
AUDIT & RISK COMMITTEE CHARTER

1. Introduction

1.1. Background

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

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 holds an AFS Licence. Compliance with the licence obligations is subject to audit by a Compliance Auditor. The Compliance Audit report is lodged with ASIC.

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.

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.

1.2. Framework

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's Corporate Governance Principles and Recommendations ("ASXCGC 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 role of the Committee within the context of the Trust's corporate governance framework is illustrated in the Trust's Compliance Plan.

1.3. Appointment of Committee

The Responsible Entity's Board appoints the Committee and its members and approves the Committee's charter.

Other than where the Board has delegated specific approval authority to the Committee, Board approval of Committee recommendations is required.

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

2. Role and responsibilities

2.1. Role of the Committee

The role of the Committee as it relates to the following entities is to:

BWP Trust and BWP Management Limited	<p>Assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:</p> <ul style="list-style-type: none"> (a) the integrity of the financial reporting (b) the effectiveness of the reporting processes and internal control environment (c) the effectiveness of the risk management framework, risk management systems and reporting for both financial and non-financial risks (d) the external audit functions (and internal audit function where applicable) (e) other matters referred to the Committee from time to time.
BWP Management Limited	<p>Assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:</p> <ul style="list-style-type: none"> (a) matters that are designated as the responsibility of the Committee in the Compliance Plan (b) conditions and reporting obligations relating to its Australian Financial Services Licence (which authorises it to operate a managed investment scheme).

2.2. Committee responsibilities

The Committee's responsibilities include the review of the following matters, and where appropriate, reporting on, and/or making recommendations to the Board with regard to those matters:

2.2.1 External Reporting	<p>In relation to the Trust and the Responsible Entity:</p> <ul style="list-style-type: none"> (a) the clarity, adequacy and integrity of the corporate reporting processes and internal controls framework (b) whether the 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 entity (c) the appropriateness of the accounting policies, judgements or decisions made by management in preparing the 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 entity before making a recommendation for Board approval (e) the extent to which the financial reports are affected by any unusual transactions or events, and how they are disclosed (f) material audit adjustments and any audit recommendations that have not been adjusted (g) the going concern assumption (h) 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,
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regulations and other requirements, including the Responsible Entity's Australian Financial Services Licence, for the purposes of external reporting of financial and compliance information

- (i) compliance with applicable accounting standards, ASX Listing Rules, the Corporations Act and other legal requirements in relation to the half year and annual financial reports
- (j) management's assessment of the impact on the entity of proposed professional and regulatory pronouncements regarding accounting policies and financial reporting.

2.2.2 Risk Management and Internal Controls

In relation to the Trust:

- (a) review the Trust's risk management framework at least annually to satisfy itself that:
 - i. it continues to be sound
 - ii. that the Responsible Entity is operating with due regard to the risk appetite set by the Board
 - iii. that the risk management framework deals adequately with financial and non-financial risks as well as contemporary and emerging risks
 - iv. where the Responsible Entity operates outside the current risk appetite set by the Board, the Board has been appropriately informed
 - (b) review the processes for:
 - i. assessing trends or changes associated with identified material risks, and whether they remain within the risk appetite set by the Board
 - ii. assessing material exposure to environmental risks and social risks and the processes in place to manage those risks
 - iii. identifying new or emerging risks
 - iv. the maintenance of appropriate internal control systems designed to manage and mitigate key risk areas
 - v. monitoring and reporting against compliance with the risk management policy and the risk management framework
 - (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 Constitution, the Corporations Act, the Compliance Plan, ASX Listing Rules, laws, regulations and other requirements including the Responsible Entity's Australian Financial Services Licence; as well as procedures for reporting non-compliance to management and/or the Board
 - (e) review and consider the adequacy of management's processes to verify the integrity of any periodic corporate report it releases to the market that has not been audited or reviewed by an external auditor
 - (f) review and consider the processes used for the valuation of Trust property at regular intervals appropriate to the nature of the property
 - (g) 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
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- (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
 - (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 its effectiveness.

**2.2.3
External Audit**

In relation to the Trust and the Responsible Entity:

- (a) assess the performance of the external auditor and make recommendations to the Board on the appointment, reappointment or replacement of the external auditor or on the rotation of the audit engagement partner
- (b) review the terms of engagement for the external auditor, and agree terms with the auditor including fees paid for audit and non-audit work
- (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.

**2.2.4
Compliance
Audit**

In relation to the Trust:

- (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.

**2.2.5
Internal Audit**

In relation to the Trust, 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 or removal of the internal auditor
- (b) the resourcing of the internal audit function

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- (c) the scope and adequacy of the internal audit work plan
 - (d) the compliance with, and effectiveness of, the internal audit work plans
 - (e) the reports from the internal auditor, management plans and action plans in relation to the audit findings and the implementation of those action plans, and
 - (f) the independence, objectivity and performance of the internal audit function.

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

- (a) satisfy itself there has been adequate disclosure on how the internal audit function is structured and what role it performs,
- (b) satisfy itself that the internal auditor is suitably qualified and brings the requisite degree of skill, independence and objectivity to the role
- (c) ensure that the internal auditor has a direct line to the Board or Audit & Risk Committee
- (d) on a regular basis, meet with the internal auditor in the absence of management.

Where there is no internal audit function, the Committee should:

- (a) ensure disclosure of that fact and the processes the Trust employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes
- (b) review periodically whether there is a need for such a function.

2.2.6 Communications with the Auditors

The Committee should:

- (a) ensure there are open and ongoing communications between the Committee and the Trust's auditors
- (b) ensure opportunities are provided at Committee meetings for the auditors to meet with the Committee without management present and without minutes of the discussions being shared with management
- (c) ensure the auditors have open access to the Committee Chairman without management present and outside of formal committee meetings.

2.3. Responsibilities of the Committee Chairman

The Committee Chairman's responsibilities include:

- (a) providing leadership to the Committee
- (b) facilitating a constructive and effective relationship between the Committee, the Board and the auditors
- (c) being accessible to the auditors and available to meet with the auditors from time to time
- (d) approving agendas for Committee meetings in conjunction with the Company Secretary and the Managing Director and/or Finance Manager, and ensuring that adequate time is available for discussion of all agenda items
- (e) ensuring the efficient organisation and conduct of the Committee's function
- (f) reporting to the Board on the Committee's recommendations.

3. Committee composition

3.1. 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) at least three members, all of whom are non-executive directors and a majority of whom are "external directors" (in accordance with the definition of "external directors" in section 601JA of the Corporations Act 2001)
- (b) 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
- (c) members who understand the Trust's structure, controls and typical transactions in order to adequately assess any significant risks faced by the Trust
- (d) at least one member who has relevant financial qualifications and experience
- (e) 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.

3.2. Committee Chairman

The Chairman of the Committee is appointed by the Board.

The Committee Chairman will be a non-executive director who satisfies the criteria for external directors as described in section 601JA of the Corporations Act and who is not the chairman of the Board.

4. Proceedings of meetings

4.1. Frequency of meetings

The Committee will meet often enough to carry out its role effectively, but in any event, not less than twice each financial year. A member of the Committee may convene a meeting of the Committee at any time.

4.2. Quorum

A quorum of the Committee is two members who are "external directors" as defined in section 601JA of the Corporations Act 2001 (the "Act").

4.3. Voting

Only members of the Committee are entitled to vote on a resolution of the Committee. A resolution may be passed by a simple majority. The Chairman does not have a casting vote in addition to their deliberative vote.

The Committee may pass resolutions without a meeting subject to complying with the requirements of the Board's Circular Resolution Protocol.

4.4. Company Secretary

The Company Secretary will act as Secretary to the Committee, unless otherwise determined by the Committee.

4.5. Attendees

Meetings of the Committee will generally be attended by the Managing Director of the Responsible Entity together with the Head of Property, Finance Manager and Company Secretary.

Where appropriate, the auditors of the Trust and Responsible Entity are also invited to attend.

4.6. Agendas

The Chairman, with the assistance of the Company Secretary and Managing Director (and/or Finance Manager), develops the agenda for each meeting on the basis of the annual workplan and any other matters deemed to be relevant to the particular meeting.

4.7. Conduct of meetings

The procedures for the timely circulation of papers and conduct of Board meetings also apply to meetings of the Committee, except to the extent otherwise agreed by a majority of members of the Committee.

4.8. Minutes

Minutes of meetings of the Committee will, following preliminary approval of the Committee Chairman, be circulated to Committee members for confirmation. Copies of all minutes will be included in the papers for the next Board meeting.

5. Authority

The Committee is authorised 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
- (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.

6. Reviews**6.1. Committee performance review**

Committee performance evaluations are conducted in conjunction with the Board performance review at least once every two years.

6.2. Charter review

The Charter is reviewed by the Committee as and when required, but not less than once every three years.

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.

Approved by the Board on 24 June 2020