
RESPONSIBLE ENTITY CONFLICTS MANAGEMENT POLICY

(a) Purpose

The Responsible Entity's obligation is to manage the conflicts of interest that arise in the course of its business so that the interests of unitholders are protected.

The purpose of this Policy is to outline the processes used to identify, manage, disclose and, where applicable, avoid conflicts of interest.

(b) Scope

This Policy applies to:

- (a) the Responsible Entity ("RE") for the ASX-listed managed investment scheme "BWP Trust" ("Trust" or "Scheme");
- (b) the directors, employees, contractors and to the extent possible, external service providers to the RE and the Trust;
- (c) all transactions with related parties by the RE for and on behalf of the Trust.

This Policy operates in conjunction with a number of related policies identified at (o) below.

(c) Regulatory Framework

➤ Corporations Act

Section 912A(1)(aa) of the Corporations Act ("the Act") requires a financial services licensee to "have in place adequate arrangements for the management of conflicts of interest".

The RE directors must also consider the fiduciary duties imposed on them under section 601FD of the Act, including the requirement that they and the RE's officers act in the best interests of unitholders and give priority to unitholders' interests over their own or the RE's interests.

➤ ASX Listing Rules

The RE and Trust must comply with Chapter 10 of the ASX Listing Rules on transacting on substantial assets with persons in a position of influence, (subject to the conditions of any ASX waiver held by the RE).

➤ Compliance Plan

The Responsible Entity is required under its Compliance Plan to maintain a Conflicts Management Policy supported by effective conflicts management procedures.

(d) Context

The RE's conflicts management procedures have been developed with regard to the nature, scale, complexity and particular circumstances of the RE and business of the Trust. The following aspects have been taken into account:

- (a) the Trust's units are listed on the ASX;
- (b) the RE's AFS Licence permits the provision of general advice only and the RE has no private retail client funds under management;
- (c) the RE's disclosures are made to all unitholders in accordance with the reporting and disclosure requirements of the ASX Listing Rules;
- (d) other than the property it holds beneficially for the Trust, the RE does not hold any real estate property assets in its own right or for any other scheme;

- (e) due to the nature and corporate structure of the RE and Trust and the purpose for which the Trust was established, a substantial proportion of Trust transactions are with parties related to the RE;
- (f) the RE has an ASX waiver for Listing Rule 10.1 (renewable at the ASX' discretion every six years) permitting the RE & Trust to enter into leases with its related party, Bunnings Group Limited ("Bunnings"), subject to compliance with the conditions in the waiver.

(e) Responsibilities for conflicts management

The following responsibilities apply under this Policy:

RE Board	<ul style="list-style-type: none"> • ultimate responsibility for ensuring the RE has an adequate conflicts management framework
Managing Director	<ul style="list-style-type: none"> • implementing and maintaining an effective Conflicts Management Policy • ensuring that all conflicts have been identified and appropriately managed, reported and/or disclosed
Compliance Manager	<ul style="list-style-type: none"> • monitoring compliance with the Conflicts Management Policy and related policies and procedures • maintaining the Conflicts Register • entering breaches into the breach register and reporting any breaches to the Board
All RE personnel	<ul style="list-style-type: none"> • reporting any material personal conflicts • reporting any breaches of this Policy to the Managing Director or Compliance Manager

(f) Conflicts of interest

Conflicts of interest are circumstances where some or all of the interests of Scheme unitholders to whom the RE (or its representatives) provides financial services are inconsistent with, or diverge from, some or all of the interests of the RE or its representatives. This includes actual, apparent and potential conflicts of interest.

Conflicts of interest can also occur that impact other stakeholders, without necessarily impacting unitholders' interests.

Specific management and control requirements apply depending on the nature of the conflict. Conflict types and examples include:

➤ **Related party transactions**

A related party transaction is one where the RE provides a financial benefit out of the Scheme's assets to a person or entity considered by the Corporations Act to be a related party of the RE. Leases of Scheme properties to other entities in the Wesfarmers Group are the most common related party transactions undertaken by the RE.

➤ **Personal conflicts of interest**

Employees and directors are required to comply with the Code of Conduct and disclose any personal conflicts of interest.

RE personnel must comply with Code of Conduct provisions relating to disclosure of gifts.

Directors must disclose interests relating to securities held or positions on other boards.

(g) Conflicts management mechanisms

The conflicts management obligation does not prohibit all conflicts of interest, but rather it requires that all conflicts of interest be adequately managed.

The three mechanisms commonly used for managing conflicts of interest are:

- a) avoiding conflicts of interest;
- b) proactively managing conflicts of interest; and
- c) disclosing conflicts of interest.

It is usual for the RE to use all three mechanisms. However, disclosure alone will often not be enough to manage a conflict of interest.

Where conflicts cannot be adequately managed through controls and disclosure, the RE may opt to avoid the conflict.

External legal advice is obtained as and when required to ensure conflicts are managed in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

(h) Managing and avoiding conflicts of interest

To manage conflicts of interest, the RE:

- a) identifies all potential conflicts of interest;
- b) assesses and evaluates those conflicts; and
- c) decides upon an appropriate response to those conflicts.

The potential conflicts and their recommended controls are outlined by the RE in a "Schedule of Potential Conflicts" which is maintained within the Compliance Plan Procedures Manual. This Schedule is reviewed for completeness at least annually by the Compliance Manager.

(i) Identifying conflicts of interest

The RE has reviewed its business structure, operations and relationships and identified the following potential sources of conflicts of interest (actual, perceived or potential), including:

➤ **Related party conflicts**

- a) The relationship with Wesfarmers Limited ("Wesfarmers") as: owner of the RE, significant unitholder in the Trust, service provider or adviser to the RE, and owner of Bunnings Group Limited and Officeworks who each lease Trust-owned properties;
- b) The relationship with Bunnings Group Limited as a buyer and seller of properties from/to the Trust;
- c) Management fees payable by the Scheme to the RE, with RE profits then payable to Wesfarmers as dividends;
- d) Wesfarmers, or its subsidiary, as a provider of services to the Trust including: treasury, taxation, payroll, information and communications systems, insurance, office space;
- e) Wesfarmers' right as sole shareholder to appoint and remove the directors of the RE's Board;
- f) Directors and RE personnel who are employees of, and remunerated by, Wesfarmers;
- g) Directors and RE personnel who may be unitholders in the Scheme and/or shareholders in Wesfarmers;
- h) Any director of the RE appointed as the Wesfarmers nominee to the RE Board and who may also be a director on the Wesfarmers Board;
- i) Prospective related party tenants whose businesses compete with existing or other proposed property tenants;

➤ **Non-related party conflicts**

- j) Time conflicts for RE directors posed by the number of other commitments competing for their time and attention;
- k) Receipt of gifts or hospitality by RE personnel from current or potential service providers to the Trust or from customers of the Trust.

(j) Management of conflicts of interest

The conflicts management framework is integrated with the RE's risk management framework and the governance framework. The Board's decision-making processes are integral to the conflicts management processes and controls.

The following RE conflicts management processes apply:

➤ Delegated authorities

The Board's Delegated Authorities Schedule outlines the minimum approvals required for related party transactions to proceed.

➤ Related party property acquisition/divestment and leasing transaction approvals

All material acquisition and divestment proposals, including acquisitions accompanied by new leases, require Board approval to proceed and must specifically address related party and conflicts of interest considerations, including:

- if a financial or other benefit is being passed to a related party;
- if the transaction is commercial in nature and has been conducted at arm's length; or
- if the transaction is substantial in nature and not exempted by an ASX waiver, thereby requiring unitholder approval under the ASX Listing Rules.

Unitholder approval is required for related party transactions that are not arm's length (regardless of transaction size), and for all substantial asset transactions (as defined under ASX Listing Rule 10.2, subject to any ASX waivers that may apply).

➤ RE management fee

The RE's management fee is determined in accordance with a formula in the Trust's Constitution. To alter this formula and increase the fee, unitholder approval is required. The RE's management fees are benchmarked against the fees of peer group entities to ensure they remain comparable and market competitive.

➤ Directors and RE personnel

A director with a conflict of interest cannot participate in a decision without the consent of the other directors. The manner in which these conflicts are managed is dealt with in detail in the Directors' Conflict of Interests Policy.

All RE personnel are required to comply with the Code of Conduct and notify the Managing Director if they have any personal conflicts of interest.

➤ Appointment of directors to the RE

The RE's board composition policy is to ensure that a majority of its directors are non-executive and that not less than half are external as defined under section 601JA of the Act. The Chairman of the Board must be an external non-executive director. The RE's shareholder, Wesfarmers, is permitted the appointment of one nominee director to the Board.

➤ Appointments to the RE management team

The RE Board must be satisfied that any personnel appointed to the RE by Wesfarmers are appropriately qualified and have the necessary knowledge and skills to provide the financial services under the AFS License as well as to manage the affairs of the Trust in unitholders' best interests.

➤ Remuneration practices

While RE personnel are remunerated by Wesfarmers, the RE Board or its nominated committee conducts an annual review of management remuneration policies to ensure that incentive-based remuneration does not reward behaviour that is not consistent with the Scheme's objectives and RE values.

Non-executive director remuneration is benchmarked against industry peers.

(k) Disclosure and reporting of conflicts of interest**➤ External**

- a) The RE's related party relationships are disclosed in annual Corporate Governance Statements;
- b) Material or price-sensitive related party transactions approved by the Board are announced to ASX in accordance with continuous disclosure obligations;
- c) Material related party transactions requiring unitholder approval are described in the relevant Notice of Meeting and related disclosure documents available on the ASX and Trust websites. The RE's related parties are generally excluded from voting on related party transactions;
- d) All other related party transactions completed during the year are disclosed in the Annual Report;
- e) Directors' interests in the Scheme, direct and indirect, are disclosed in the Annual Report. Any changes in directors' securities holdings are notified to the ASX within 5 business days.

➤ Internal

- f) All investment proposals seeking Board approval for transactions with, or involving, related parties must be in writing and must contain a section detailing any related party or other conflicts of interests, including how these conflicts have been managed, what disclosures are proposed and what approval processes will necessarily apply;
- g) The Compliance Manager reports on compliance with the Conflicts Management Policy and related procedures in the Compliance Manager's Quarterly Compliance Reports to the Board.

(l) Documentation and record keeping

As well as this Policy, the RE maintains the following conflicts management records:

- a) Schedule of Potential Conflicts containing all identified conflicts of interest;
- b) a Conflicts Register (and accompanying Conflicts Records) containing a summary of all related party conflict of interest transactions undertaken in each financial year and the conflicts management controls applied to each;
- c) a Gifts Register of all gifts over a certain value received by RE personnel;
- d) a Register of Directors' Interests.

Filing protocols and information barriers in the form of restricted access to the Scheme's server drives exist to restrict the flow of confidential information between the RE and Wesfarmers.

The Scheme has its own locked storage cabinets for Scheme asset documentation accessible only by RE personnel.

All conflicts management records are retained by the RE in electronic form for at least seven years or longer.

(m) Monitoring compliance

All related party transactions are reviewed on a quarterly basis by the Compliance Manager for compliance with the Compliance Plan and conflicts management controls.

All breaches are entered in a breach register and reported to the Board.

The Gifts Register is reviewed at least annually by the Managing Manager for compliance with the Anti-bribery and Corruption Policy.

External auditors can be directed by the Board, or they may opt, to review compliance with the Conflicts Management Policy during their annual Compliance Plan audit.

(n) Communication of this Policy

Training on the Conflicts Management Policy and related policies is provided as part of employees' induction process and Compliance Plan training.

Related parties involved in leasing and other property-related negotiations with the RE are regularly informed by RE management during negotiations of the RE and Scheme's compliance obligations under this Policy and the law.

This Policy is published on the Trust's website under the Corporate Governance heading.

(o) Related policies

This Policy should be read in conjunction with the following:

- Directors' Conflict of Interests Policy
- Securities Dealing Policy
- Code of Conduct
- Anti-bribery and Corruption Policy.

(p) Policy review

This policy is reviewed at least once every three years to ensure that it complies with applicable laws and appropriate governance standards.

Last approved or updated on 19 June 2019