

---

## RESPONSIBLE ENTITY BOARD CHARTER

---

### 1. Introduction

BWP Management Limited is the Responsible Entity for the managed investment scheme known as the BWP Trust ("the Trust").

The Trust's units are listed on the Australian Securities Exchange ("ASX").

The shares of BWP Management Limited are not listed on the ASX.

This Charter applies to the Board of BWP Management Limited in its capacity as Responsible Entity of the listed Trust ("Responsible Entity").

References to directors means directors of the Board of BWP Management Limited.

### 2. Framework

The directors are responsible for the corporate governance practices of the Responsible Entity.

The governance framework which sets out the obligations of the Board of the Responsible Entity is embedded in the Trust's Compliance Plan.

The governance culture and framework of the Responsible Entity are based where applicable on ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("ASX Principles and Recommendations"). The ASX Principles and Recommendations apply to listed entities, and as such, have only a limited application to BWP Management Limited in its capacity as the Responsible Entity of a listed trust.

The Responsible Entity is responsible for ensuring that the Trust complies with the ASX Principles and Recommendations that apply to it. The Trust is an "externally managed listed entity" for the purposes of determining which of those recommendations apply. Where the Responsible Entity considers that a recommendation is inappropriate for the circumstances of the Trust or the Responsible Entity, an explanation is provided in the Trust's annual corporate governance statement consistent with the ASX Principles' "if not, why not" approach to disclosure of corporate governance practices.

### 3. Relationships between the Responsible Entity and Wesfarmers Limited

Relationships exist between the Responsible Entity and Wesfarmers Limited that have implications for the Responsible Entity's governance practices and the Board Charter. These relationships are described in detail in the Trust's Compliance Plan.

In summary, the Responsible Entity is a wholly owned subsidiary of the Wesfarmers Limited Group of companies ("Wesfarmers"). As sole shareholder of the Responsible Entity, Wesfarmers appoints the directors of the Responsible Entity and approves the Board's remuneration.

Other significant relationships include:

- > Most of the Trust's property income is received from Bunnings Group Limited, also a wholly owned subsidiary of Wesfarmers.
- > The Trust purchases property from a Wesfarmers subsidiary, and utilises Bunnings Group Limited as project manager on a number of property developments.
- > Wesfarmers is a substantial unitholder in the Trust.

#### 4. Role of the Board

The role and responsibilities of the Board as they relate to the Responsible Entity and the Trust are set out in the Trust's Compliance Plan.

The role of the Board of the Responsible Entity is to ensure that the Trust is managed in a manner which protects and enhances the interests of its unitholders and takes into account the interests of officers of the Responsible Entity, customers, suppliers, lenders and the wider community.

The Board has overall responsibility for corporate governance, including setting the strategic direction for the Trust, establishing goals for management and monitoring the achievement of these goals. This entails:

- > reviewing the investment objectives for the Trust to ensure they are consistent with the Trust's strategic direction;
- > adopting the corporate plan and annual operating budgets for the Trust and the Responsible Entity and monitoring progress against budgets;
- > monitoring and overseeing the Trust's and Responsible Entity's financial positions;
- > ensuring compliance with Chapter 2M of the Corporations Act (financial reporting);
- > ensuring compliance with Part 5C.7 and Chapter 2E of the Act (related party matters);
- > determining the net income of the Trust available for distribution, the distribution amount per unit and the price of units offered in accordance with the distribution reinvestment plan;
- > ensuring that the Managing Director responsible for the day-to-day management of the Responsible Entity and the Trust has the appropriate qualifications, skills and experience;
- > evaluating the performance of the Managing Director;
- > determining that satisfactory arrangements are in place for auditing the Trust's and Responsible Entity's financial affairs;
- > ensuring compliance with ASX Listing Rules and Australian Financial Services License obligations;
- > approving the Responsible Entity's risk management strategy;
- > ensuring that appropriate policies and compliance systems are in place, and that the Responsible Entity and its officers act legally, ethically and responsibly on all matters; and
- > complying with the statutory duties and obligations as imposed by the law.

In protecting the rights and interests of unitholders, the Board is responsible for ensuring that the Responsible Entity:

- > acts honestly;
- > exercises the degree of care and diligence that a reasonable person would exercise if they were in the Responsible Entity's position and role;
- > acts in the best interests of Unitholders and, if there is a conflict between the interests' of Unitholders and its own interests, give priority to the interests of the Unitholders;
- > treats Unitholders who hold units of the same class equally and Unitholders who hold units of different classes, fairly;
- > does not make use of information acquired through being the Responsible Entity in order to gain an improper advantage for itself or any other person, or cause detriment to the Unitholders;
- > ensures at all times that the Constitution meets the requirements of Part 5C.3 of the Act and that the Compliance Plan also meets the requirements of Part 5C.4 of the Act;
- > complies with the Compliance Plan;

- > ensures that Trust assets are clearly identified as "trust property" and held separately from property owned or controlled by the Responsible Entity and the property of any other Managed Investment Scheme;
- > ensures that the Trust property is valued at regular intervals;
- > ensures all payments out of the Trust property are made strictly in accordance with the Constitution and the Act; and
- > (as soon as practical after it becomes aware of any breach of the Act or Constitution that relates to the Scheme and that has had or is likely to have a materially adverse effect on the interests of Unitholders) report that breach to the ASIC.

## 5. Delegation to management

The Board has delegated responsibility for the day to day management of the Responsible Entity and the Trust to the Managing Director. A number of delegations are subject to Board approved policies and authority limits which are reviewed each year or are described in the Trust's Compliance Plan.

The Managing Director delegates a number of the functions, activities and duties required to be performed by the Responsible Entity to external service providers and Wesfarmers Corporate. As a general rule, these delegations are described in the Compliance Plan.

## 6. Board composition

The Responsible Entity Board composition is subject to structural requirements set out in the Corporations Act. These are described in detail in the Trust Compliance Plan. The Responsible Entity Board is not subject to all of the ASX Principles and Recommendations that relate to board structure, composition and process requirements; however, where practicable, it is the Responsible Entity's policy to implement the governance practices as per the recommendations.

As per the Compliance Plan, the Board of the Responsible Entity should comprise a sufficient number of directors (but not less than four) to ensure the balance of skills, knowledge, experience and commitment required. If at any time the number of directors falls below the minimum, the Board will endeavour to return the number to the minimum in a reasonable period of time.

When the Board has a vacancy, the selection of potential Board members is made with regard to the Compliance Plan structural requirements and desired director qualities. The selection process also takes into consideration the diversity policy of the Responsible Entity's shareholder, Wesfarmers Limited.

The Responsible Entity Board recommends suitable candidates to Wesfarmers. Wesfarmers determines the final Board composition. It is the Responsible Entity's policy that the Board should have a majority of non-executive directors and that not less than half of the directors are external (as defined in section 601JA of the Act).

The Board may include one director who is from Wesfarmers or nominated by Wesfarmers provided there can be no common directors between the Responsible Entity and Wesfarmers Investments Pty Ltd or any other Wesfarmers company that may invest in or have material financial dealings with the Trust.

The directors shall appoint as chairman of the Board one of the non-executive, external directors.

The role of the chairman and chief executive officer i.e. the Managing Director, should not be exercised by the same individual.

Persons nominated as non-executive directors shall be expected to:

- > have qualifications, experience and expertise of benefit to the Trust;
- > evaluate regularly their other commitments to ensure they have sufficient time to fulfil their duties and responsibilities as directors of the Responsible Entity; and
- > undertake continuing professional development to the extent necessary to ensure they maintain the skills required to discharge their obligations.

Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter.

## **7. Director Independence**

Directors of the Responsible Entity are expected to bring an independent view to the Board's deliberations. A majority of non-executive directors are required to be "independent".

Under the regulations applicable to managed investment schemes, that "independence" is determined according to the definition of "external directors" in section 601JA of the Corporations Act ("the Act"). (This definition is not the same in all respects as the definition of independence in the ASX Principles and Recommendations.)

Under section 601JA of the Act, a director of the Responsible Entity is an external director if they:

- a) are not, and have not been in the previous two years, an employee of the Responsible Entity or a related body corporate; and
- b) are not, and have not been in the previous two years, a senior manager of a related body corporate; and
- c) are not, and have not been in the previous two years, substantially involved in business dealings, or in a professional capacity, with the Responsible Entity or a related body corporate; and
- d) are not a member of a partnership that is, or has been in the previous two years, substantially involved in business dealings, or in a professional capacity, with the Responsible Entity or a related body corporate; and
- e) do not have a material interest in the Responsible Entity or a related body corporate; and
- f) are not a relative of a person who has a material interest in the Responsible Entity or a related body corporate.

The Board regularly assesses those relationships that may affect independence.

## **8. Conflicts of Interest**

The Board of the Responsible Entity has adopted a Directors' Conflict of Interests Policy which sets out the detailed procedures for disclosing Directors' "material personal interests" in matters before the Board and Directors' perceived or real conflicts of interest between their duties as directors of the Responsible Entity and duties owed to another entity.

The Trust's Compliance Plan contains the conflicts management policy that ensures there are adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to the provision of financial services by the Responsible Entity, or its representative, as part of the financial services business of the Responsible Entity or the representative. This policy applies to all Responsible Entity directors and officers.

## **9. Independent professional advice**

Subject to prior approval of the Chairman, directors may obtain independent professional advice at the expense of the Responsible Entity on matters arising in the course of their Board duties.

## **10. Code of Conduct**

The Responsible Entity has adopted a code of conduct that sets out the minimum acceptable standards of behaviour. The code is based on the Wesfarmers code of conduct. Directors are required to act with honesty, decency and integrity at all times.

Securities dealings by directors are subject to the restrictions of the Responsible Entity's Securities Dealing Policy. All dealings in Trust and Wesfarmers securities are reported to the Board in a Register of Directors' Interests.

## **11. Committees and other delegations**

The Board may from time to time establish committees to assist it in carrying out its responsibilities, and shall adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

### **(a) Audit and Risk Committee**

The Board has appointed an Audit and Risk Committee, the membership of which constitutes the entire Board. The Committee is chaired by an independent director who is not the chairman of the Board. (That "independence" is determined by the Board with reference to clause 7 of this Charter.) The Trust's Compliance Plan entrenches processes for reporting and audit purposes. The Committee's Charter sets out its role and responsibilities as per the Compliance Plan.

### **(b) Remuneration and Nomination Committee**

The Board has appointed a Remuneration and Nomination Committee, the membership of which constitutes all non-executive directors of the Board. The Committee is chaired by an independent, non-executive director. The Committee's Charter sets out its role and responsibilities.

### **(c) Compliance Committee**

Under the Corporations Act 2001 ("the Act"), if less than half of the directors are external (as defined in Section 601JA of the Act), then a registered scheme must have a compliance committee.

The Responsible Entity does not intend to establish a compliance committee and as a consequence, ensures that not less than half of its directors are external directors (as defined in the Act).

The Board is responsible for the appointment of a Compliance Manager to assist in the performance of the Responsible Entity's obligation to comply with the Compliance Plan.

## **12. Meetings**

The Board should hold a minimum of six meetings each year.

Along with matters of strategic importance, the agenda for regular meetings of the directors comprises "standard" business items designed to assist in the process of ensuring that the Responsible Entity is complying with the Trust's Compliance Plan, its Constitution and the Act.

The agenda also includes regular reports relating to property investment performance, valuation reports, Trust performance, income distributions, funding issues, borrowing levels, liquidity, hedging arrangements, compliance with banking covenants and budgets.

Board papers are required to be circulated to directors in accordance with Board approved procedures.

Minutes of meetings and resolutions are required to be circulated to directors for approval and entered into the minute books in accordance with the Corporations Act and Board approved procedures.

The Board makes site visits to selected Trust properties every year. The Board reviews and approves the Trust's corporate plan at least annually and endorses strategies designed to ensure optimum performance of the Trust.

Meetings of the directors are attended by the Managing Director of the Responsible Entity together with the Portfolio Manager and company secretary.

## **13. Company Secretary**

The company secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed.

The appointment and removal of the company secretary is a matter for decision by the Board of the Responsible Entity.

All directors have access to the company secretary.

The company secretary is accountable to the Board of the Responsible Entity on all governance matters.

## **14. Board performance**

The Board of the Responsible Entity reviews its performance and that of its committee(s) on average once every two years.

Performance is reviewed against this Charter and any other Board responsibilities set out in the Compliance Plan.

## **15. Charter review**

The Trust's Compliance Plan is reviewed annually and any corresponding amendments are made to the Charter where appropriate.

Notwithstanding the above review, this Charter is reviewed separately by the Board at least once every three years.