



BWX LIMITED
2020 CORPORATE GOVERNANCE STATEMENT



BWX Limited (**BWX** or **Company**), and its related entities (collectively, **BWX Group**) are committed to achieving and demonstrating the highest standards of corporate governance to protect and enhance shareholder interests.

This Corporate Governance Statement reports against the ASX Corporate Governance Principles and Recommendations (4th Edition) (**ASX Principles**). The practices detailed in this Corporate Governance Statement are current as at 21 August 2020 and covers activities and practices in the 2019/2020 financial year (**FY20**) of the Company; has been approved by the Board; and is located on BWX's website at www.bwxltd.com/investor-centre/

PRINCIPLE 1: THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Responsibilities and Delegations

The Company's Board Charter was adopted by the Board in June 2019 and amended in March 2020.

The Board Charter is located on the BWX website at www.bwxltd.com/investor-centre/.

The Board Charter provides a framework for the effective operation of the Board, setting out:

- the Board's role and responsibilities and size and composition;
- the establishment of two Board Committees (as described below) and the Board's ability to delegate any of its powers to a Board Committee, a Director or other person from time to time, subject to ultimate responsibility residing with the Directors;
- the responsibilities delegated by the Board to the Group Chief Executive Officer and Managing Director (CEO) and members of the Executive Team; and
- the role of the Board Chair and the Company Secretary.

The Board Charter provides that the Board's role is to, amongst other things:

- set BWX's values and standards of conduct and ensure that they are adhered to;
- provide and demonstrate leadership;
- define and set BWX's strategic direction;
- monitor the operational and financial position and performance of the Company and provide oversight and monitor that the Company is properly managed to protect and enhance shareholder interests and that of the Company; and
- adopt internal controls, a risk management framework (for both financial and non-financial risks) and corporate governance policies and practices which promote the responsible management and conduct of BWX.

The Board's responsibilities include the appointment of a Chair; the appointment and removal of the CEO; approval of BWX Group's statement of values and Code of Conduct; and approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management.

The Board Charter provides that the Company Secretary is accountable to the Board through the Chair on all matters to do with the proper functioning of the Board, including advising the Board and its Committees on governance matters and monitoring that Board and Committee policies and procedures are followed.

The Board Charter delegates responsibility for day-to-day management and administration of the BWX Group to the CEO and members of the Executive Team. The CEO is responsible for providing effective leadership, direction and supervision of the Executive Team to achieve the strategies, business plans and budgets adopted by the Board and in accordance with the values and culture set by the Board. The Board has procedures in place to regularly assess the performance of the CEO and members of the Executive Team.

Board Committees

The Board has established two Committees to assist it in discharging its functions:

- Audit and Risk Committee (**ARC**); and
- People and Culture Committee (**P&CC**).

Board Meetings and Attendance

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to BWX to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During FY20, the Board met twelve times.

For full details of Directors' attendance at Board and Committee Meetings for FY20, refer to "Board and Committee Meeting Attendance" which is contained in the Directors' Report set out in the Company's 2020 Appendix 4E and Annual Report.

Access to information and independent professional advice.

Directors have access to management to seek explanations and information and to auditors to seek explanations and information without management present at any time they consider it appropriate.

The Board collectively, and each Director individually, has the right to seek, at the expense of the Company, any independent professional advice that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions, subject to the approval of the Chair which cannot be unreasonably withheld or delayed.

The Company has appointed a Company Secretary who is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Background Checks Before Appointing Directors and Senior Executives and Information Provided to Security Holders concerning Appointment or Re-Election of Directors

In FY20, BWX formally adopted a policy concerning background checks for directors and senior executives and requiring certain information to be provided to shareholders each time that an existing director stands for re-election. In addition, the Company will provide shareholders with any other material information in its possession relevant to a decision on whether to elect or re-elect a Director at a General Meeting.

Prior to the appointment of a new director or senior executive (being a member of the Executive Team), the Board undertakes appropriate background checks as to the candidate's character, experience and education and confirms that the candidate does not have a criminal record. For directors only, confirmation is also obtained that the director is not an undischarged bankrupt. Having been satisfied with these background checks, the candidate for a director is required to provide the Chair with details of other commitments and an indication of time involved, and to acknowledge that he or she will have adequate time to fulfil his or her responsibilities as a Non-Executive Director of BWX. The Chair must be satisfied that the candidate for director can materially contribute to the overall skills and experience of the Board with reference to the BWX Director Skills Matrix.

BWX has entered into written agreements with each Director setting out the terms, conditions and responsibilities of their appointment. This requirement is formalised in the BWX Non-Executive Director Induction and Professional Development Policy adopted in FY20. In accordance with Listing Rule 3.16.4, BWX discloses, to the extent required, the key terms of all employment, service or consultancy agreements with the CEO, the Directors and any other related parties to the CEO and the Directors.

Diversity

Consistent with BWX's values, BWX is committed to providing an inclusive, equitable and fair workplace where everyone is treated with respect and dignity regardless of gender, marital or family status, sexual orientation, gender identity, age, ability, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

BWX's Diversity Policy includes requirements to ensure that employment related decisions are transparent, equitable and fair; that a diverse range of candidates are considered for positions; to guard against any conscious or unconscious biases that might discriminate against certain candidates; to ensure that staff have access to development and career opportunities based on merit; and to ensure a workplace which is free from discrimination, harassment, bullying, victimisation and vilification.

The Board is responsible for reviewing BWX's Diversity Policy periodically to check that it is operating effectively. The Diversity Policy was amended by the Board in June 2019 and reviewed by the P&CC in February 2020. The Policy is available on the BWX website at www.bwxltd.com/investor-centre/.

Measurable Objectives

The Board plays a specific role in driving diversity, particularly gender diversity across the business by reviewing and approving annual diversity objectives and progress towards these objectives.

BWX's workforce diversity as at 30 June 2020 is as follows:

BWX level	Female number	Current percentage of women	Male number	Current percentage of men	FY20 Target
Board of Directors	2	40%	3	60%	≥40% female
Senior Executives* and Senior Management	36	58%	26	42%	≥40% female
Total Employees	215	69%	95	31%	≥40% female

*Senior Executives includes the Group CEO and Managing Director and the Key Management Personnel of the Company, as outlined in the Remuneration Report for FY20 and the Executive Team, reporting to the CEO.

The P&CC is responsible for assessing whether there is any gender or other inappropriate bias with respect to the remuneration of Directors, the Executive Team or other employees. The P&CC also annually reviews the status of workplace diversity within BWX; the effectiveness of the measurable objectives including for achieving gender diversity; and to recommend gender diversity targets for each reporting period to the Board for adoption.

Measurable Objectives

BWX annually sets gender diversity targets. BWX's gender diversity targets for FY21 are:

BWX level	Target percentage
Board	≥ 40% female
Senior Executives* and Senior Management	≥ 50% female
Employees	≥ 50% female

*Senior Executives includes the Group CEO and Managing Director and the Key Management Personnel of the Company, as outlined in the Remuneration Report for FY20 and the Executive Team, reporting to the CEO.

Performance Review of the Board

BWX's Board Charter provides that the Board undertakes ongoing assessment and review of the performance of the Board, its Committees and individual Directors at least annually. The P&CC makes recommendations to the Committees and the Board on the form of review to adopt. The Board and each Committee undertook an evaluation in FY20. Additionally, the Chairman periodically meets with the Directors individually and with the Directors as a whole to discuss issues including the composition, performance and effectiveness of the Board, with the intention of providing mutual feedback.

Performance Review of the CEO and Executive Team

BWX's Board Charter provides that the Board is responsible for monitoring the performance of the CEO and the Executive Team. The performance of the CEO and Senior Executives is assessed annually with reference to agreed milestones. These performance reviews were undertaken during the reporting period. Details of the remuneration of the Executive Team who are considered by the Company to be Key Management Personnel is set out in the Remuneration Report.

The P&CC is responsible for reviewing and making recommendations to the Board (as appropriate) on remuneration arrangements and terms of employment for the CEO and Executive Team. The P&CC also makes recommendations to the Board on the following:

- any equity-based remuneration plans for the Executive Team and other employees;
- reviewing and approving the design and total proposed payments from any Executive Team incentive plan; and
- the proposed award to each member of the Executive Team under the rules of any Executive Team incentive plan.

PRINCIPLE 2: THE BOARD IS STRUCTURED TO BE EFFECTIVE AND TO ADD VALUE

Nomination Committee

Due to the size of the Board, BWX does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board, and where appropriate, the P&CC. The types of responsibilities include that the P&CC will annually review and make recommendations to the Board concerning:

- a) The Directors' Skills Matrix as outlined below;
- b) Rotation of the Non-Executive Directors at the Annual General Meeting;
- c) The diversity of the Board through reviewing and recommending diversity targets; and
- d) The independence of the Non-Executive Directors.

Based on the recommendations from the P&CC, the Board is satisfied that it has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Composition of the Board and details of Directors

BWX currently has six Directors, one of whom is the CEO and Managing Director, David Fenlon, and the rest of whom are Non-Executive Directors. The Board considers that the current size of the Board is appropriate to discharge its duties effectively.

The criteria by which the Board determines the independence of a Director is set out in the Board Charter. All of the Non-Executive Directors are considered by the Board to be independent, including Ian Campbell, Chair of the Board as set out in the table below. There is a clear division of responsibility between the Chair, who is an Independent Non-Executive Chair, and the CEO.

Each Director must provide to the Board all information relevant to the assessment of his or her independence and where a Director's independent status changes, BWX will immediately disclose and explain this to the market.

Director	Independent Status	Appointment Date
Ian Campbell (Chair)	Independent Non-Executive Director	15 May 2015
David Fenlon (CEO)	Not independent*	1 July 2019
Fiona Bennett	Independent Non-Executive Director	1 December 2018
Jodie Leonard	Independent Non-Executive Director	1 December 2018
Denis Shelley	Independent Non-Executive Director	26 July 2013
Rod Walker	Independent Non-Executive Director	1 October 2019

*David Fenlon commenced as CEO on 1 July 2019. He was an Independent Non-Executive Director between 16 April 2018 and 3 June 2019.

For details of the current Directors, their qualifications, skills and experience, refer to the Directors' Report set out in the Company's 2020 Appendix 4E and Annual Report.

Board Skills Matrix

Under the Company's Constitution, the Board must comprise of at least three Directors with a maximum of eight Directors. The Board regularly reviews the composition of the Board, considering the number and skill mix of the Directors.

The Board recognises the need to review and consider the composition of the Board to align it with ASX best practice and ensure that it comprises the necessary skills to establish and deliver upon the Company's short, medium and long term strategic objectives. The Board considers, and where necessary, updates, the Board skills matrix at least annually to ensure that as BWX develops, the Board comprises the appropriate mix of skills, expertise, experience and diversity. In FY19, the Board, with the assistance of the P&CC developed a Board skills matrix which was updated in FY20.

The mix of skills and experience in the current Board, and that the Board would look to maintain, and build on are as follows:

Skills and experience	Total Membership
<i>Strategy and Leadership, Risk and Governance</i>	
Directors have extensive experience in executive leadership positions, including previous managing director, chief executive, senior executive and strategic senior manager roles.	6
<i>Finance & Audit</i>	
Directors have a high level of financial acumen, knowledge of audit practices and key accounting standards.	4
<i>Sales & Marketing</i>	
Directors have a high level of sales and marketing experience.	5
<i>Manufacturing, Distribution and Supply Chain</i>	
Directors have a high level of manufacturing, distribution and supply chain experience.	5
<i>Industry Experience</i>	
Directors have a high level of understanding and experience in the fast moving consumer goods industry.	6
<i>International Experience</i>	
Directors have a high level of understanding and experience of international business practices, particularly in key countries where BWX operates.	4
<i>Mergers and Acquisitions</i>	
Directors have experience or participated in major corporate transactions, including purchase or sale of part of a portfolio; corporate takeovers; and/or acquisitions.	5
<i>Listed Entity Experience</i>	
Directors have experience as a non-executive director, having served on a publicly listed company board.	6

Director Selection/Appointment/Induction Process

The Board reviews from time to time the size, structure and composition of the Board, taking into consideration the balance of skills, experience and knowledge of Board members.

As formalised in the Non-Executive Director Induction and Professional Development Policy adopted in FY20, the Company Secretary is responsible for arranging for any new director to undertake an induction program to enable them to gain an understanding of the Company's operations and the industry sectors in which the Company operates, the culture and values of the Company, the Company's financial, strategic, operational and risk management position and the rights, duties and responsibilities of the new director.

This same policy sets down annual requirements for the Directors to undergo regular professional development to ensure continual development of the Directors. The Board determined that each Non-Executive Director must annually undertake sufficient professional development activities to maintain any qualifications such as membership or fellowship of the Australian Institute of Company Directors, but in any case, no less than two-days per annum spent on relevant professional development topics.

PRINCIPLE 3: THE BOARD INSTILS A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Code of Conduct

The Board recognises the need to observe a high standard of corporate practice and business conduct. Accordingly, the Board adopted the Code of Conduct, which outlines how BWX expects its representatives to behave and conduct business with specific reference to BWX's values being Wellness, Bravery, Respect, Innovation and Diversity.

All directors, officers, senior executives, employees, contractors and consultants must comply with the Code of Conduct. The Code details the core values that are expected to drive Director and employee behaviour and aspirations. As set out in the Code of Conduct, BWX expects all parties subject to the Code, to comply with the letter and spirit of any applicable law, rule or regulation and not knowingly participate in any illegal or unethical activity. In addition, BWX expects that all parties carry out BWX's operations with high standards of honesty, integrity and ethical, responsible and law abiding behaviour. Any suspected or actual breaches of the Code of Conduct are reported to the Audit & Risk Committee on a periodic basis.

The Code of Conduct was amended by the Board in June 2019 and was further reviewed and amended in February 2020 to more closely align it with the BWX Whistleblower Policy. The Code of Conduct is located on the BWX website at www.bwxltd.com/investor-centre/.

Security Trading Policy

The BWX Security Trading Policy governs the sale and purchase of BWX securities by Directors and Employees and their close associates (Relevant Persons). Relevant Persons must not trade, arrange for someone else to trade, or pass on information to someone they know or ought reasonably to know, may use the information to trade (or procure another person to trade) BWX securities when they are in possession of price sensitive information in relation to BWX which is not generally available to the market. The policy also prohibits Relevant Persons from entering into any financial arrangements to hedge the economic risk of BWX securities or to enter margin lending arrangements over BWX securities.

Relevant Persons are prohibited from dealing in BWX's securities (subject to exceptional circumstances) during the following mandated Closed Periods:

- a) the period from 25 April in any year and ending one clear trading day after the release of the Company's annual results;
- b) the period that is within one month prior to the Company's half year-end date and ending one clear trading day after the release of the Company's half year results;
- c) the period that is within two weeks prior to the Company's annual general meeting and ending one clear trading day after the annual general meeting (or, if shorter, the period from the relevant financial period end up to and including the time of the announcement); and
- d) any other period designated by the Board from time to time (including when the Company is considering matters which are price sensitive and/or subject to disclosure to the market).

If a Director, the CEO or the Executive Team wish to trade in BWX shares during an open period, the Trading Policy provides for:

- prior written approval by the Chair to be given to Directors (the Chair himself must seek prior written approval from the Chair of the Audit and Risk Committee); and
- prior written approval from the CEO to be given to the members of the Executive Team.

For all Relevant Persons, notification to the Company Secretary prior to, and after, trading is also required under the policy.

The current Security Trading Policy was adopted by the Board in June 2019 and amended in May 2020. The Policy is located on the BWX website at www.bwxltd.com/investor-centre/.

Whistleblower Policy and Anti-Bribery and Corruption Policy

BWX recognises the important role whistleblowing can play in the early detection of misconduct and has adopted a Whistleblower Policy. The purpose of the Whistleblower Policy is to establish a reporting system which secures protections for individuals who disclose misconduct and encourages employees and BWX's partners to report known or suspected misconduct. In FY20, this policy was amended to better align it with the BWX Code of Conduct and to provide additional means for individuals to make whistleblower reports. The Whistleblower Policy is located on the BWX website at www.bwxltd.com/investor-centre/. All whistleblower reports are periodically reported to the Audit & Risk Committee.

BWX also recognises the importance of protecting the assets and reputation of the Company and has adopted an Anti-Bribery and Corruption Policy. The purpose of the Anti-Bribery and Corruption Policy is to reinforce the commitment and responsibility of BWX in identifying fraudulent and corrupt activities and to establishing policies, controls and procedures for prevention and detection of these activities. In addition, the Policy reinforces the requirement that all employees must refrain from and report any corrupt and fraudulent conduct. Any suspected or actual breaches of the Anti-Bribery and Corruption Policy are reported to the Audit & Risk Committee on a periodic basis.

Supplier Code of Conduct

BWX recognises the risks of modern slavery in its supply chain and is committed to taking steps to mitigate human slavery wherever possible. The Board approved the BWX Supplier Code of Conduct in FY20. This Supplier Code of Conduct, which is incorporated into all material outsourced supplier contracts, sets the expectations of BWX that its suppliers must recognise and implement measures to safeguard human rights, labour rights, environmental standards and compliance with local and international laws such as those prohibiting bribery and corruption. BWX's Global Procurement Team has commenced on a project to map its supply chain and undertake audits of all its major suppliers and the Company will issue its Modern Slavery Report in FY21. The Supplier Code of Conduct is located on the BWX website at www.bwxltd.com/investor-centre/.

PRINCIPLE 4: THE BOARD SAFEGUARDS THE INTEGRITY OF CORPORATE REPORTS**Audit and Risk Committee (ARC)**

The ARC has three members, Fiona Bennett (Chair), Jodie Leonard and Ian Campbell. The ASX Principles recommend that an audit committee have at least three members, all of whom are non-executive directors and a majority of whom are independent and that the Chair of the ARC be an independent director who is not the chair of the board. The ARC met these requirements in FY20. For full details of Committee members' attendance at Committee Meetings for FY20, refer to "Board and Committee Meeting Attendance" which is contained in the Directors' Report set out in the Company's 2020 Appendix 4E and Annual Report.

The ARC Charter requires that all members of the ARC are able to read and understand financial statements and that at least one member is a qualified accountant or other financial professional with appropriate experience of financial and accounting matters. The ARC met these requirements in FY20. For details of the qualifications, skills and experience of the ARC, refer to the Directors' Report set out in the Company's 2020 Appendix 4E and Annual Report.

The ARC Charter sets out the role and responsibilities of the ARC and the Charter is located on the BWX website at www.bwxltd.com/investor-centre/. The ARC reviews its Charter annually or as required.

The objectives of the ARC are to:

- assist the Board to achieve its objectives in relation to corporate and financial reporting, the application of accounting policies, business policies and practices, legal and regulatory compliance and internal control and the risk management framework;
- maintain and improve the quality, integrity and objectivity of the financial accountability process;
- promote a culture of compliance across the BWX Group;
- provide a forum for communication between the Board and the Company's management in relation to audit and compliance matters affecting the BWX Group;
- oversee the internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and the external auditor and advise the Board on the independence of the external auditor; and
- oversight of the risk management framework which encompasses the management of the material financial, non-financial and reporting risks faced by the BWX Group.

The responsibilities of the ARC in relation to external audit include:

- approving the terms of engagement with the external auditor at the beginning of each financial year;
- reviewing the external auditor's proposed audit scope and approach;
- recommending to the Board for approval, the appointment or removal of the external auditor;
- reviewing the performance of the external auditor and recommending to the Board approval of the fees payable to the external auditor;
- developing and overseeing the implementation of BWX's policy on the engagement of the external auditor to supply non-audit services and monitoring compliance with that policy;
- providing advice to the Board in relation to whether the ARC is satisfied that the provision of non-audit services is compatible with the general standard of independence & an explanation of why those non-audit services do not compromise audit independence; &
- meeting with the external auditor to review audit reports.

The external auditor must be independent of BWX. The ARC regularly reviews and assesses the independence of the external auditor and makes recommendations to the Board.

The ARC may obtain information from, and consult with, management, the external auditor and external advisers, as it considers appropriate. The ARC also has access to the external auditor to discuss matters without management being present.

The ARC is responsible for engaging in the proactive oversight of, and assessing the adequacy of, the Company's financial reporting and disclosure processes and reviewing all periodic financial reports with management, advisers and the external auditor (as appropriate) and recommending to the Board, adoption of applicable financial reports.

CEO and CFO declaration

Prior to Board approval of BWX's annual financial reports, the CEO and CFO must provide the Board with the declarations required under section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles. This declaration is also provided prior to Board approval of BWX's half-year financial reports required under Recommendation 4.2 and as if section 295A of the Corporations Act applied in respect of a half-year period.

For the half-financial year ended 31 December 2019 and for the financial year ended 30 June 2020, the CEO and CFO made a declaration in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

Auditor at AGM

At BWX's 2020 AGM, William Buck, as the independent external auditor, will be present and available to answer shareholder questions on the:

- conduct of the independent external audit;
- preparation and content of the independent external auditor's report;
- accounting policies adopted by BWX in relation to the preparation of the financial statements; and
- independence of William Buck in relation to the conduct of the audit.

PRINCIPLE 5: THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

It is the intention of the Board to ensure that shareholders are kept informed of all major developments affecting the state of affairs of BWX.

The BWX Continuous Disclosure Policy sets out BWX's disclosure obligations under the Corporations Act and ASX Listing Rules and is located on the BWX website at www.bwxltd.com/investor-centre/.

Under the Continuous Disclosure Policy, the Board bears the primary responsibility for BWX's compliance with its continuous disclosure obligations and is responsible for overseeing and implementing this policy. The Board makes the ultimate decision on whether there is any materially price sensitive information that needs to be disclosed to the ASX and Board approval is required for any release which relates to a matter which is both material and strategically important for BWX.

In addition, at each Board meeting, consideration is given to any information that must be disclosed to the ASX in accordance with BWX's continuous disclosure obligations.

BWX has appointed the CEO and the Company Secretary as the Company's Disclosure Officers. The Disclosure Officers are primarily responsible for advising the Board on what should be disclosed publicly under the Policy and confirming that the Policy is implemented and enforced and that all material information is disclosed to the ASX as required by the Corporations Act and the Listing Rules. The Disclosure Officers may take advice from independent advisors as appropriate. This includes, for example, any investor or analyst presentations, which are analysed for new or substantive content and disclosed on the ASX platform ahead of the presentation.

The Company Secretary has primary responsibility for all communication with the ASX in relation to ASX Listing Rule matters. The Company Secretary is also responsible to ensure that the Directors receive copies of all material market announcements promptly after they have been made.

The Board is responsible for regularly reviewing the Continuous Disclosure Policy to ensure that it remains effective and consistent with all relevant legal pronouncements and the ASX Principles.

PRINCIPLE 6: THE BOARD RESPECTS THE RIGHTS OF SECURITY HOLDERS

BWX respects the rights of its shareholders and, to facilitate the effective exercise of those rights, BWX's policy is to promote effective two-way communication with shareholders and other stakeholders so that they are fully informed of BWX's business, governance, financial performance and prospects, and understand how to assess relevant information about BWX and its corporate activities.

BWX Website

BWX's website at www.bwxltd.com/investor-centre/ is kept current to maintain effective communication with shareholders and stakeholders. Information available on the BWX website includes pertinent information about BWX's operations and its brands; the Board of Directors; copies of all key governance documentation and key shareholder information; announcements; archived investor presentations; current share price information; and company events. In FY20, the BWX website was enhanced to create a separate Investor Relations sub-page containing relevant information for shareholders in a manner that is clear and concise.

All ASX announcements made by BWX can also be accessed from the 'Announcements' section of the ASX website at www.asx.com.au/asx/statistics/announcements.do, using BWX's ticker code: BWX. The BWX website also incorporates a widget to display all announcements made by BWX to the ASX.

Investor Relations

Relationships with investors are very important at BWX. Following BWX's release of its half-year and annual financial statements, BWX conducts investor briefings and investor roadshows with institutional groups and analysts. BWX posts details of its half-year and full-year investor call on the ASX platform to ensure that a wide set of stakeholders are able to attend. BWX's AGM is usually held in November each year and the Chair, Directors and Key Management Personnel will engage with Shareholders in advance of the AGM, as appropriate.

Shareholder Communications

Shareholders may elect to receive all communications from the BWX share registry electronically. Electronic communications have the added advantage of being more timely and cost effective, which benefits all BWX shareholders and is encouraged by BWX. Shareholders should contact the BWX share registry if they wish to elect to receive electronic communications by emailing registrars@linkmarketservices.com.au.

The BWX share registry is managed by Link Market Services Limited: www.linkmarketservices.com.au/corporate/home.html

Shareholder Engagement and Participation

To encourage shareholder engagement and participation at the AGM, shareholders have the opportunity to attend the AGM, ask questions from the floor, participate in voting and meet the Board and the Executive Team in person. Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form that accompanies the notice of meeting, or online through the share registry's website. For the 2020 AGM and onwards, the Board determined that all questions would be decided by a poll rather than a show of hands.

Shareholders have the opportunity to submit written questions and comments to BWX and its external auditor.

Presentations and speeches made by the Chair and CEO at the AGM are made available on the ASX announcements platform, and BWX's website before the commencement of the meeting. BWX publishes the results of the AGM to the ASX and on its website promptly following the conclusion of the AGM.

PRINCIPLE 7: THE BOARD RECOGNISES AND MANAGES RISK

Risk Committee

The ARC is charged with the responsibility to assist the Board in the oversight of risk. Please refer to Principle 4 and the Directors' Report in the Company's 2020 Appendix 4E and Annual Report which outlines the members of the Committee, qualifications and experience of members and individual attendances at Committee meetings.

The section of the ARC's Charter with respect to risk management includes the following:

- oversee the establishment and implementation of the risk management framework and internal compliance and control systems;
- monitor the mechanism for assessing the ongoing efficiency and effectiveness of the risk management framework and internal compliance and control systems;
- monitor whether BWX is operating within the risk appetite set by the Board and make recommendations on any necessary changes that should be made to the risk appetite;
- review risk management policies and procedures at least annually to ensure that the risk systems and processes in place are operating effectively and efficiently, in regard to identifying, assessing, monitoring and managing risk; and
- review BWX's risk management framework at least annually to evaluate compliance and internal control processes and making recommendations to the Board.

The ARC Charter is available on the BWX website at www.bwxltd.com/investor-centre/.

Review of Risk Management Framework

The Board has overall responsibility for the BWX Group's risk management and internal controls. The Board has delegated detailed review of these matters to ARC which reports material issues to the Board.

The BWX Group has adopted a Risk Management Policy which is available on the BWX website at www.bwxltd.com/investor-centre/. This policy highlights the process to identify risks relevant to the BWX Group's operations and the policies the BWX Group has enacted for the supervision and management of material business risks.

The ARC oversees the establishment and implementation of, the BWX Group's Risk Management Framework. Based on reviews conducted at least annually, the ARC makes recommendations to the Board on the soundness of risk management in the BWX Group. In FY20, management enhanced the Risk Management Framework, which is the primary tool for assessing, monitoring and managing all risks, including identifying the material business risks of the BWX Group. The risk assessment process involves identifying a 'risk universe' and documenting those factors which contribute to the inherent risk environment. An 'inherent risk rating' is calculated by combining 'likelihood' and 'consequence' assessments determined with consideration of the controls in the business to manage the risk. Risk treatment plans are developed depending on the nature of the risk and the control mechanisms available.

The BWX Group's internal compliance and control systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations, with a view to identifying, assessing, and managing risk across the Group's business activities. The internal control systems which have been adopted by the Group aim to develop a culture which is able to identify, communicate and manage material risk.

The Board is satisfied that the Company's approach to identifying and addressing material risks in FY20 is sound.

Internal Audit Function

In FY20, the BWX Group did not appoint an internal auditor as the BWX Group determined that the size and scale of current operations did not warrant such a function and that the risk management and internal control processes currently performed by Management were sufficient.

In FY21, the BWX Group, in consultation with ARC, intends to appoint an internal auditor, being a BWX employee, who will assist with oversight and validation of key elements of the BWX Group's system and processes of internal control. The internal auditor will report to the Group Chief Financial Officer and the Chair of the ARC. The internal audit function will provide independent and objective assurance on the adequacy and effectiveness of the Group's internal controls and risk environment.

Material Exposure to Economic, Environmental and Sustainability Risks

In addition to the enhancements to the Risk Management Plan detailed above, the BWX Group also enhanced its reporting to stakeholders on environment, social and governance risks which are detailed in the report on environmental, social and governance risks released in connection with the full-year results of the Company. In that report, the BWX Group identified four key areas of risk, being:

Supply Chain risks	<ul style="list-style-type: none"> • Ensuring ongoing improvements on waste-recovery, reuse, recycling, and composting. • Creating targets for reducing packaging waste. • Mitigating the risk of modern slavery in the supply chain.
Workforce risks	<ul style="list-style-type: none"> • Ensuring gender diversity in the workforce including review of diversity targets. • Ensuring ongoing education and training to employees. • Health and safety of the workforce.
Customer and Consumer risks	<ul style="list-style-type: none"> • Reputation and ethical conduct. • Enhancing new product development processes and ensuring continual improvement in product design. • Remaining relevant to customers and consumers and ensuring product safety. • Engaging with the local community.
Environmental risks	<ul style="list-style-type: none"> • Reviewing the impact of the Company on the environment. • Tracking and auditing carbon emissions to offset emissions of the Sukin brand.

Other Risks

The BWX Group faces other business risks which include:

Information Technology risks	<ul style="list-style-type: none"> • Ensure that IT systems are adequate to meet the Company's needs and access controls are effective. • Maintain sufficient IT resilience, cyber security and disaster recovery plans.
Business Continuity risks	<ul style="list-style-type: none"> • Ensure that the Company has effective plans in place to deal with unexpected events that might cause the Company to cease operating for periods of time.
Foreign Exchange and Commodity Price risks	<ul style="list-style-type: none"> • Protect the Company against unexpected movements in the US dollar which could impact the profitability of the US business and the cost of raw materials and components for the Australian business.
Compliance and Legislative risks	<ul style="list-style-type: none"> • Put in place systems to prevent inadvertent breaches of local requirements concerning product registrations or formulations; marketing and labelling requirements; transfer pricing or taxation requirements; import and export requirements. • Having sufficient product design and quality controls to ensure that contaminated or defective products do not harm consumers.
Other Operational risks including global pandemic risk	<ul style="list-style-type: none"> • Mitigating the risk of concentration in manufacturing and supply chain. • Ensuring that there is diversity of customers and outlets. • Ongoing monitoring of macroeconomic trends for potential business disruptions, such as the global COVID-19 pandemic.

These risks are part of and managed under the redesigned risk management framework and risk treatment plans. For further details on the operational risks, including specific information about the global COVID-19 pandemic and the response of the BWX Group, please refer to the Operating and Financial Report section of the Appendix 4E which was published by the BWX Group in connection with the release of its full-year FY20 financial statements.

PRINCIPLE 8: THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY

BWX's approach to remuneration is framed by the strategic direction and operational demands of the business, the international context in which the business operates, sustainable shareholder returns, the regulatory environment and high standards of governance.

People & Culture Committee

The P&CC has four members and was chaired by Ms. Jodie Leonard in FY20, who is an independent Non-Executive Director with Mr. Denis Shelley, Ms. Fiona Bennett and Mr. Rod Walker as members. Mr. Fenlon, who was formerly a member, ceased being a member of the P&CC on 1 July 2019, when he became Group CEO and Managing Director. In October 2019, Ms. Fiona Bennett and Mr. Rod Walker joined the P&CC, bringing it to its current constituency of four independent non-executive directors. For details of the qualifications, skills and experience of the P&CC and Committee members' attendance at Committee Meetings for FY20, refer to "Board and Committee Meeting Attendance" which is contained in the Directors' Report set out in the Company's 2020 Appendix 4E and Annual Report.

The purpose of the P&CC is to:

- assist the Board to adopt appropriate remuneration policies and practices to attract and retain high quality directors and to attract, retain and motivate senior executives who will create value for shareholders;
- monitor compliance with the Board approved remuneration policies, practices, incentives and behaviours arising from the remuneration structure; and
- assist the Board to fairly and responsibly reward members of the Executive Team having regard to the performance of the BWX Group, the performance of the Executive Team and the general external pay environment.

The P&CC Charter sets out the role and responsibilities of the P&CC and the Charter is located on the BWX website at www.bwxltd.com/investor-centre/. The P&CC Charter is reviewed annually or as required and was last reviewed in February 2020.

Remuneration Policies and Practices

In FY19, the P&CC implemented a major overhaul of the short-term and long-term incentives of the Company, resulting in a new remuneration strategy launched in FY20. These changes were aimed at aligning the BWX remuneration strategy with delivering sustainable shareholder returns. Having established the new remuneration program, P&CC will continue to oversee its implementation and make recommendations to ensure that it is relevant and effective.

Details about BWX's remuneration strategy, framework, policies and practices are set out in the Company's Remuneration Report which clearly distinguishes the structure of Non-Executive Directors' remuneration from that of the Key Management Personnel.

BWX's Remuneration Policy is located on the BWX website at www.bwxltd.com/investor-centre/.

The BWX Remuneration Report has been updated during FY20 and is set out in the Company's 2020 Appendix 4E and Annual Report.

Policy on Hedging Equity-Based Incentive Schemes

BWX offers equity-based remuneration through its STI plan (Key Management Personnel receive a portion of any STI award in deferred rights) and its LTI plan. The STI Plan Rules, LTI Plan Rules and the BWX Security Trading Policy prohibits employees from hedging the value of restricted shares and unvested securities. Breaches of this prohibition will result in awards being forfeited by the relevant employee.

The Company's Security Trading Policy is located on the BWX website at www.bwxltd.com/investor-centre/.



BWX

