ENVIRONMENTAL, SOCIAL AND GOVERNANCE

AS AT 30 JUNE 2022

bwp TRUST

OUR COMMITMENT

The Board has adopted a set of Sustainability Principles, shown below, for incorporating environmental, social and governance ("ESG") issues into the Trust's policies, practices and processes. These principles are based on the United Nations Principles for Responsible Investment. They reflect the Trust's commitment to sustainability, and represent the benchmark against which the Trust will report on its activities and achievements.

OUR SUSTAINABILITY PRINCIPLES

We are committed to acting responsibly and ethically and operating our business in a manner that is sustainable.

We have developed the following principles for incorporating environmental, social and governance ("ESG") issues into our policies, practices and processes.

1. We will consider ESG issues in our investment analysis and decision-making processes.
2. We will address ESG issues in policies and practices regarding our ownership of our assets and our use of resources.
3. We will engage with suppliers and tenants on ESG issues.
4. We will report on the progress of our ESG activities and initiatives.
5. We will continue to build on our knowledge and understanding of ESG and ways of addressing ESG issues in order that we can assess opportunities for improved ESG performance.

CONTEXT, CONTENT AND QUALITY OF OUR SUSTAINABILITY REPORTING

The scale, domestic scope and relatively passive nature of the Trust's operations mean that it's impacts on the environment and society is relatively minor in local, national and global contexts.

The responsible entity recognises the interest in sustainability by stakeholders (investors, tenants, suppliers, regulators and the broader community) and their right to understand how and to what extent the Trust's business affects them, directly and indirectly, positively and negatively. The Trust also recognise that even modest impacts, taken collectively and over time, can have a meaningful effect on the environment and society. The Trust has a focus on sustainability, reducing its impact on the environment and developing better ways to measure and monitor sustainability performance.

With stakeholders' interest in disclosure in mind, disclose is focussed on information relating to key aspects of ESG, demonstrating the Trust's ESG impacts and risks and performance in managing these impacts and risks. Key aspects are those areas where ESG impacts and risks are material to the Trust's operations or are significantly important to stakeholders in their decision-making processes to warrant disclosure. On this basis, the Trust's primary focus remains on the environment, particularly climate change, relevant social and governance aspects.

We undertake to report both favourable and unfavourable aspects of ESG and will endeavour to provide quantified measures of impact or performance to enable compilation and comparison. We will attempt to use the most accurate data source or reasonable estimates and will disclose the basis of calculation or estimation. Where quantified measures are not readily available or relevant, we will attempt to indicate some measure of relativity as a guide to materiality and performance.

The Trust's net zero Scope 2 position for the year ended 30 June 2022 was independently verified.

SCALE, SCOPE AND NATURE OF OUR OPERATIONS

The Trust's property business is relatively small by global and national standards.

It owns 73 properties, all in Australia, comprising land and warehouse-style improvements leased to other entities for use primarily for home improvement retailing. The Trust does not typically engage in development work (other than capital expenditure related to the re-positioning of a property where a vacancy has occurred), generally acquiring established properties or developments that pass to the Trust on completion. At 30 June 2022, the total area of land owned by the Trust is approximately 236 hectares, with gross lettable area of approximately 1,019,044 square metres. The total fair value of the Trust's investment properties at 30 June 2022 was approximately $3,001.2 million.

The responsible entity's management team comprises nine employees (eight full time and one contract) employees in Melbourne, Sydney and Perth in shared office space. The current gender make-up of the team is 44 per cent female and 56 per cent male.

SUSTAINABILITY REPORTING BOUNDARIES

Due to the degree of inter-relationship between the Trust and the responsible entity, where the responsible entity operates solely for the Trust and undertakes all of the activities of the Trust, the operations of both the Trust and the responsible entity are considered collectively from a sustainability perspective and only disclosed separately to the extent that it is relevant.

Reporting is confined to those aspects of the business over which the Trust has operational control (which is essentially those properties in the portfolio where the Trust has responsibility for some of the electricity usage. In relation to the Trust's portfolio, most properties are subject to whole-of-site leases, and the Trust has no operational control over the properties or the businesses operating at them. Some multi-tenanted properties have common areas that the Trust

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is responsible for maintaining, being those areas not for exclusive use by the respective tenants, typically car parks and other common access areas. The Trust is responsible for the electricity usage in these areas, and the electricity usage for any properties that are vacant or being re-positioned.

IMPLEMENTING THE TRUST'S APPROACH TO ESG

To promote an ongoing focus and priority on ESG issues, sustainability has been expressly incorporated into the Trust's strategies, objectives and investment criteria. ESG initiatives are included in action items in the annual corporate plan and responsibility for achieving these are included in annual performance objectives for individuals within the management team. Progress of the action items in the corporate plan is reviewed at each board meeting, and reported in the annual report. Progress on individual performance objectives is monitored periodically during the year and achievement of performance objectives contributes towards 50 per cent of the individual's short-term remuneration incentives. In assessing proposed acquisitions and upgrades of existing investment properties we consider what features are to be or may be incorporated to enhance the sustainability and lessen the environmental impact of the improvements and the property overall.

TARGETS

The Trust's focus is on achieving outcomes to improve the energy efficiency of its properties, understanding, measuring and reporting ESG issues.

The Trust's net Scope 2 emissions position for the year ended 30 June 2022 was zero tonnes CO_2e.[1] No Scope 1 emissions are produced as the Trust's business activities do not directly release emissions into the atmosphere. The Trust is in the process of further understanding its Scope 3 emissions.

DISCLOSURE

The Trust discloses its sustainability related actions, progress, and future priorities in each annual report. It also participates annually in the Carbon Disclosure Project survey.

KEY IMPACTS

The size and nature of the Trust's operations mean that the actual or potential impacts on the environment and society are considered relatively modest. Social and governance impacts are considered to be limited due to the passive nature and localised scope of the Trust's operations and the regulated environment in which it operates. Environmentally, the Trust's ownership and management of established commercial property is considered to be low intensity in terms of emissions, waste, and use of energy and materials, and low impact on biodiversity.

The main sources of environmental impact over which we have operational control relates to indirect greenhouse gas emissions from the purchase of electricity for lighting for common areas of some investment properties and upstream manufacture of capital goods that are procured directly for the Trust. The estimated emissions from these sources (based on a measure of carbon dioxide equivalent ("CO_2e") are summarised in the table below.

[1] Prepared in accordance with the World Resources Institute/ World Business Council for Sustainable Development Greenhouse Gas Protocol

EMISSIONS PROFILE

ESTIMATED EMISSIONS BY SOURCE

	Annual CO_2e emissions (Tonnes)	Change from previous year
Source of emissions		
Scope 1 – Direct emissions	-	-
Scope 2 – Indirect emissions from purchased electricity[1]	120.29	(32)
Scope 3 – Indirect emissions from:		
- business travel[2]	NIL	NIL
- capital goods acquired	N/A	N/A
Total tonnes/*like-for-like weighted* average change	**120.29**	**(32)**

[1] The reduction in emissions from the prior corresponding period reflects the purchase and utilisation of green electricity during the period ending 30 June 2022.

[2] Employees of the Responsible Entity for the Trust are employees of Wesfarmers, seconded to the Responsible Entity, as it is 100 per cent owned by Wesfarmers. All business travel related emissions are reported with Wesfarmers emissions.

SCOPE 1 – DIRECT EMISSIONS WITHIN THE TRUST'S OPERATIONAL CONTROL

In 2021, the Trust commissioned a review of the boundaries and calculation methodologies for scope 1 and scope 2 emissions as captured in the Trust's emissions inventory.

Based on the thresholds for reporting emissions from refrigerant gasses in refrigerant systems, the emissions from the systems that exist within the BWP portfolio, do not have a global warming potential ("GWP") above 1,000, nor do they contain more than 100kg of refrigerant per unit and are there for not reportable under the Clean Energy Regulator's "National Greenhouse Energy Reporting Act (2007) ("NGER" or" The NGER Act") Reporting hydrofluorocarbons and sulphur hexafluoride gasses guidelines."

SCOPE 2 – INDIRECT EMISSIONS

Taking into account green electricity usage and Australian Carbon Credit Units ("ACCUs") acquitted during the period, the Trust's net Scope 2 emissions position for the year ended 30 June 2022 was zero tonnes CO_2e.[1] The Trust incurs Scope 2 emissions from electricity usage at a small number of properties where the Trust has responsibility for that usage.

For the year ended 30 June 2022, the Trust's Scope 2 carbon emissions were 120 tonnes compared to 177 tonnes for the prior corresponding period. The reduction in emissions reflects the purchase and utilisation of green electricity during the year. These emissions occurred at a small number of properties where the Trust is responsible for some electricity usage (re-positioned properties vacated by Bunnings and common areas at multi-tenanted properties, such as common parking areas and road and pedestrian access ways), it is otherwise the responsibility of the Trust's tenants.

To offset the actual and some future emissions, 500 ACCUs were acquired. In addition to the net-zero emissions position, solar production for the year ended 30 June 2022 was 576,100 kWh which enabled the Trust to avoid 392 tonnes of CO_2e at properties where the Trust has some responsibility for electricity usage, well above actual emissions.

The table below provides details of the estimated Scope 2 emissions[2] occurring at the properties where the Trust is responsible for some electricity usage, it is otherwise the responsibility of the Trust's tenants.

[1] Prepared in accordance with the World Resources Institute/ World Business Council for Sustainable Development Greenhouse Gas Protocol.

[2] Scope 2 emissions by property prior to application of ACCUs.

Property	Annual CO_2e emissions (Tonnes)[1] 2022[2]	2021	Change from previous year (%)
Bayswater showrooms		-	-
Browns Plains	**5.74**	12.80	(55)
Cairns[3]	**21.81**	-	-
Coburg	**17.97**	64.13	(72)
Dubbo	**-**	-	-
Gladstone	**11.38**	22.80	(50)
Harrisdale	**-**	-	-
Hoxton Park[3]	**20.43**	17.86	14
Mentone	**4.15**	5.06	(18)
Pakenham	**-**	-	-
Underwood	**-**	7.81	(100)
Mandurah[4]	**18.71**	11.20	67
Port Kennedy[3]	**3.54**	-	N/A
Port Macquarie	**14.29**	14.14	1
Morley	**2.26**	20.76	(89)
Total/*like-for-like weighted average*	**120.29**	**176.57**	***(32)***

1 All calculations apply Australian Government National Greenhouse and Energy Reporting ("NGER") conversion factors.

2 The reduction in overall emissions from the prior corresponding period reflects the purchase and utilisation of green electricity during the period ending 30 June 2022.

3 Emissions reported in the period ending 30 June 2022 increased due to changes in electricity usage as the re-positioning/ re-tenanting of the property was finalised.

4 Emissions reported in the period ending 30 June 2022 includes emissions produced as a result of power used by our tenants, this additional use is outside of the Trusts operational control and is reported due to on site metering arrangements.

SCOPE 3 – OTHER INDIRECT EMISSIONS

Other indirect emissions are associated with the supply-chain of services and products used by the Trust and responsible entity (other than purchased electricity). The main sources of these other indirect emissions result from the purchase of capital goods.

Indirect emissions from business travel relate predominantly to air travel for the purpose of managing the Trust. The Responsible Entity for the Trust is 100 per cent owned by Wesfarmers. The Responsible Entity seconded employees from Wesfarmers, as such business-related travel emissions incurred by the Responsible Entity are reported by Wesfarmers.

Capital goods acquired predominantly relate to repairs or improvements to investment properties. At present we have regard to capital improvements over which we have direct control of procurement and management. The relevant activities for the last financial year are summarised in the Summary of performance and future priorities table below.

KEY RISKS AND OPPORTUNITIES

IDENTIFICATION AND ASSESSMENT PROCESS

As part of our annual corporate planning process and risk review we consider a broad range of factors that may impact our operations and the long-term sustainability of our business. In addition to this more general assessment, a detailed review of climate change related risks and opportunities is undertaken. No material risks or opportunities arising from ESG issues have been identified, having regard to the current scale, scope and nature of our operations.

RISK MITIGATION

From a broad perspective, ESG risks are mitigated by the following factors: the solely domestic scope of the Trust's activities; the relatively passive nature of the Trust's business (essentially, leasing out established commercial property for retail use); its relatively uncomplicated and transparent structure; and the highly regulated framework under which the Trust and responsible entity operate.

Environmentally, the Trust's direct sourcing of materials, use of water and energy and generation of waste is relatively limited and the risks associated with these activities can be readily identified, monitored and managed within the Trust's normal operations. However, climate change is considered a key aspect of ESG due to its relevance to our operations and the imperative placed on this issue by stakeholders and for this reason it is discussed in more detail later in this section.

Social and governance issues under the Global Reporting Initiative ("GRI") encompass labour practices, human rights, society, and product responsibility. The responsible entity is subject to a number of formal policies and processes which address those aspects directly relevant to the Trust's activities. Policies and processes cover areas such as health and safety, ethics and conduct, diversity, continuous disclosure, whistleblowing, anti-bribery, remuneration and conflicts management. The Corporate governance section provides more detail. In addition to this governance regime, the social and governance implications of each individual investment are expressly considered as part of the assessment and approval process, for example the likely impact on the local community of the investment and appropriate approach to conflicts of interest and related party issues. This allows us to consider potential ESG risks and opportunities at an individual asset level.

The Trust recognises the significant importance of ensuring that people's health and safety is not put at risk by its activities and operations. It has in place policies and practices to help identify health and safety risks and to manage those risks appropriately. The responsible entity is currently engaging and working with suppliers to assess and address the Trust's modern slavery risks.

CLIMATE CHANGE

The most material ESG issue relevant to the Trust is climate change. A review of risks and opportunities is conducted annually as part of our response to the Carbon Disclosure Project. No major risks have been identified to date, the main opportunities relate to the increasing of energy efficiency in our properties.

Regulatory changes to address climate change are considered manageable within the existing business model. For new developments, increased capital costs due to design or construction requirements to address energy efficiency or emissions reduction should be factored into commencing rents. For existing buildings, compulsory changes to address climate change are considered to be less likely and would probably be triggered by and incorporated into a redevelopment or upgrade. Legislative requirements for increased collection, monitoring and reporting of climate change related data are able to be managed through existing compliance and reporting frameworks.

The physical impacts of climate change, such as severe weather events, may increase the risk of damage or impairment to properties. The geographic spread of the Trust's properties means that the potential impact is likely to be confined to individual properties, reducing the likely per event loss. For most of the Trust's properties the tenant is responsible for insuring the building and improvements against risk of physical loss or damage on a replacement or reinstatement basis.

The regulatory environment for Environmental, Sustainability and Governance ("ESG") disclosure for listed companies continues to evolve rapidly. In late 2021 the International Financial Reporting Standards Foundation announced the creation of a new standard setting board, the International Sustainability Standards Board ("ISSB"). ISSB has been established to deliver a comprehensive global baseline of sustainability-related disclosure standards and will build on the framework of internationally recognised frameworks such as the Task Force on Climate Related Financial Disclosure ("TCFD") recommendations.

The Trust undertakes detailed due diligence on property acquisitions to fully understand levels of site contamination, as well as potential for exposure to climate related events, prior to committing to purchase.

Operationally, increased costs and charges relating to energy, water, materials and waste for the Trust's properties would generally be borne directly by the tenant or could be recovered in part or whole from tenants under the lease arrangements. For this reason, increased costs associated with the implementation of a carbon pricing scheme are not considered to be a material risk for the Trust. Incorporating renewable energy sources at some properties may provide a modest longer-term source of revenue and we are currently assessing this as an opportunity. Tenants' businesses do not appear vulnerable to climate change induced shifts in consumer behaviour or demographic changes, with tenants likely to be able to change product and service offerings to meet any such changes (potentially providing some new product category opportunities).

TCFD PRINCIPLES

PROGRESS AND PRIORITIES

	2021	2022	PRIORITIES
Operational carbon emissions reduction	> 177 tonnes of CO_2 generated for the year ended 30 June 2021. The Trust is in the process of purchasing 500 Australian Carbon Credit Units to offset these emissions > In addition the Trust avoided 268.4 tonnes of CO_2 emissions as a result of our solar generation across the portfolio	> 120 tonnes of CO_2e generated for the year ended 30 June 2022. The Trust acquired 500 ACCUs to offset these and some future emissions > In addition, the Trust avoided 392 tonnes of CO_2e as a result of solar generation at properties where the Trust has some responsibility for electricity usage	> Further investment in solar and energy efficient lighting
Governance	> Further defined responsibility for climate-related risks and opportunities within management processes, governance frameworks and the Board's oversight > Engaged the Board in a strategic review of the Risk Management Framework, and elevated climate-related risk to a strategic risk to improve Board oversight and visibility > Amended Board and Audit and Risk Committee Charters to assign responsibilities for assessing and managing climate-related risk exposures	> Approved a newly developed Climate Change Policy which explicitly confirms the Board's oversight of climate-related issues	> Continued focus on incorporating TCFD recommendations > Continue to monitor the evolving ISSB reporting standards
Strategy	> Undertook scenario analyses to better understand the impacts, risks and opportunities related to climate risk. Two climate change scenarios, a 2°C and 4°C, were evaluated, with 11 risks and three opportunities identified. When assessed under our risk management framework, the 11 identified climate-related risks did not meet the threshold of a material business risk. Material risks for the Trust are considered to be those which are assessed as being of a substantive financial or strategic nature under the responsible entity's risk management framework > Commissioned a review of reporting boundaries and calculation methodology for scope 1 and scope 2 emissions as captured in the Trust's emissions inventory	> Entered into agreements with green electricity providers to purchase 100 per cent green electricity on seven properties where the Trust is responsible for some electricity usage > Finalised the acquisition of 500 ACCUs to offset actual and some future emissions > Completed external assurance of emissions inventory and gained confirmation of net-zero status	> Continue to better understand the impact climate risk may > have on insurance affordability and funding availability, particularly in relation to those assets in areas at higher risk of severe weather events > Continued focus on reducing the environmental impact of the portfolio through investing in technology applications > Incorporate the impact into financial and strategic plans > Continue to work to understand the most effective approach to mitigation of these risks > Continue to develop understanding of how scenarios apply to each property and how to best incorporate these learnings into the right tools to assist in managing our portfolio, strengthening due diligence processes and embedding resilience into our long-term strategy for the short, medium and long-term
Risk	> Reviewed climate risk in line with the risk management framework	> Reviewed climate risk in line with the risk management framework. No additional risks or opportunities, or changes in materiality were identified.	> Ongoing

KEY SUSTAINABILITY ACTIONS

PROGRESS AND PRIORITIES

	2021	2022	PRIORITIES
Key Sustainability Actions	> A further 12 air conditioning units were replaced to phase out ozone depleting refrigerant models and initiatives introduced to improve efficiency of air conditioning units. New non ozone depleting refrigerants were also retrofitted into larger air conditioning systems in one store owned by the Trust > New energy efficient LED lights were installed internally in eight stores during the year. As at 30 June 2021, 96 per cent of the Trust owned stores had LED lighting in one or more of the car park, nursery trading area, canopy trading area, or in the main store > Solar power generation was installed at three properties, bringing the total installations to 23 > A Tesla Battery has been installed and continues to collect surplus energy from the solar installation which is used on site at one property > 91 per cent of the Trust-owned stores have in place water tanks for the recycling of roof collected rain water	> A further five air conditioning units were replaced to phase out ozone depleting refrigerant models and initiatives introduced to improve efficiency of air conditioning units. New non-ozone depleting refrigerants were also retrofitted into six larger air conditioning systems in properties owned by the Trust > New energy efficient LED lights were installed at 10 properties during the year. As at 30 June 2022, 99 per cent of the Trust-owned properties had LED lighting in one or more of the car park, nursery trading area, canopy trading area, or in the main store > Solar powered generation is installed at 23 properties owned by the Trust > A Tesla Battery is installed at one property. The battery collects surplus energy from the solar installation at the property > 92 per cent of the Trust-owned properties have in place water tanks for the recycling of roof collected rain water	> Continue programme for phasing out ozone depleting air conditioning systems > Continue to work with our major customers to roll out energy efficient LED lighting into existing properties, as and when appropriate, and also to install roof based solar panels on buildings where the energy saving benefits are significant
Customer and Supplier Engagement	> Continued dialogue with Bunnings regarding its sustainability initiatives, particularly in relation to reducing energy consumption through the upgrade of lighting in existing stores to energy efficient LED technology, and the installation of solar power generation	> Continued dialogue with Bunnings regarding its sustainability initiatives, particularly in relation to reducing energy consumption through the upgrade of lighting in existing stores to energy efficient LED technology, and the installation of solar power generation	> Continue to engage with the Trust's customers for a co-operative approach to sustainability initiatives, particularly in relation to LED lighting, and solar energy capture
Environmental, Social and Governance Reporting	> Participating in the 2021 Carbon Disclosure Project survey	> Participating in the 2022 Carbon Disclosure Project survey	> Continue reporting on our progress in improving the energy efficiency of the Trusts properties reducing operational carbon emissions and implementation of TCFD recommendations