

CORPORATE GOVERNANCE STATEMENT 2021



We believe that our corporate governance framework is fundamental for maintaining high standards of corporate governance. Good corporate governance supports a culture that values ethical behaviour, integrity and respect; and is critical for protecting unitholders' interests and the interests of other stakeholders.

CORPORATE GOVERNANCE AT BWP

BWP comprises BWP Management Limited (the responsible entity) and BWP Trust (the Trust). The units in the Trust are listed on the Australian Securities Exchange (ASX).

The Board of the responsible entity is committed to maintaining and promoting a high standard of corporate governance in relation to the responsible entity and the Trust. BWP's corporate governance framework is underpinned by the Trust's Compliance Plan and further supported by the responsible entity's policies, systems, procedures and practices.

In this Corporate Governance Statement, we explain the corporate governance framework and practices that we have adopted as they relate to the responsible entity and the Trust.

ASX Recommendations

Under ASX Listing Rule 4.10.3, ASX listed entities are required to benchmark their corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (ASX Recommendations).

A number of these recommendations have been acknowledged by ASX as not being applicable to externally managed listed entities. For example, the requirements in Principle 1 to disclose the respective roles and responsibilities of the Board and management and to have a diversity policy are not applicable. Similarly, there are recommendations in Principle 2 concerning Board structure, Principle 4 concerning AGMs, and Principle 8 relating to director and executive remuneration which are not applicable.

The Trust is classified by the ASX as an "externally managed listed entity". As such, there are some ASX Recommendations that are not applicable and which we have not adopted. There are others that are not applicable, however we have provided additional disclosures where possible that demonstrate BWP's commitment to the corporate governance principles as advocated by the ASX Corporate Governance Council.

Unless stated otherwise, the practices described in this Corporate Governance Statement were in place throughout the reporting period and are current as at the date of this statement. This Statement is dated 4 August 2021 and has been approved by the Board of the responsible entity.

Relationships between the responsible entity and Wesfarmers

Relationships between the responsible entity and Wesfarmers are integral to the nature of the Trust's business and the majority of its

transactions. BWP's key governance documents include additional provisions to ensure the market is fully informed about these relationships and that all related party transactions are handled with the utmost propriety and transparency.

The responsible entity is a wholly owned subsidiary of Wesfarmers. The responsible entity is responsible for managing the affairs of the listed entity which is the BWP Trust. In return, the Trust pays a management fee to the responsible entity. The details of the management fee are set out in the notes to the financial statements in the Trust's annual report. The Board of the responsible entity is responsible for overseeing the management arrangements between the responsible entity and the Trust. The key documents governing the management arrangements include the Compliance Plan and the Trust Constitution.

Other important relationships include:

- > A majority of the property income of the Trust is received from wholly owned subsidiaries of Wesfarmers, most notably Bunnings Group Limited ("Bunnings").
- > The Trust has purchased property from Wesfarmers subsidiaries, and utilised a Wesfarmers subsidiary, Bunnings, as project manager on some property developments.
- > Wesfarmers is a substantial unitholder in the Trust, and details of Wesfarmers' unitholding can be found in the Trust's annual report.
- > All directors of the responsible entity are ultimately appointed by the sole shareholder, Wesfarmers Limited.

Further information regarding the relationship and transactions with Wesfarmers is detailed in the notes to the Trust's financial statements. Details of transactions with Wesfarmers are also provided in announcements released to ASX and published on the Trust's website.

ASX Waiver

The Trust holds a waiver from the ASX ("waiver"), which allows the responsible entity to enter into certain leasing transactions on behalf of the Trust with Bunnings, a related party, without the need to obtain unitholder approval under Listing Rule 10.1.

The waiver is subject to certain conditions including disclosure of new leases, that lease agreements are substantially on the same terms and conditions established by the parties for leases of Bunnings Warehouse properties, and appropriate rent review provisions are in place.

The waiver was last renewed on 30 December 2015 and applies for six years. Application is made to ASX for renewal of the waiver prior to expiry.

1. FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The respective roles and responsibilities of the responsible entity's Board and management are set out in detail in the responsible entity's Board charter which is available on the Trust website.

Board role and responsibilities

The role of the Board of the responsible entity is to demonstrate leadership; approve purpose, values and strategic direction; oversee the effective management of the responsible entity and the Trust and ensure that the affairs of the Trust are managed in a manner that protects and enhances the interests of its unitholders while taking into account the interests of customers, suppliers, lenders and the wider community.

Its responsibilities include:

- > setting the expectations on culture and ensuring adherence to high standards of corporate governance and compliance with legal obligations;
- > assessing the performance of the Managing Director and providing guidance and feedback;
- > approving the corporate plan, annual operating and capital expenditure budgets for the Trust and monitoring performance against these;
- > approving major business initiatives;
- > monitoring and overseeing the responsible entity and Trust's financial positions;
- > determining that satisfactory arrangements are in place for auditing the Trust's financial affairs;
- > satisfying itself that the responsible entity has an appropriate risk management framework (for both financial and non-financial risks including oversight and assessment of climate-related risks and opportunities) and that management operates within the risk appetites set by the Board;
- > ensuring that all transactions with Wesfarmers and other related parties are carried out at arm's length, including obtaining independent valuation support for property related transactions; and
- > reviewing the level and adequacy of services provided by external service providers including services provided by Wesfarmers.

The Board has delegated other matters to the Managing Director subject to financial and other limits.

Chairman

The Chairman's role is to lead the Board. His responsibilities are detailed in the Board charter. They include chairing Board meetings, ensuring effective discussions and outcomes at those meetings, and facilitating open and effective communications with management.

Board committees

The Board has two standing committees that focus on specific responsibilities. The charters of each committee are available on the Trust's website.

Due to the small Board size and the fact that the committee meetings are usually held immediately preceding or following a Board meeting, all directors are generally available to attend for the duration of the committee sessions. For this reason, and to meet ASX Recommendations, prescribed committee composition requirements, the Board has found it more efficient for all non-executive directors to attend as members of the two committees. Each committee makes recommendations to the full Board and as all Board members are

fully informed having participated in the committee briefings and discussions, the Board is often able to make its decision without further deliberation.

Table 1: Board committees*

	Audit & Risk Committee	Remuneration & Nomination Committee
Roles & responsibilities	External reporting Internal controls and risk management External audit matters Compliance audit matters Auditor communications Internal audit requirement review	Managing Director (MD) appointment & succession MD performance assessment Board & committee performance assessment Board and management succession Board remuneration
Composition	3 or more non-executive directors A majority of "external" non-executive directors Members who between them have adequate accounting, financial and industry expertise Chaired by an "external" director who is not chair of the Board	3 or more non-executive directors A majority of "external" non-executive directors Chaired by the chairman of the Board
Membership at 30 June 2021	FE Harris (Chairman) E Fraunschiel AJ Howarth AJ Quinn MJG Steur	E Fraunschiel (Chairman) FE Harris AJ Howarth AJ Quinn MJG Steur

* The responsible entity of a registered scheme is not required to establish a compliance committee if at least half of the directors of the responsible entity are external directors (as defined under section 601JA of the Corporations Act 2001 ("the Act")). More than half of the responsible entity's Board are external directors and as such a compliance committee is not required.

Management responsibilities

The Managing Director of the responsible entity has the following responsibilities:

- > Managing the day-to-day operations of the responsible entity and the Trust in a manner consistent with the purpose, values, strategy, corporate plans and policies approved by the Board;
- > Development and execution of corporate plans and strategies that enable the Trust to achieve its objectives and deliver on its purpose;
- > Development, implementation and monitoring of risk management, governance and compliance systems within risk appetite limits set by the Board;
- > Reporting to the Board in an accurate, timely and clear manner;
- > Providing leadership and guidance to the management team and all team members;
- > Instilling and reinforcing the desired culture by providing a work environment that supports behaviours that reflect the organisation's core values.

The separation of responsibilities between the Board and management is clearly understood and respected.

Company Secretary

Karen Lange is the Company Secretary to the responsible entity. She is a Fellow of the Governance Institute of Australia. She has extensive experience across the mining, industrial and financial services industry sectors and more than 30 years company secretarial experience, including company secretary of Woodside Petroleum Limited and Wesfarmers Limited. The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the Company Secretary for advice and services. The Board is responsible for the appointment and removal of the Company Secretary.

Board renewal and succession planning

The Board's succession plan is reviewed regularly by the Remuneration & Nomination Committee to ensure the Board maintains a balance of skills and experience appropriate for the Trust taking into consideration its current and emerging business objectives and challenges.

New Board appointments are preceded by appropriate checks with regard to character, experience, education, criminal record and bankruptcy history. New directors are provided with extensive induction materials and opportunities to meet with Board members and management. Induction programs are tailored to the new director's existing skills, knowledge and experience.

The responsible entity has a written agreement with each director setting out the terms of their appointment. The appointment of new directors to the responsible entity is ultimately subject to approval of the shareholder, which for the responsible entity is Wesfarmers Limited.

There were no new director appointments during the reporting period.

Performance assessments

The Board and its committees participate in performance evaluations on average every two years.

The last Board, committee and individual director performance evaluation was completed during the previous reporting period in December 2019. Detailed questionnaires assessing performance against responsibilities as set out in the charters are circulated to all directors, and the results compiled into a report for Board discussion. The performance of each non-executive director is assessed by fellow Board members and a report issued for discussion between the director and Chairman.

Performance evaluations were not required to be conducted during the reporting period under review.

2. BOARD STRUCTURE AND COMPOSITION

The responsible entity's Board should comprise a sufficient number of directors (not less than four) to ensure it has the balance of skills, knowledge and experience required to be effective and add value.

The Board is currently comprised of one executive director, and five non-executive directors, four of whom meet the external director requirements of section 601JA of the Act.

The Chairman, Erich Fraunschiel, is an external director. The roles of the Chairman and Managing Director are separate and not performed by the same person.

As described in the Board Charter, Wesfarmers may nominate one director to the responsible entity Board. Tony Howarth, who retired from the Wesfarmers Limited Board on 14 November 2019, remains a director of the responsible entity, but has ceased to be the Wesfarmers nominated director.

Details of the current directors, including their qualifications and date of appointment are set out in the following table. Detailed biographies are provided in the Trust's 2021 annual report and on its website.

Table 2: Current directors of the responsible entity

Name of Director	Term in office	Qualifications
Erich Fraunschiel *	Director since February 2015 Chairman since December 2015	BCom(Hons), F CPA, FAICD
Fiona Harris AM *	Director since October 2012	BCom, FCA, FAICD
Tony Howarth AO	Director since October 2012	CITWA, Hon.LLD (UWA), SF Fin(Life), FAICD(Life)
Alison Quinn *	Director since 3 December 2019	BCom, FAIM, FUDIA, GAICD
Michael Steur *	Director since February 2015	DipVal, FAPI, FRICS, F PINZ(Life), MAICD
Michael Wedgwood	Director since February 2014	BCom, MSc (Finance), GAICD

* External directors as defined under s601JA of the Act

Director skills and experience

When assessing suitable director candidates for appointment, a significant emphasis is placed on the candidate's possession of fundamental qualities such as honesty and integrity, interpersonal skills, reputation, good instincts and judgement, and a commitment to contribute and create value for unitholders. While these attributes do not necessarily lend themselves to illustration in a skills matrix, they nevertheless are critical factors to the design of an effective board.

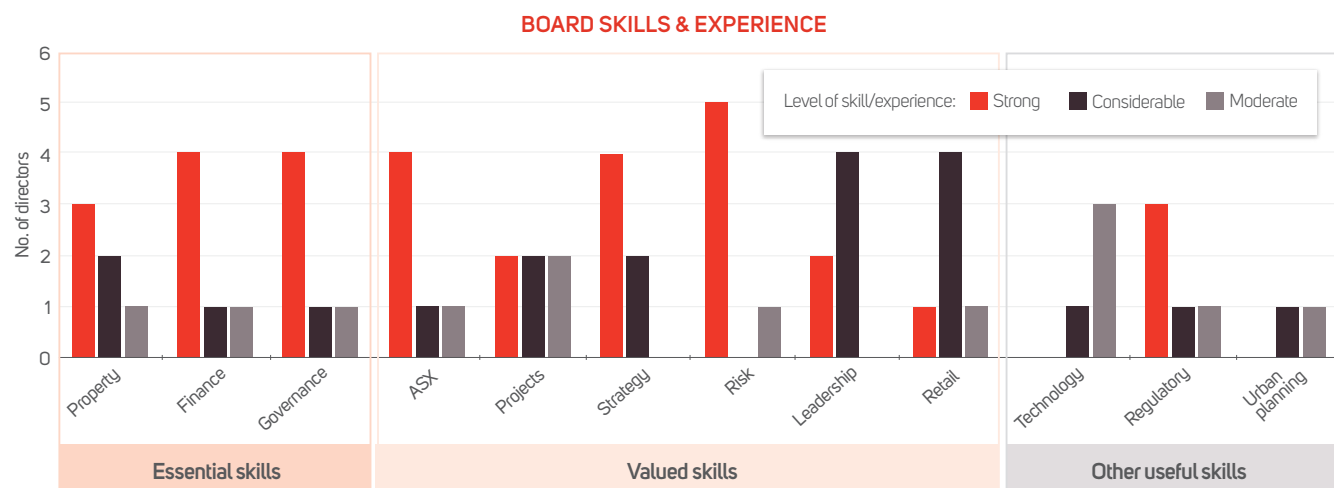
The Board is satisfied that its current directors possess these fundamental qualities and have the appropriate combinations of skills and experiences to discharge the Board's responsibilities to the responsible entity and the Trust.

The Board has identified Property, Finance and Governance as the skillsets and experiences considered essential for the Trust and in which some Board members are required to bring specialist expertise. Other skills highly valued by the Board include experience in capital projects, strategy and planning, risk management, retail, leadership and commercial, as well as experience working in the ASX200 listed environment. Non-critical related industries knowledge considered of some additional benefit includes technology, regulatory and urban planning. The Board completed a review of its skills matrix in 2020. No changes were made to the skillsets and experiences required by the Board. A summary of these skills and their relevance to the Trust is provided in the following table.

Table 3: Board skills and experiences relevant to the responsible entity and the Trust

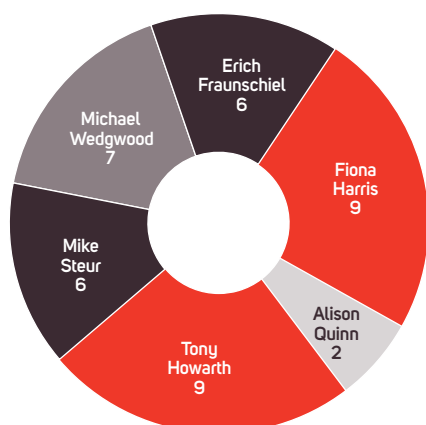
Skills/Experience	Description	
Essential	Property	Industrial and/or commercial property sector expertise in a large Australian REIT or other property related business, or as an accredited practicing industry professional
	Financial acumen	Financial services sector with expertise in areas such as financial accounting and reporting; corporate finance; asset financing; banking; treasury; auditing; and the ability to understand financial reports
	Governance	Demonstrated understanding of, and commitment to, high governance standards eg evidenced by Board or senior executive roles with large listed organisations with exemplary governance, environmental and safety standards
Valued	Australian listed environment	Several years of senior management or director experience in the ASX200 listed entity environment, with a strong understanding of the Australian regulatory regime, and how it applies to listed entities and the responsibilities of officers
	Capital projects	Experience with large-scale capital financing involving large capital outlays and requiring effective project management involving meticulous planning and execution to exacting timetables
	Strategy and planning	Experience with developing strategy; setting objectives based on longer-term investment horizons; implementation of strategy and ensuring accountability for the outcomes as well as delivery on expectations to stakeholders
	Risk management	Experience at recognising and managing risk (including development of appropriate risk management frameworks; setting risk appetites for an entity; overseeing the framework and ensuring that the framework remains sound).
	Leadership and commercial	Successful senior executive or recognised industry leader with proven track record in the business environment
	Retail	Expertise gained in the retail industry, including understanding how retail is impacted by globalisation, technological innovation, changing consumer behaviours & expectations and impact of social media
Useful	Other related industries knowledge	Expertise gained in an industry that is dependent for its success on innovations in technology; and/or subject to ongoing technological disruption to its business models
	- Technology	Expertise gained in AFSL or APRA regulated businesses; eg banks, managed investment schemes; investment management
	- Regulatory - Urban planning	Expertise in the technical and political processes concerned with the use of land, protection and use of environment and design of the urban environment; the impact of changing demographics on urban landscapes

An assessment in June 2020 of all current directors’ skills and expertise confirmed that each of the above relevant skills and experiences are held in appropriate measures across the Board, as illustrated by the “Skills & experience” graph below. The Board is satisfied that this assessment remains relevant for the 2021 reporting period. To the extent that any skills are not represented on the Board, they are augmented through management and external advisors. The Board believes that there are no significant or concerning skills gaps at this time.

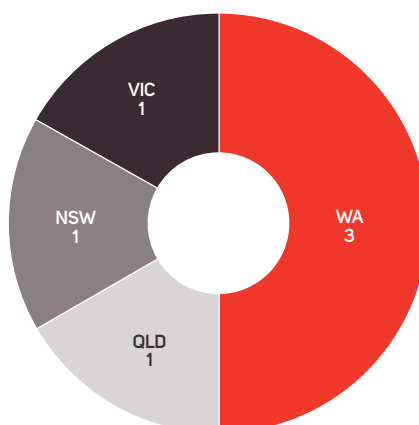


Other diversity measures of the Board have been illustrated in the tenure, geographic location and gender balance graphs below.

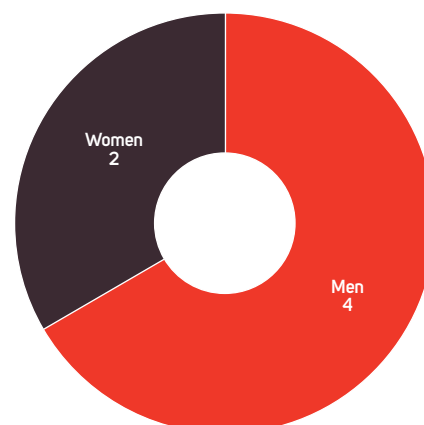
TENURE – YEARS PER DIRECTOR



GEOGRAPHIC LOCATION



GENDER



All non-executive directors are expected to voluntarily review their membership of the Board from time to time taking into account, length of service, age, qualifications and expertise relevant to the responsible entity's board composition requirements and the overall interests of the responsible entity and the Trust.

Director independence

The rules and regulations applicable to managed investment schemes rely on the "external director" constituency of a responsible entity board (or, where applicable, its compliance committee) to ensure there is an adequate level of independence on the board.

The responsible entity's Board comprises a majority of non executive directors who meet the external director requirements and who the Board considers are able to bring an independent view to the Board's deliberations.

In making an assessment of each director's "external" status, the Board considers all relevant facts and circumstances. It takes into account if a director has any of the relationships or interests described under section 601JA of the Act and whether that relationship or interest is material.

The test of whether a relationship or interest is material is based on the nature of the relationship or interest and on the circumstances and activities of the director. Materiality is considered from the perspective of the Trust, the persons or organisations with which the director is associated, and from the perspective of the director.

The Board reviews the "external" status of its directors before they are appointed, on an annual basis, and at the commencement of any significant transactions requiring unitholder approval.

Four of the responsible entity's six current directors are considered by the Board to be external directors as defined by section 601JA of the Act. Of the five non-executive directors, Tony Howarth, who was a director of the Wesfarmers Limited board and the Wesfarmers nominee to the responsible entity Board until 14 November 2019, is not an external director. He is required to serve a period of two years following his retirement from the Wesfarmers board before he will be eligible for consideration as an external director.

Michael Wedgwood is not an external director due to his executive status.

Overall, the Board is satisfied that all directors bring an independent judgement to bear on Board decisions in relation to the affairs of the Trust and its unitholders.

Professional development

The Board periodically reviews whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. A review was conducted in the reporting period during which directors identified a number of new or emerging business and governance areas of interest. Experts in these fields were engaged to provide briefings to the Board on these topics.

Access to information and 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.

They also have the right to seek explanations and additional information from management and auditors.

Attendance at meetings

The Board holds at least six scheduled meetings each year, although additional meetings may be called as and when required.

During the year the Board held seven meetings and two risk management and opportunities workshops. Due to Covid-19 related travel restrictions during the reporting period, all Board and committee meetings were held and attended by videoconference.

Table 4: Directors' meeting attendances

Directors	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Erich Fraunschiel	7	7	3	3	2	2
Fiona Harris	7	7	3	3	2	2
Tony Howarth	7	7	3	3	2	2
Mike Steur	7	7	3	3	2	2
Alison Quinn	7	7	3	3	2	2
Michael Wedgwood	7	7				

3. CULTURE

The responsible entity is committed to instilling a culture of acting lawfully, ethically and responsibly.

Core values

The core values of *Respectful*, *Responsible* and *Resourceful* are described in more detail in the annual report and on the Trust website. They were developed collaboratively by all members of the responsible entity team and endorsed by the Board. They underpin all of our corporate governance systems, policies and behaviours.

Code of Conduct and related policies

Copies of the Code of Conduct and related policies applicable to the responsible entity are available on the Trust's website.

- > Code of Conduct – The Wesfarmers Limited Code of Conduct applies to the responsible entity directors, employees and contractors. It sets the minimum acceptable standards of behaviour. The responsible entity Board is informed of any material breaches of the Code.
- > Whistleblower Policy – The responsible entity encourages team members to speak up about any unlawful or unethical behaviours that are not consistent with the core values. Customers and suppliers may also report inappropriate behaviours under this Policy. Subject to the confidentiality provisions of the Whistleblower Policy, the Board is informed of any material incidents reported under this policy.
- > Anti-bribery Policy – The giving of bribes or other inappropriate payments to public officials is prohibited by the responsible entity. The Wesfarmers Limited Anti-bribery Policy applies to the responsible entity directors, employees and contractors. Any material breaches of the policy are reported to the Board.
- > Securities Dealing Policy – Dealing in the Trust's securities by directors, employees and contractors of the responsible entity is subject to the responsible entity's Securities Dealing Policy and applicable statutory regulations. Any material breaches of the policy are reported to the Board.

Conflicts Management

Due to the corporate structure of the responsible entity and Trust and the purpose for which the Trust was established, a substantial proportion of the Trust's transactions are with parties related to the responsible entity. The Trust is required under its Compliance Plan to manage the conflicts of interest that may arise in the course of its business so that unitholders' interests are protected.

The responsible entity's obligations and conflicts management processes are addressed primarily through the:

- > Conflicts Management Policy – This policy identifies circumstances where conflicts of interest may arise and outlines the requirement to evaluate conflicts, control or avoid conflicts, and disclose relevant conflicts of interest. The policy also sets out who is responsible for managing conflicts and addresses the requirement to monitor, review, and have appropriate board approval processes.
- > Directors' Conflict of Interests Policy – This policy governs the disclosure of directors' interests and procedures for managing conflicts that may arise through those interests.

These policies should be read in conjunction with the Code of Conduct, Securities Dealing Policy and Anti-bribery Policy which also contain procedures that have relevance for conflicts management.

Diversity

The requirement for a listed entity to have and disclose a diversity policy is not applicable to externally managed listed entities. The Trust is an externally managed listed entity and does not have any direct employees.

The responsible entity's Board and seven team members are subject to the Wesfarmers Diversity Policy. To the extent that it can with a small team, the responsible entity is committed to working within the guiding principles and objectives set out in the Wesfarmers Diversity Policy. The responsible entity's commitment to diversity principles is reflected both in the Board's composition and in the workplace, where it is demonstrated daily by its support for flexible working arrangements for its team members both during the Covid-19 pandemic with fully supported work-from-home arrangements, and more generally as required, to allow team members to meet important family responsibilities. The responsible entity has been able to attract and retain a high calibre team with near equal gender representation.

Modern Slavery

The responsible entity is committed to addressing the risk of modern slavery in its business, supply chains and investments. BWP released its first Modern Slavery Statement during the reporting period in relation to its actions during the year ended 30 June 2020. In June 2021, the Board adopted a Modern Slavery Policy. The Policy and the Statement can be found on the Trust's website.

4. INTEGRITY OF CORPORATE REPORTING

The Board is responsible for ensuring accurate and timely reporting mechanisms are in place.

Role of the Audit & Risk Committee

The Audit & Risk Committee assists the Board with its reviews of half year and full year financial statements. The committee assesses the clarity, adequacy and integrity of the corporate reporting processes. It considers the appropriateness of accounting policies, the manner in which unusual transactions or events have been disclosed and it reviews compliance with applicable accounting standards, ASX Listing Rules, the Corporations Act, the Compliance Plan and other legal requirements.

The Committee also assesses the performance of the external auditor and reviews the terms of their engagement and remuneration.

Integrity of financial reporting

Before the Board approves the Trust's financial statements for a financial period, it receives from its Managing Director and Finance Manager a declaration that in their opinion, the financial records of the Trust have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Trust and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The declaration is supported by detailed questionnaires completed by management and was provided for both the half year results to 31 December and the full year results to 30 June and met the requirements of section 295A of the Corporations Act and Recommendation 4.2 of the ASX Recommendations.

Periodic corporate reports

Processes are in place to verify the integrity of periodic corporate reports (as defined in the ASX Recommendations) released to the market and that are not audited or reviewed by the external auditor. Examples of unaudited periodic corporate reports released by the Trust include the Directors' Report in the Annual Report.

Under the responsible entity's Market Disclosure Policy, all announcements to ASX (other than administrative announcements) require Board approval. The preparation of all releases is overseen by the Managing Director, who is responsible for satisfying himself that the content of the announcement is accurate and not misleading, and is supported by appropriate verification.

This requirement applies equally to audited and unaudited corporate reports.

5. TIMELY AND BALANCED DISCLOSURES

The responsible entity's continuous disclosure and market communications policies and practices are described in its Market Disclosure Policy. This policy is available on the website.

Continuous disclosure

The responsible entity is committed to providing unitholders and the market with equal and timely access to material information about its activities. All material ASX announcements require Board approval.

Officers of the Trust receive training on their continuous disclosure obligations and all announcements made to the market, including information provided to analysts, are posted to the Trust's website.

Directors receive copies of every ASX announcement immediately following its release.

Other market communications

The Market Disclosure Policy also sets out its policies and practices for communications with investors and analysts.

To enhance communication with unitholders, important information including details of the Trust's properties, financial performance, ASX announcements, governance practices, distribution history and the Trust's complaints handling procedure can be found on the Trust's website.

The responsible entity provides advance notification of teleconferenced investor briefings following results announcements and makes these accessible for all investors.

All new and substantive investor presentation materials are placed on the Trust's website ahead of the presentation.

6. RIGHTS OF UNITHOLDERS

The responsible entity respects the rights of the Trust's unitholders and ensures that appropriate information is provided to them via the annual report, half year report, ASX announcements, the Trust's website and at periodic unitholder meetings.

Engagement with unitholders

The responsible entity places considerable importance on facilitation of two-way communications with the Trust's unitholders and investors.

Prompt responses are provided to unitholders who contact the responsible entity with questions concerning the Trust's activities. Unitholders can also attend the investor teleconferences following the release of half and full year results. Recordings of these teleconferences are retained on the website for a reasonable period.

The responsible entity utilises the services of Computershare, a professional share registry service provider with a progressive approach to online security holder services. Computershare is expected to uphold the Trust's values and standards in its dealings with unitholders.

Unitholders are provided with the option to receive some or all Trust communications electronically. Unitholders are also able to send communications to the share registry and the responsible entity electronically.

Investor relations program

The responsible entity also has a pro-active investor relations program which includes engaging with institutional investors, private investors, sell-side and buy-side analysts, the financial media and security holder representative groups. The primary objective of the investor relations program is to allow investors and other financial market participants to gain a greater understanding of the Trust's business, governance, financial performance and prospects relative to the market and other Australian REITs.

Annual general meetings (AGMs)

Listed trusts established in Australia as registered managed investment schemes are not required by the Corporations Act to have an AGM. As a general rule, unitholder meetings are held when required to approve significant related party transactions and amendments to the Trust's Constitution. Substantive resolutions at meetings of unitholders are generally decided by a poll rather than a show of hands. The external auditor is invited to attend all unitholder meetings.

7. RISK MANAGEMENT

Division of responsibilities

The Board's responsibilities regarding risk management include setting risk strategy and risk appetite; overseeing the risk management, internal controls and compliance systems; overseeing the adequacy and integrity of the accounting and corporate reporting systems; monitoring the effectiveness of all risk management and compliance systems; and the appointment and removal of the external auditor.

Management develops and executes the risk strategy within the Board-approved risk appetite and manages its implementation across the Trust's operations. Management is responsible for identifying, monitoring, mitigating and reporting on risks and compliance breaches.

Audit & Risk Committee

The Audit & Risk Committee assists the Board with its responsibilities for oversight of the implementation of the risk management framework, risk management systems, internal controls and reporting for both financial and non-financial risks. It reviews management processes for assessing trends or changes associated with material risks. Every year, it considers cyber risk, climate risk and the adequacy of the Trust's insurance programs.

Risk management framework

The responsible entity has an established risk management framework which sets the context for the framework within the overarching corporate governance framework; and which includes the risk management policy, statements of risk appetite, roles and responsibilities and risk management processes including risk identification, control, rating, monitoring and reporting.

The Committee reviews the Trust's risk management framework, policy and systems annually to satisfy itself that the framework continues to be sound, and that the responsible entity is operating with due regard to the risk appetite set by the Board.

A review was completed during the reporting period.

Risk review initiatives

External risk management experts were engaged during the reporting period:

- > to run two climate change scenarios for use as the basis for climate risk identification and assessment and to provide context to the types of climate-related risks and opportunities BWP may face in the future
- > to conduct an independent review of the Trust's risk management framework and its risk reporting processes, and
- > to facilitate two risks and opportunities workshops with Board and management focussing on material or emerging risks and the development of opportunities arising from the changing operating environment.

While not delivering any unexpected outcomes, the review and workshops served to confirm that the Trust's risk management framework and processes are comprehensive and appropriate for the Trust's business. Some opportunities for refinement of the Board's risk appetite descriptions and improved communication of the Trust's risk management activities were identified.

A Climate Change Policy was developed and adopted during the reporting period in response to an earlier independent assessment of the Trust's alignment with the Task Force on Climate-related Financial Disclosures ("TCFD"). This policy is available on the Trust's website.

Exposure to environmental and social risks

The responsible entity is committed to acting responsibly and ethically and operating its business in a manner that is sustainable.

The outcomes of the risk and opportunity assessment process completed during the reporting period did not identify any material risks due to climate change and climate change related risk.

Modern slavery risk in the Trust's supply chains was also considered during the reporting period. Some categories of supplier risk have been identified as focus areas, but overall, the Trust's exposure to modern slavery risk is not considered to be material in view of the nature of the Trust's business and its small number of primarily Australian suppliers. More detail about these risks can be found in the Modern Slavery Statement on the Trust's website.

The extent to which the Trust has a material exposure to environmental and social risks, and how it manages or intends to manage those risks is disclosed in the Managing Director's Report in the Annual Report and on the Trust website under its Sustainability report.

Compliance framework

As a registered managed investment scheme, the responsible entity has a Compliance Plan that is reviewed every year to ensure that the responsible entity, as manager of the Trust, complies with the Corporations Act, its AFS Licence conditions and the ASX listing Rules.

It reinforces the responsible entity's obligations to act lawfully, ethically and responsibly; to manage conflicts of interest and protect Trust property; to identify and report breaches; and keep proper records.

A Compliance Manager provides quarterly reports to the Board on the responsible entity's conduct against the Compliance Plan.

KPMG, the external auditor of the Compliance Plan, has completed its annual audit of compliance with the Compliance Plan for the year ended 30 June 2021. No material breaches of the plan were identified as a result of this audit.

Internal audit

The Audit & Risk Committee periodically assesses the requirement for an internal audit function. The Committee considers such factors as complexity, diversity and scale of the Trust's activities, the number of employees and corporate culture, as well as organisational activities or concerning trends that would indicate a requirement for an internal audit function. The Board also takes into account other service providers providing assurances to the responsible entity, such as independent experts, independent valuers, legal advisers, external and compliance auditors, quarterly compliance manager reviews and environmental specialists. A review was conducted during the reporting period, and it was determined that an independent audit function was not necessary at this time.

The effectiveness of the responsible entity's governance, risk management and internal control processes were enhanced by continuous improvement initiatives. The extensive reviews of the risk management system and processes that were conducted both internally and by external consultants during the reporting period resulted in some minor risk management framework modifications and improved clarity of risk appetite statements. All key governance documents and policies are subject to regular reviews and a number of policies were updated during the reporting period to ensure ongoing consistency with regulatory developments, regulator guidance and changes in generally accepted practices.

8. REMUNERATION

As an externally managed entity, the ASX Recommendations 8.1 to 8.3 under Principle 8 relating to fair and responsible remuneration are not applicable to the Trust. An alternative recommendation applies requiring the entity to disclose the terms governing the remuneration of the manager, that is, the responsible entity.

Remuneration of the manager

The right of the responsible entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust and disclosed in the notes to the financial statements in the annual report. The Trust Constitution is available on the Trust's website.

Remuneration of non-executive directors and executives

Remuneration expenses of the responsible entity are not borne by the Trust. Directors are remunerated via the responsible entity, and management services are provided to the responsible entity by Wesfarmers. Wesfarmers employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers. Short term incentives paid by Wesfarmers to employees engaged by the responsible entity are based entirely on the performance of the Trust and the furthering of the objectives of the Trust.

For the financial year ended 30 June 2021, each non executive director was entitled to a director's fee. Non-executive directors do not receive options or bonus payments, nor do they receive retirement benefits in connection with their directorships other than statutory superannuation. There are no equity incentive schemes in relation to the Trust.

Details of the remuneration policy for directors are disclosed in the notes to the financial statements of the Trust's annual report.

Recommendations relating to Managing Director's remuneration

As the Trust has no direct employees, a Remuneration Report is not required and the Remuneration & Nomination Committee's role in relation to remuneration matters is limited compared to the roles of Remuneration Committees for other ASX listed entities.

The Remuneration & Nomination Committee is responsible however, for assessing the performance of the Managing Director against agreed performance criteria relevant to the Trust and, through its Chairman, the Committee makes recommendations to the shareholder of the responsible entity (Wesfarmers) concerning the performance and remuneration of the Managing Director. The Committee also considers remuneration policy as it relates to key executives to ensure remuneration is appropriately linked to the performance of the Trust.