

THE REJECT SHOP LIMITED

Remuneration and Nominations Committee Charter

1 Introduction

The remuneration and nomination committee (“**Committee**”) is a committee of the board of directors of The Reject Shop Limited (“**Company**”) established under article 10.6 of the Company’s constitution.

This Charter sets out the role, composition, authority, responsibilities and operation of the Committee.

Meetings and proceedings of the Committee will be governed by the provisions of the constitution relating to meetings and proceedings of the board provided that they are applicable and not inconsistent with this Charter.

2 Role

The role of the Committee is to:

Remuneration

- review and make recommendations to the board regarding the remuneration and appointment of senior executive officers and non-executive directors;
- review and make recommendations to the board regarding policies for remuneration and compensation programs of the Company generally including focusing the Company on appropriate remuneration policies which are designed to meet the needs of the Company and enhance corporate and individual performance;
- review and make recommendations to the board regarding administration of remuneration and compensation programs;
- prepare for approval by the board all reports on executive remuneration required by any law or regulation or which is proposed to be included in the annual report of the Company;
- review and make recommendations to the board regarding all equity based remuneration or compensation plans;

Nomination

- assess the board’s and Company’s needs in terms of skills, knowledge and experience for non-executive directors and senior executive officers (including the

Managing Director) and make recommendations to the board regarding appointments, re-election (if applicable), retirements and terms of office;

- assess and review non-executive directors' inductions, performance and development;
- assess and review the independence of non-executive directors;
- ensure proper succession planning for the board and senior executive officers.

The Committee will report to the board regularly on each of the above matters.

3 Responsibilities

The responsibilities of the Committee are carried out by:

- ensuring that the board, management and the Committee are provided with sufficient information to ensure informed decision making;

Remuneration

- reviewing industry trends in remuneration policy and apply the best practice principles when making recommendations regarding the remuneration of and superannuation arrangements for senior executives and non-executive directors;
- review market rates of remuneration for the positions of Managing Director (MD), Chief Financial Officer (CFO), other senior executives and non-executive directors;
- make recommendations to the board regarding goals and performance objectives for MD, CFO, other senior executives;
- review, make recommendations to the board and formulate policies and procedures regarding terms of appointment and cessation of senior executives including termination payments under such terms of appointment;
- review the compensation of non-executive directors annually;
- review and make recommendations to the board regarding the remuneration framework for directors;
- review and approve the terms of share and option plans and other incentive schemes offered by the Company as part of its remuneration policies;
- ensure that the payment of equity based executive remuneration is made in accordance with any thresholds set by shareholders.

Nomination

- reviewing and recommending processes for the nomination and selection of non-executive directors and senior executive officers;
- reviewing and recommending necessary and desirable skills, knowledge and experience having regard to the strategic direction of the Company and assessing the skills of non-executive directors and senior executive officers;
- reviewing and recommending performance criteria, and the process to review the contributions of non-executive directors and the Managing Director;
- reviewing and recommending proper succession planning for the board and senior executive officers;
- making recommendations to the board regarding re-election of non-executive directors, retirements and terms of office;
- making recommendations to the board regarding the independence of non-executive directors; and
- developing induction programs for non-executive directors.

4 Delegation

Each member of the Committee is entitled to rely on information, or professional or expert advice, given or prepared by:

- an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence;
- another director or officer of the Company in relation to matters within the director's or officer's authority; or
- a committee of directors on which the member did not serve in relation to matters within the committee's authority.

5 Membership

The Committee shall consist of at least three members. A majority of members of the Committee members must be non-executive directors. The chairperson of the Committee must be a non-executive director.

Each member of the Committee must be independent of the management of the Company and free from any relationship that, in the business judgment of the board, would interfere with the exercise of their independent judgment as a member of the Committee.

The board shall elect both the chairman and the members of the Committee and review such membership at times considered appropriate.

6 Meetings

The Committee shall meet as frequently as required to perform its functions. The quorum for meetings of the Committee is two members of the Committee.

The chairman of the Committee shall determine, in consultation with Committee members, the agenda for each meeting of the Committee.

The Committee shall keep minute books in which it records the proceedings and resolutions of its meetings. The minutes of a Committee meeting shall be made available to any director of the Company, providing no conflict of interest arises.

Resolutions of the Committee may be made at a meeting of the Committee, or where it is impractical to convene a meeting, by circular resolution signed by at least 75% of Committee members.

7 Authority

The Committee may conduct or authorise investigations into any matter within its scope of responsibility or matters delegated by the board. The Committee shall have the authority necessary and appropriate to enable it to discharge its duties and responsibilities, including but not limited to:

- select, retain, and terminate external counsel or other experts as it deems appropriate; and
- approve the fees and other retention terms of such counsel or other experts;
- seek the information and assistance it requires from employees of the Company or external parties;
- meet with the Company's officers or external counsel as required, without seeking approval of the board or management.

The Committee may seek input from individuals on remuneration policies, however no individual should be directly involved in determining their own remuneration.

8 Availability of this Charter

This Charter shall be made publicly available.

9 Reporting

The following material shall be included in the corporate governance section of the Company's annual report:

- details of the Company's remuneration policies;
- details of the Company's nomination policies;
- the names of the members of the Committee and their attendance at Committee meetings; and
- the existence and terms of any schemes for retirement benefits (other than statutory superannuation) for non-executive directors.

10 Review

The Committee will review this Charter annually to keep it up to date and consistent with the Committee's role and responsibilities.

Amendments to the Charter, other than minor stylistic changes (eg. TRS branding or position titles), are to be approved by the board.