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## RESPONSIBLE ENTITY AUDIT AND RISK COMMITTEE CHARTER

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### 1. INTRODUCTION

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

(a) BWP Management Limited ("Responsible Entity")

BWP Management Limited is a wholly-owned subsidiary company of Wesfarmers Limited and a "public company" for reporting purposes.

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

The Responsible Entity's annual financial statements are required to be audited and lodged with the Australian Securities and Investment Commission ("ASIC"). A copy of the annual financial statements is provided to the sole shareholder.

(b) BWP Trust ("the Trust")

The Trust's units are listed on the Australian Securities Exchange ("ASX"). The Trust's audited financial statements are required to be provided to Trust unitholders and lodged with ASX.

(c) Responsible Entity Audit and Risk Committee

The Board of BWP Management Limited ("the Board") has appointed an Audit and Risk Committee to assist the Board in the discharge of its responsibilities to BWP Management Limited in its capacity as Responsible Entity for the Trust.

This Charter applies to the Audit and Risk Committee ("Committee").

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### 2. FRAMEWORK

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The Responsible Entity's Board is responsible for overseeing the integrity of the Trust's accounting, reporting, risk management and compliance systems.

Trust reporting to unitholders is subject to the requirements of the Corporations Act, ASX Listing Rules and ASX Corporate Governance Council "Corporate Governance Principles and Recommendations".

As the Trust is a listed entity within the S&P/ASX 300 Index, it is required under the ASX Listing Rules not only to have an audit committee, but also to comply with prescribed committee structure and disclosure requirements.

The Trust's governance framework, which includes the obligations of the Committee, is set out in the Trust's Compliance Plan.

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### 3. ROLE OF THE COMMITTEE

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(a) BWP Management Limited

The Committee has limited responsibilities in respect of the Responsible Entity's financial position and reporting (as opposed to those in relation to the Trust).

These responsibilities relate to:

- matters that are relevant to the Compliance Plan, including that the Responsible Entity must hold an Australian Financial Services Licence authorising it to operate a managed investment scheme; and
- reviewing the Responsible Entity's annual financial statements and reports.

(b) BWP Trust

The role of the Committee is to assist the Board in the effective discharge of its responsibilities relating to the Trust's financial and compliance reporting, risk management, internal controls and external, internal and compliance audits.

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### 4. POWERS OF THE COMMITTEE

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#### 4.1 Powers

Unless expressly stated, the Committee does not have executive power to bind the Responsible Entity or Trust or enter into transactions with third parties.

#### 4.2 Access to management, auditors and independent advice

The Committee has delegated authority from the Board to:

- (a) obtain any information or explanation from any employee of the Responsible Entity, or any relevant external party;
- (b) request any employee of the Responsible Entity or relevant external party to attend any Committee meeting;
- (c) require any reports from internal or external financial auditors, or compliance auditors;
- (d) hold discussions with internal or external financial auditors, or compliance auditors with or without management present;
- (e) carry out any investigation within the scope of the Committee's powers and responsibilities; and
- (f) seek independent legal, accounting or other professional advice on any matters within the scope of its powers and responsibilities, with the cost to be borne by the Responsible Entity or Trust as appropriate.

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## 5. COMMITTEE RESPONSIBILITIES

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### 5.1 External Reporting

The Board has ultimate responsibility for the Trust's financial statements, however, the Committee assists the Board in its oversight role of the corporate reporting process by bringing transparency, focus and independent judgment.

In particular, for the Trust, the Committee reviews and makes recommendations to the Board in relation to:

- (a) the adequacy and integrity of the Trust's financial reporting processes;
- (b) whether the Trust's financial statements reflect the understanding of the committee members, and otherwise provide a true and fair view, of the financial position and performance of the Trust;
- (c) the appropriateness of the accounting policies, judgements or choices exercised by management in preparing the Trust's financial statements;
- (d) the annual report, directors' report and any report of management which is required by law to accompany any published financial statements (to the extent that such a report discusses the financial position or operating results) of the Trust before Board approval is obtained;
- (e) the reports from the Compliance Manager to the Board in relation to compliance or non-compliance with the Trust Constitution, the Corporations Act, the Compliance Plan, ASX Listing Rules, laws, regulations and other requirements, including the Responsible Entity's Australian Financial Services Licence, for the purposes of external reporting of financial and compliance information;
- (f) the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting of financial information;
- (g) management's assessment of the impact on the Trust of proposed professional and regulatory pronouncements regarding accounting policies and financial reporting; and

In particular, for the Responsible Entity, the Committee reviews and makes recommendations to the Board in relation to:

- (h) the Responsible Entity's annual financial statements to ensure they provide a true and fair view of the company's financial position and performance and comply with appropriate accounting standards and laws.

## 5.2 Internal Controls and Risk Management

The Committee should assist the Board in fulfilling its duty to establish and maintain a sound system of internal control and risk management to protect the Trust's assets. In particular, the Committee should:

- (a) review the Trust's risk management framework at least annually to satisfy itself that the risk management framework continues to be sound;
- (b) review management's programs and policies approved by the Board which deal with the adequacy and effectiveness of internal controls over the Responsible Entity's business processes (including the preparation of the financial statements), in respect of the Trust;
- (c) review and consider reports concerning any material actual and suspected breaches of the law, including fraud and theft and assess systems to manage this risk;
- (d) review and consider the processes used by the Compliance Manager to monitor compliance with the Trust's Constitution, the Corporations Act, the Compliance Plan, ASX Listing Rules, laws, regulations and other requirements including the Responsible Entity's Australian Financial Services Licence; including procedures for reporting non-compliance to management and/or Board;
- (e) review and consider the processes used for the valuation of Trust property at regular intervals appropriate to the nature of the property;
- (f) review and make recommendations to the Board in relation to the Trust's insurance program, having regard to the Trust's business and the insurable risks associated with its business;
- (g) review the adequacy of Trust disclosure on whether or not it has any material exposure to economic, environmental and social sustainability risks and, if it does, how those risks are managed or intended to be managed;
- (h) review any litigation, claim or other contingency which could have a material effect upon the financial position or operating results of the Trust;
- (i) review and monitor related party transactions and assess their propriety; and
- (j) assess at regular intervals whether the Trust's compliance plan is adequate; report to the Board on the assessment, and make recommendations to the Board about any changes that should be made to the plan to improve the effectiveness of the Responsible Entity's risk management systems in respect of the Trust.

## 5.3 External Audit

The Committee should review and assess key areas relating to the external audit of the Trust. In particular the Committee should:

- (a) assess the performance of the external auditor and make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;
- (b) review the terms of engagement for the external auditor, and agree terms with the auditor;

- (c) review the scope of the external audit with the external auditor including identified risk areas;
- (d) monitor the independence and effectiveness of the external auditor;
- (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditor's judgement or independence in respect of the Trust;
- (f) ensure the work of the external auditor is co-ordinated with any internal audit programs;
- (g) review and monitor management's responsiveness to the external audit findings; and
- (h) on a regular basis, meet with the external auditor in the absence of management.

#### 5.4 Compliance Audit

The Committee should review and assess key areas relating to the compliance audit of the Trust. In particular the Committee should:

- (a) make recommendations to the Board on the appointment, reappointment or replacement of the compliance auditor;
- (b) review the terms of engagement for the compliance auditor, and agree terms with the auditor;
- (c) review the scope, adequacy and quality of the compliance audit;
- (d) monitor the independence and effectiveness of the compliance auditor;
- (e) review and monitor management's responsiveness to the compliance audit findings; and
- (f) on a regular basis, meet with the compliance auditor in the absence of management.

#### 5.5 Internal Audit

The Committee should periodically assess the requirement for an internal audit function.

If there is an internal audit function, the Committee must review and, where appropriate, report on and/or make recommendations to the Board on:

- (a) the appointment and removal of the internal auditor;
- (b) the resourcing of the internal audit function;
- (c) the scope and adequacy of the internal audit work plan;
- (d) the objectivity and performance of the internal audit function; and
- (e) management responsiveness to the internal audit findings.

Where there is an internal audit function, the Committee should:

- (a) ensure there has been adequate disclosure on how the internal audit function is structured and what role it performs, and
- (b) on a regular basis, meet with any internal auditor without the presence of management.

Where there is no internal audit function, the Committee should ensure disclosure of that fact, and the processes the Trust employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

## 5.6 Communications with Auditors

Ongoing communications between auditors and the Committee are important in ensuring audit quality.

Opportunities are provided at Committee meetings for the auditor to meet with the Committee without management present and without minutes of the discussions being shared with management.

The auditors have open access to the Committee Chairman without management present and outside of formal committee meetings.

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## 6. COMMITTEE COMPOSITION

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### 6.1 Membership

The Committee should be of sufficient size and independence, and its members between them, should have the necessary technical knowledge and a sufficient understanding of the industry in which the Trust operates, to be able to discharge the Committee's responsibilities effectively.

The Committee will be appointed by the Board and will consist of:

- (a) non-executive directors only;
- (b) at least three members;
- (c) a majority of non-executive directors who are able to exercise independent judgement in their role as a member of the Committee, as determined by the Board in accordance with the definition of independent director in the Board Charter. (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 2001 (the "Act"));
- (d) members who are sufficiently financially literate to understand financial statements and general accounting principles, for the purpose of assessing and questioning information presented in Committee meetings;
- (e) at least one member who has relevant financial qualifications and experience;
- (f) at least one member who has relevant industry experience.

Any directors of the Board who are not Committee members are entitled to attend Committee meetings and receive copies of Committee papers.

## 6.2 Chairman

The Chairman of the Committee is appointed by the Board.

The Chairman must be a non-executive director who is not the Chairman of the Board, and who is considered by the Board to be independent (as defined in 6.1 (c) above).

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## 7. Company Secretary

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The secretary of the Committee is the Company Secretary of the Responsible Entity.

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## 8. Meetings

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### 8.1 Holding of meetings

- (a) Subject to paragraph (b), the Committee will meet often enough to undertake its role effectively, at the times determined by the Committee chairman, but must meet at least twice a year.
- (b) A member of the Committee may convene a meeting of the Committee at any time.

### 8.2 Quorum

The quorum for a meeting of the Committee is two members who are independent directors as per the definition in 6.1(c) above.

### 8.3 Determining annual program and agendas

The Committee shall develop and agree an annual program for the purpose of fulfilling its responsibilities.

The Chairman, with the assistance of the secretary of the Committee and Managing Director, will develop the agenda for each meeting on the basis of the annual program and any other matters deemed to be relevant to the particular meeting.

### 8.4 Committee papers and minutes

The procedures for the conduct of Board meetings will apply to meetings of the Committee, except to the extent otherwise agreed by a majority of members of the Committee.

Committee minutes, agenda and supporting papers will be made available to every Director in the papers for the next full board meeting after each Committee meeting, providing no conflict of interest exists.

### 8.5 Attendees at the meetings

Meetings of the Committee are attended by the Managing Director of the Responsible Entity together with the Portfolio Manager, Finance Manager and Company Secretary.

Where appropriate, the auditors of the Trust and responsible entity are also invited to attend.

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## 9. Reporting to the Board

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The Committee Chairman must report to the Board after each Committee meeting.

Copies of final approved Committee minutes are included in the papers of the next meeting of the Board.

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## 10. Committee performance

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The performance of the Committee is reviewed at least once every two years in conjunction with the review of the Board's performance.

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## 11. Charter review

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This Committee will regularly review the Charter to ensure that it:

- a) meets good governance standards;
- b) complies with the ASX Corporate Governance Principles and Recommendations; and
- c) meets the needs of the Trust and the Committee.

Any recommendations to amend the Charter must be referred to the Board for approval. A copy of this Charter is maintained on the Trust's website.

Adopted by the Board on 3 December 2014.