
RISK MANAGEMENT POLICY

1. Introduction

1.1. Overview

BWP Management Limited is the responsible entity ("RE") for one managed investment scheme, BWP Trust (the "Scheme") which invests in large format retailing properties across Australia and, the majority of which are, properties with warehouses tenanted by Bunnings Group Limited ("Bunnings") under long term leases.

The RE and Scheme operate in the highly regulated Australian financial services industry and as the Scheme is a listed Trust, it is also subject to the ASX Listing Rules. The RE's AFS Licence permits the giving of general advice only. The RE is not an APRA regulated entity.

The identification and management of risks is essential for the delivery of the Scheme's objectives and to protect the rights and interests of Scheme unitholders.

1.2. Purpose

This risk management policy is part of the RE's risk management framework and sets out the principles, objectives and approach that reinforce the RE's commitment to integrated risk management.

The Managing Director defines the RE's risk management policy and the Board reviews and endorses the policy. The policy is made available on the Scheme's website.

1.3. Scope

This policy applies to all directors, employees, and to the maximum extent possible, all contractors and external service providers to the RE and Scheme.

2. Risk management

2.1. Risk management principles

The RE considers that:

- Effective risk management creates and protects value.
- It improves performance and is fundamental for the achievement of the Scheme's objectives.
- Risk management processes should be integrated into the corporate governance framework, including the decision-making processes.

2.2. Risk management objectives

- To facilitate better and more informed decision-making.
- To foster a strong risk management culture through the engagement of the board, the team and key suppliers in the process
- To ensure risk management is approached in a structured, consistent and comprehensive manner
- To ensure the risks are managed appropriately in the context of the organisation's objectives.
- To build investor confidence that safeguards are in place to protect against risk.

2.3. Risk appetite statement

The environmental context against which the Board sets the RE's risk appetite is:

- The RE and Scheme operate within the financial services industry in which the regulatory burden has increased exponentially in recent years with increasing oversight from ASIC and the ASX.
- The Scheme's objective is to provide a growing income stream and long-term capital growth in an environment where there is increasing competition for the acquisition of its preferred property asset type.

For strategic risk appetite, the Board recognises that the success of the Scheme's strategies is impacted considerably by external factors that are often outside the RE's ability to influence e.g. interest rate movements; the success of its customers' business models; investor confidence in the property market and the financial markets generally. Risk appetite for these risks as a general rule is receptive. The Board has a similar appetite for increased competition.

For internally manageable material risk incidents including conduct, privacy/data breaches and people safety, the Board's risk appetite is averse. In relation to human rights, environment, not meeting tenant expectations, loss of major infrastructure and critical IT failure, the Board has a minimal risk appetite. For funding and talent management, the Board's risk appetite is cautious.

Appetite and tolerances for specific risks are addressed where appropriate in relevant policies, procedures and controls.

2.4. Risk management approach

The RE has a structured and systematic risk management process that takes into account obligations under the Corporations Act, AFS Licence, ASX Listing Rules and other applicable laws. The risk management system for the RE and Scheme has been developed with regard for the nature, scale and complexity of the Scheme's business, its risk profile, and the environmental context in which it operates.

The RE's approach to managing risk is consistent with the AS/NZS ISO 31000:2018 Risk Management – Guidelines where risk assessment involves risk identification, analysis, evaluation and treatment.

The RE's risk management processes are integral for its strategic and business planning, for all investment proposals and major projects as well as day-to-day operations.

The RE's risk management system addresses strategic risk, governance risk, operational risk, market and investment risk, liquidity risk and reputational risk at both the RE and Scheme levels.

Management develops and adapts the Corporate Plan and risk management framework to changes in the business and the external environment in which the RE and Scheme operate. All RE employees are responsible for the implementation and management of the risk management processes in keeping with the objectives in the Corporate Plan.

The performance of the risk management and compliance management systems is monitored by the Managing Director through monthly and quarterly reporting processes, and the Board receives reports at every Board meeting.

External audit provides independent assessment on the effectiveness of financial controls and processes in connection with the RE and Scheme financial statements, as well as on compliance with the AFS Licence conditions and the Scheme's Compliance Plan.

3. Roles and responsibilities

Board	The Board of the RE has the ultimate responsibility for approving the business objectives and risk management strategy, for setting risk appetite and risk tolerances for material risks, for ensuring that the appropriate policies, procedures and compliance systems are in place to reflect these and for monitoring performance.
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Audit & Risk Committee	The Committee assists the Board and is responsible for ensuring processes are in place for reviewing the risk management framework to ensure that it is current, relevant, effective, sound and complied with, as frequently as appropriate (i.e. at least annually), taking into account the nature, scale and complexity of the RE's business and the Scheme it operates.
Managing Director	The Managing Director is also the Chief Risk Officer and is responsible for: <ul style="list-style-type: none"> (a) defining risk management policy and strategy and obtaining Board endorsement (b) ensuring that the RE's culture and risk management policy are aligned (c) ensuring the RE is operating with due regard to the risk appetite set by the Board (d) implementing and maintaining an effective risk and compliance management system (e) embedding risk management into policy development, corporate planning and organisational processes (f) ensuring the risk and compliance management functions are adequately resourced.
Executive Officers	Executive officers support the risk management framework and promote the risk management culture within their areas of responsibility including ensuring that all employees are appropriately engaged in the RE's risk and compliance management systems.
Compliance Manager	The Compliance Manager is responsible for reviewing and reporting to the Board on compliance with the compliance management system. Controls for material risk identified in the overall risk management system are incorporated, where feasible, into the Scheme's Compliance Plan.
Employees	Employees are responsible for ensuring they comply with all legislative, regulatory and company policy and procedural requirements including undertaking training where required and reporting any identified risks to the appropriate person.

4. Reporting

All risk related events or breaches of the risk management system are reported to the Board. Material events or breaches are escalated to the Board's attention immediately.

Progress on improving control effectiveness identified in the annual risk review process is reported at each Board meeting.

5. Review

The Audit & Risk Committee reviews the Risk Management Framework, and this policy, at least annually.

Approved by the Board on 24 June 2020