and diversity which the Board is looking to achieve in membership to the Board should be included in Bapcor's Corporate Governance Statement.
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## 7 Board Chair

- (a) The chair of the Board (**Board Chair**), where an Executive Chair has not been appointed or does not hold that office, will be elected by the Board and should be an independent director. Without limiting the Board's discretion, and to the extent practicable given the size and composition of the Board from time to time, the Board Chair should not hold, and should not have held within the previous 3 years, the office of Chief Executive Officer of Bapcor.
  - (b) The Board Chair's role includes:
    - (i) providing effective leadership to the Board in relation to all Board matters;
    - (ii) representing the views of the Board to the public; and
    - (iii) presiding over meetings of the Board and general meetings of shareholders.
  - (c) Pursuant to the Constitution, questions arising at a meeting of directors are to be decided by a majority of votes cast by the directors present and entitled to vote on the matter.
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## 8 Company secretary

- (a) The Board appoints and removes the company secretary. All directors are to have direct access to the company secretary.
  - (b) 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.
  - (c) 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.
  - (d) The company secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and co-ordinating the completion and despatch of Board agendas and briefing papers.
  - (e) The company secretary is responsible for taking minutes and keeping record at Board meetings.
  - (f) The company secretary is accountable to the Chief Executive Officer, and to the Board through the Board Chair or Lead Independent Director, on all corporate governance matters.
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## 9 Keeping directors informed

- (a) New directors are to be briefed on their roles and responsibilities and the minutes and papers of Board and committee meetings will be made available to them.



- (b) Board papers are distributed, where possible, within a reasonable period of time before each meeting.
- (c) Time is to be allocated at Board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment. This is to include briefings by Senior Management and external consultants from time to time.
- (d) Board members may have access to Senior Management, any other relevant internal and external party and information, and may make any enquiries, in order to fulfil their responsibilities, with such enquiries and access to be primarily channelled via the Board Chair and CEO. In circumstances where there is direct material contact between individual directors and members of Senior Management, the Board Chair, CEO and/or company secretary should be kept informed by way of courtesy as agreed between the Board and Senior Management.
- (e) Where the Board establishes committees and/or working groups (which may include a mix of directors and Senior Management) the relevant chair of the committee or working group is expected to have direct communications with the members of Senior Management responsible for those functions being considered by the relevant committee and/or working group, on matters within the scope of those functions.

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## 10 Access to independent advice

Directors may obtain independent professional advice at Bapcor's expense on matters arising in the course of their Board and committee duties, after obtaining the Board Chair's approval or the Lead Independent Director's approval in relation to matters set out in section 3(d) of this Charter. Whenever practicable, the advice must be commissioned in the joint names of the director and Bapcor, and a copy of any such advice should be provided to the entire Board. The other directors must be advised if the Board Chair's or Lead Independent Director's approval is withheld.

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## 11 Non-executive directors' meetings

The non-executive directors are expected to meet periodically with no management present, to review management performance.

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## 12 Independence of non-executive directors

- (a) To be judged independent, a director must, in the opinion of the Board, be free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity 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.
- (b) Without limiting the Board's discretion, individuals would, in the absence of evidence or convincing argument to the contrary, be judged to be not independent if they were:
  - (i) employed, or had previously been employed in an executive capacity by Bapcor or any of its subsidiaries in the three years prior to becoming a director ; or
  - (ii) directly involved in the audit of Bapcor or any of its subsidiaries; or
  - (iii) a substantial shareholder of Bapcor, or an officer of, or otherwise associated directly with, a substantial shareholder of Bapcor; or
  - (iv) a principal of a professional adviser or consultant to Bapcor or another group member where the amount paid to that adviser or consultant within the three years prior to becoming a director was material or the relationship with the adviser or consultant was otherwise material to Bapcor, or an employee materially associated with the service provided; or

- (v) a supplier, or an officer of or otherwise associated directly or indirectly with a supplier to Bapcor or another group member where the amount paid within the last three years by Bapcor or another group member to that supplier was material (to either Bapcor or another group member, or the supplier) or the relationship between Bapcor or another group member and the supplier was otherwise material to Bapcor or the supplier; or
  - (vi) a customer, or an officer of or otherwise associated directly or indirectly with a customer of Bapcor where the amount paid during the last three years by that customer to Bapcor was material (to either Bapcor or the customer) or the relationship between Bapcor and the customer was otherwise material to Bapcor or the customer; or
  - (vii) in a material contractual relationship with Bapcor or another group member other than as a director of Bapcor;
  - (viii) has close family ties with any person who falls within any of the categories described above; or
  - (ix) has been a director of Bapcor for such a period that their independence from management and substantial holders is compromised.
- (c) If a director has an interest, position, association or relationship of the type described in sub paragraph (b) above, but the Board is of the opinion that it does not compromise the independence of that director, Bapcor may consider disclosing in Bapcor's annual report the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.
- (d) Any change in the nature of the independence status of a non-executive director must be promptly notified to the Board Chair and company secretary and the Board will review that director's independence status. If the Board determines that there has been a change to the independence status of a non-executive director, the Board will take steps to ensure that this change is disclosed and explained in a timely manner to the market.

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## 13 Conflict of interest

- (a) Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of Bapcor and will advise the company secretary of all directorships or executive positions held in other companies.
- (b) If a potential material conflict of interest or conflict of duty arises, the director concerned will advise the Board Chair prior to any Board meeting at which the issue is to be discussed. The director will not receive the relevant Board papers and will leave the Board meeting while the relevant matter is considered unless the other directors approve that director's participation in the deliberation and voting on the relevant issue in accordance with the Corporations Act 2001 (Cth). Any potential conflict must be recorded in the Board minutes.
- (c) Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests and declare them to the Chair and the Board and the company secretary if they arise.

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## 14 Board committees

- (a) The Board will operate three committees:
  - (i) Audit and Risk Committee;
  - (ii) Nomination Committee; and
  - (iii) Remuneration and ESG Committee.

- (b) When appointing members of each committee, the Board will take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements.
  - (c) The chair of the Audit and Risk Committee cannot be the Board Chair and is to be independent of management and Bapcor.
  - (d) The chair of the Nomination Committee may be:
    - (i) the Board Chair, where the role of Executive Chair is not held, and if the Board Chair is the chair of the Nomination Committee, another member of the Nomination Committee will be appointed to oversee the selection and appointment of the successor of the Board Chair; or
    - (ii) the Lead Independent Director, where the role of Executive Chair is held.
  - (e) The committees operated by the Board are to consider and determine the matters for which they are responsible in accordance with their charter. Copies of the charter of each committee are to be published on Bapcor's website. The Board may establish other committees as and when required.
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## **15 Restrictions on share dealings by directors**

- (a) In accordance with Bapcor's Securities Trading Policy, directors and Senior Management may only buy or sell shares during certain periods set out in that policy. The policy contains other relevant restrictions.
  - (b) All Bapcor share dealings by directors must be promptly notified to the ASX.
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## **16 Confidentiality**

All proceedings of the Board, including Board papers, presentations and other information provided to the Board, must be kept confidential except as required by law or as agreed by the Board.

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## **17 Code of Conduct**

Bapcor has a Code of Conduct which sets out the way Bapcor conducts businesses and guides the behaviour of everyone in Bapcor (including, employees, contractors and directors) by clearly stating Bapcor's firm commitment to behaving honestly and fairly.

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## **18 Review**

The Board will, at least once in each year, review this Charter to determine its adequacy for current circumstances and may amend it as necessary. Such annual review will include an assessment of whether the Board has performed the functions set out in this Charter.