Environmental, Social and Governance

AS AT 30 JUNE 2023

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 and our commitment to sustainability are embedded in our corporate strategy, approach to governance and risk management.

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.

We will consider ESG issues in our investment analysis and decision-making processes.

- We will address ESG issues in policies and practices regarding our ownership of our assets and our use of resources.
- We will engage with suppliers and tenants on ESG issues.
- We will report on the progress of our ESG activities and initiatives.
- We will continue to build on our knowledge and understanding of ESG and ways of addressing ESG issues so 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 its 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 recognises 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, disclosure 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 our 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 2023 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 repositioning of a property where a vacancy has occurred), generally acquiring established properties or developments that pass to the Trust on completion. At 30 June 2023, the total area of land owned by the Trust is approximately 236.2 hectares, with gross lettable area of approximately 1,018,819 square metres. The total fair value of the Trust's investment properties at 30 June 2023 was approximately $2,936.6 million.

The responsible entity has been able to attract and retain a high calibre team. The small management team plus part-time Company Secretary is comprised 67 per cent male and 33 per cent female. There is equal gender representation on the Board. Given the small team size, changes in personnel can have a disproportionate impact on the gender ratio of the team. It is crucial to recognize that these changes do not reflect any deliberate bias or lack of inclusivity in our recruitment process or team dynamics. Instead, it is simply a consequence of a small team size.

Sustainability reporting criteria

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.

ORGANISATIONAL BOUNDARIES

Reporting is confined to those aspects of the business over which the Trust has operational control (which is essentially repositioned properties vacated by Bunnings and common-areas at multi-tenanted properties, such as common parking areas and road and pedestrian access ways 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. 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 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 repositioned.

As the Trust's leases are generally whole of property leases, any improvements to properties need to be carried out in consultation with the tenant. As part of the lease terms tenants are responsible for most energy usage. The nature of lease arrangements is that they are long-term commitments with a 10–12 year initial term, and multiple options thereafter, it's difficult to change lease terms once in place.

Assessing the Trust's impact

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.

The Trust is committed to actively participating in the transition to a low-carbon economy, to understanding the impacts of our assets on biodiversity and to addressing the risk of modern slavery in our business, supply chains and investments.

Social and governance impacts are limited due to the passive nature and localised scope of the Trust's operations and the regulated environment in which it operates.

Carbon and energy

UNDERSTANDING BWP TRUST'S GREENHOUSE GAS EMISSIONS PROFILE

SCOPE 1
Direct emissions within the Trust's operational control

Zero
tonnes CO_2e released

SCOPE 2
Indirect emissions from purchased electricity

Net-zero
tonnes CO_2e

SCOPE 3
Indirect emissions generated within the Trust's operational control

Finalising emissions assessment

SCOPE 3
Indirect emissions from assets leased by the Trust to others

Finalising emissions assessment

693,717
kWh produced

Direct emissions

No Scope 1 emissions are produced as the Trust's business activities do not directly release emissions into the atmosphere.

Upstream emissions

Taking into account green electricity usage and ACCUs surrendered during the period, the Trust's net Scope 2 emissions position for the year ended 30 June 2023 was zero tonnes CO_2e.

Indirect emissions from purchased electricity was 49 tonnes CO_2e (down from 120 tonnes CO_2e in the prior corresponding period).

These emissions occur at a small number of properties where the Trust is responsible for some electricity usage (repositioned properties vacated by Bunnings and common areas at multi-tenanted properties, such as common parking areas and road and pedestrian access ways). Purchased electricity is otherwise the responsibility of the Trust's tenants.

The Trust is in the process of further understanding the Scope 3 emissions profile associated with its value chain.

The responsible entity for the Trust is 100 per cent owned by Wesfarmers. The responsible entity seconds employees from Wesfarmers, as such business-related travel and emissions relating to employee commuting incurred by the responsible entity are reported by Wesfarmers.

Downstream emissions

This is the most material category of emissions for BWP Trust as it comprises the Scope 1 and Scope 2 emissions of our tenants. The most significant of which will likely be Bunnings, as it comprised approximately 83 per cent of the portfolio at 30 June 2023.

Bunnings reports that it is continuing to progress towards its targets to achieve 100 per cent renewable electricity by 2025 and net-zero Scope 1 and 2 emissions by 2030.[1]

Solar production

In addition to the net-zero emissions position, solar production for the year ended 30 June 2023 was 693,717 kWh (30 June 2022: 576,100 kWh) which is used by the Trust's tenants, in common areas where the Trust has some operational control, or fed back into the grid for use by other network customers.

This enabled the Trust to avoid a further 390 tonnes of CO_2e compared to 392 tonnes of CO_2e in the prior corresponding period, well above the Scope 2 emissions of 49 tonnes CO_2e relating to the use of electricity within its operational control boundary.

Organisational boundaries and methodology

BWP Trust reports Greenhouse Gas ("GHG") emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, as published by the World Business Council for Sustainable Development and World resource and in accordance with the National Greenhouse and Energy Reporting Act 2007. Reporting is confined to those aspects of the business over which the Trust has operational control.

[1] Wesfarmers Annual Report, 30 June 2022, p28.

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 FROM COMMON AREAS OF TRUST PROPERTIES

Taking into account green electricity usage and Australian Carbon Credit Units ("ACCUs") surrendered during the period, the Trust's net Scope 2 emissions position for the year ended 30 June 2023 was zero tonnes CO_2e.

Indirect emissions from purchased electricity were 49 tonnes CO_2e (down from 120 tonnes CO_2e in the prior corresponding period). These emissions occur at a small number of properties where the Trust is responsible for some electricity usage (repositioned properties vacated by Bunnings and common areas at multi-tenanted properties, such as common parking areas and road and pedestrian access ways). Purchased electricity 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.

SCOPE 2 EMISSIONS PROFILE

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

PROPERTY	Annual CO2e emissions (Tonnes)[1] 2023[2]	2022[2]	Change from previous year (%)
Browns Plains	**1.02**	5.74	(82.19)
Cairns[3]	**-**	21.81	(100)
Coburg	**-**	17.97	(100)
Gladstone	**-**	11.38	(100)
Harrisdale	**-**	-	(100)
Hoxton Park[3]	**21.28**	20.43	5.03
Mentone	**-**	4.15	(100)
Mandurah	**-**	18.71	(100)
Port Kennedy	**-**	3.54	(100)
Port Macquarie	**13.81**	14.29	(3.36)
Morley[3]	**-**	2.26	(100)
Belmont North	**13.29[4]**	-	-
Hervey Bay	**-[4]**	-	-
Total/*like-for-like weighted average*	**49.41**	**120.29**	

[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 2023.
[3] Morley and Cairns have been leased, the tenants have operational control at these properties
[4] First year of reporting

Notes: Emissions relating to the common area lights were previously reported for Bunnings for Bayswater, Geraldton, Pakenham, Dubbo and Harrisdale. These are all connected to Bunnings power supplies and therefore Bunnings has operational control and are included within the emissions profile.

Emissions are reported for the period ending 30 June 2023. Estimates have been extrapolated for the month of June 2023 using a conservative energy usage estimate as data was not available at time of reporting. Emissions include common areas, vacant tenancies and power sold to tenants.

SCOPE 3 – OTHER INDIRECT EMISSIONS

The Trust is in the process of further understanding the Scope 3 emissions profile associated with its value chain. The responsible entity for the Trust is 100 per cent owned by Wesfarmers. The responsible entity seconds employees from Wesfarmers, as such business-related travel and emissions relating to employee commuting incurred by the responsible entity are reported by Wesfarmers.

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-related risks and opportunities is undertaken.

The risk management framework provides a structured and systematic risk management approach, and considers obligations under the Corporations Act, AFS Licence, ASX listing rules and other applicable laws and AS/NZS ISO 31000:2018 Risk Management – Guidelines. The Board Audit and Risk Committee oversees the approach.

The outcome of the risk and opportunity assessment did not identify any material risks or opportunities arising from ESG issues, 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.

Climate-related and environmental risks and opportunities

Environmentally, the Trust's direct sourcing of materials, use of water, energy and generation of waste is relatively limited. 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.

Social sustainability risks

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 (under the **About us** tab of the Trust's website). 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 the risk management processes. No major risks have been identified to date, the main opportunities relate to the increasing of energy efficiency of 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-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 the risk of physical loss or damage on a replacement or reinstatement basis.

The regulatory environment for ESG disclosure for listed entities is evolving rapidly. On 26 June 2023, the International Sustainability Standards Board ("ISSB") issued its inaugural standards – IFRS S1 General *Requirements for Disclosure of Sustainability-related Financial Information and* IFRS S2 *Climate-related disclosures* – ushering in a new era of sustainability-related disclosures in capital markets worldwide.

The standards are intended to create a common language for disclosing the effect of climate-related risks and opportunities on an entity's prospects. Both standards fully incorporate the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Once these international standards have been incorporated into domestic regulatory frameworks, it is anticipated that Australian businesses may be required to report under them as early as the financial year ending June 2025. The Trust has been progressively aligning its practices and policies with these recommendations and is well positioned to meet the incoming Australian accented sustainability-related and climate-related disclosure standards.

ADAPTING FOR A LOW CARBON ECONOMY

	2023	2022	PRIORITIES
Operational carbon emissions reduction	> 49 tonnes of CO_2e generated for the year ended 30 June 2023 > The Trust surrendered 55 ACCUs to offset these and some future emissions > In addition, the Trust avoided 390 tonnes of CO_2e as a result of solar generation at properties where the Trust has some responsibility for electricity usage > The Trust is in the process of finalising it's Scope 3 emissions profile	> 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 > Complete the Trust's Scope 3 emissions inventory
Governance	> The Trust has progressively aligned its practices and policies with the TCFD recommendations and will continue to provide climate-related and sustainability-related disclosure in accordance with this framework in preparation for the incoming Australian specific reporting standards	> Approved a newly developed Climate Change Policy which explicitly confirms the Board's oversight of climate-related issues	> Continue to review applicable incoming reporting standards and provide disclosure as required
Strategy	> Purchased 100 per cent green electricity at eight properties where the Trust is responsible for some electricity usage > Completed external assurance of emissions inventory and gained confirmation of net-zero status again for 2023 > Continued to work with insurance advisors and providers 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	> 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 focus on reducing the environmental impact of the portfolio through investing in technology applications such as energy efficient LED lighting > ontinue to identify areas for improvement and opportunities to enhance portfolio's ESG-related resilience > 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 strategy for the short, medium and long-term
Risk	> The Trust's annual risk and opportunity review was completed during the period. The outcomes of the assessment did not identify any material risks due to climate change > The Trust's 2023 Corporate Governance Statement details climate-related risk management and can be viewed in the Corporate Governance section under the **About Us** tab of the Trust's website		> Explore impacts of our assets on biodiversity, nature-related risks and opportunities relevant to the Trust's operations > Continue identifying and managing transition risk and potential impacts relating to transition to low-carbon economy
Property resilience	> A further 15 air conditioning units were replaced to phase out ozone depleting refrigerant models and initiatives introduced to improve efficiency of air conditioning units > New energy efficient LED lights were installed at six properties during the year. As at 30 June 2023, 100 per cent of 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 power generation is installed at 24 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	> 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	> Continue programme for phasing out ozone depleting air conditioning > 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 cooperative approach to sustainability initiatives, particularly in relation to LED lighting, and solar energy capture
Environmental social and governance reporting	> Participating in the 2023 CDP (formerly the Carbon Disclosure project)	> Participated in the 2022 Carbon Disclosure project)	> Continue reporting on our progress in improving the energy efficiency of the Trust's properties reducing operational carbon emissions and working to understand the impacts of our assets on biodiversity

The Trust undertakes detailed due diligence on property acquisitions to fully understand levels of site contamination, as well as the 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).

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. 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 are monitored periodically during the year and achievement of performance objectives contribute 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 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.

Disclosure

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