



Metcash Limited

ABN 32 112 073 480
1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

31 July 2017

Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**METCASH LIMITED
- 2017 APPENDIX 4G AND CORPORATE GOVERNANCE STATEMENT**

In accordance with ASX Listing Rules 4.7.3 and 4.7.4, please find enclosed the Metcash Limited 2017 Appendix 4G and Corporate Governance Statement.

Yours faithfully

A handwritten signature in black ink, appearing to read "Julie Hutton".

Julie Hutton
Company Secretary

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

METCASH LIMITED

ABN / ARBN:

32 112 073 480

Financial year ended:

30 APRIL 2017

Our corporate governance statement² for the above period above can be found at:³

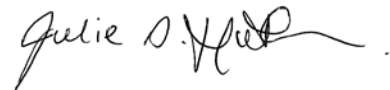
This URL on our website: www.metcash.com/investor-centre/corporate-information/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 30 April 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 31 July 2017

Name of Secretary authorising lodgement: Julie Hutton
Company Secretary



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period. Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|---|---|---|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 1.1 | A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Board Charter at www.metcash.com/investor-centre/corporate-information/corporate-governance | |
| 1.2 | A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|---|---|---|
| 1.5 | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |
| 1.6 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |
| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
|---|--|---|--|
| PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE | | | |
| 2.1 | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at page 36</p> | |
| 2.2 | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |
| 2.3 | <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at page 36</p> | |
| 2.4 | <p>A majority of the board of a listed entity should be independent directors.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|--|--|--|---|
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |
| 2.6 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |
| PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. | ... our code of conduct or a summary of it: <input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance | |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
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| PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING | | | |
| 4.1 | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at pages 34 to 36</p> | |
| 4.2 | <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |
| 4.3 | <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|--|--|---|
| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 5.1 | A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance | |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | ... information about us and our governance on our website: <input checked="" type="checkbox"/> at www.metcash.com/investor-centre | |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | ... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |
| 6.4 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement | |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
|--|--|--|--|
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 7.1 | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at page 36</p> | |
| 7.2 | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <p>... the fact that the board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |
| 7.3 | <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|---|--|---|
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at pages 32 to 33</p> | |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
|--|--|---|--|
| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | | |
| 8.1 | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at page 36</p> | |
| 8.2 | <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in the Metcash Limited 2017 Annual Report at pages 39 to 52</p> | |
| 8.3 | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p> | <p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.metcash.com/investor-centre/corporate-information/corporate-governance</p> | |

2017 CORPORATE GOVERNANCE STATEMENT

The information in this Corporate Governance Statement is current as at 30 April 2017 and has been approved by the Metcash Limited (**Metcash** or **Company**) board of directors (**Board**).

Metcash is committed to maintaining strong corporate governance practices and the highest standards of behaviour and accountability, which underpins our approach to sustainably enhancing shareholder value and protecting the interests of stakeholders.

The Company requires that all Directors, senior executives and team members act ethically and responsibly at all times.

Compliance with corporate governance principles and recommendations

The Board has reviewed the Group's policies and practices and considers that they comply in all substantial respects with corporate governance best practice in Australia, including the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition) (**ASX Principles**).

The following summarises Metcash's corporate governance framework and approach. Metcash's compliance with the ASX Principles is set out in its Appendix 4G, which provides a checklist of each ASX Corporate Governance Principle and Recommendation, confirms that Metcash has followed them and cross-references where that compliance is disclosed. This is available on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Metcash is governed by a Board of Directors (the Board) who are elected by the shareholders with the exception of the Group Chief Executive Officer (appointed by the Board). The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Metcash's shareholders and our stakeholders which include our team members, customers, suppliers and the community. It will work to promote and maintain an ethical environment within Metcash that establishes these principles as basic guidelines for all of its team members and representatives at all times.

The Board is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. The Board reviews and approves the Group's strategic and business plans and guiding policies.

Day-to-day management of the Group's affairs and implementation of its strategy and policy initiatives are delegated to the Group Chief Executive Officer and senior executives, who operate in accordance with Board-approved policies.

In order to assist the Board with its responsibilities, it has established the following Board Committees:

- Audit, Risk & Compliance Committee
- Nomination Committee
- People & Culture Committee.

The Board's Charter and those of its Board Committees can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

Company Secretary

All Directors have access to the Company Secretary who is accountable to the Board, through the Chairman, on all governance matters.

EVALUATING THE PERFORMANCE OF THE BOARD AND SENIOR EXECUTIVES

Board Effectiveness

Annual reviews of the Board, its Committees and Directors are performed using a self-evaluation questionnaire, with an independent review conducted each alternate year using a recognised external Board Performance Consultant. This process was first adopted in 2008 and a self-evaluation was conducted in the 2016 financial year. An independent review by an external Board Performance Consultant was undertaken in FY17. In addition, the Board also participated in Metcash's annual Culture and Engagement surveys, and conducted a deep dive review of their results from those surveys, in FY17.

The review of the Board evaluates areas including: Board structure and role; Committees; Board composition and succession; meeting processes; strategy and planning; performance monitoring; and communication.

Senior Executive Effectiveness

On an annual basis, the People and Culture Committee reviews the performance of the Group Chief Executive Officer against qualitative and quantitative criteria, which include profit performance, other financial measures, review of behaviours and achievement of the Group's strategic objectives. During the 2017 financial year, the Group Chief Executive Officer's performance was reviewed in accordance with this process.

The Company maintains a performance evaluation process which measures other senior executives against previously agreed Strategic Objectives, Key Measures and Performance Targets in a balanced Business Scorecard format. The Scorecards for the Group Chief Executive Officer and all senior executives are available to the Board each month for progress review. Each senior executive reviews their progress against their Scorecard progressively through the year with a formal annual performance evaluation occurring following the year end. During the 2017 financial year, senior executives' performance was reviewed in accordance with this process. Scorecards for FY2018 for the Group CEO and other senior executives have been agreed by the Board.

Senior executives also agree Personal Development Plans to update and enhance their skills and knowledge.

OUR APPROACH TO DIVERSITY

Diversity & inclusion remains a key driver of employee engagement at Metcash and plays an important role in our goal of being one of Australia's favourite places to work.

In the past 12 months we have:

- Established the Metcash Diversity & Inclusion Council, with representation from senior leaders across the organisation. The Council focuses on supporting diversity & inclusion at all levels of Metcash.
- Provided additional funding to improve gender pay equality.
- Introduced a number of activities and initiatives, including Listening Posts, to encourage open dialogue around diversity & inclusion.
- Held multiple forums to celebrate International Women's Day across Australia and New Zealand.
- Consciously supported women in our traditionally male dominated industries through membership of councils and associations that provide networking opportunities, personal & professional development and mentoring for women.
- Put in place annualised targets for female representation to ensure we achieve our goal of a 40:40:20 gender distribution by 2020 (that is, 40% male, 40% female, and a buffer of 20% between that gender split), particularly at leadership levels, and regularly report our progress towards them.
- Achieved our gender target for our Board of Directors (female representation increased from 38% to 43% in the past year).
- Provided an internship for an Indigenous university student.
- Provided employees access to resources, information and support through membership with the Diversity Council Australia (DCA).
- Re-written our policies and actively encouraged practices that allow employees to manage their health and wellbeing and home commitments.
- Introduced a "Fifth Week" program, where eligible employees are able to take an additional week of annual leave by reducing their accrued leave to nil.
- Increased paid parental leave for primary carers to 10 weeks at full pay, and introduced paid leave for partners.
- Launched learning programs to support diversity & inclusion in the workplace.

Metcash's Diversity Policy can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

To support robust, defensible and equitable remuneration practices, Metcash uses a globally benchmarked job evaluation and remuneration framework, which sizes roles fairly and equitably against key criteria and market data, and recommends market-driven remuneration guidelines. Within this framework, Metcash is able to benchmark its remuneration practices against over 400 leading Australian and global organisations.

The current workplace profile, captured below, shows that in the reporting year Metcash saw:

- Female representation among the Non-Executive Directors on our Board increase from 38% to 50%.
- Female representation among managers increased slightly to 30%.
- Overall female representation decrease slightly from 33.65% to 33.24%.

Metcash is a “relevant employer” under the *Workplace Gender Equality Act 2012* (Cth) and, accordingly, is required to make annual filings with the Workplace Gender Equality Agency disclosing its “Gender Equality Indicators”, as defined in and published under that Act. Metcash’s latest “Gender Equality Indicators” can be accessed here

https://www.wgea.gov.au/sites/default/files/public_reports/tempPublicReport_6jsys6dwxb.pdf

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A MAJORITY OF THE BOARD SHOULD BE INDEPENDENT DIRECTORS

Appointment to the Board

The Board's policy for the selection, appointment and re-appointment of Directors is to ensure that the Board possesses an appropriate range of skills, experience and expertise to enable the Board to most effectively carry out its responsibilities. As part of this appointment process, the Directors consider Board renewal and succession plans and whether the Board is of a size and composition that is conducive to making appropriate decisions.

Prior to Directors standing for re-election, the Nomination Committee reviews the skills and contribution of the Directors concerned and decides whether the Committee supports their re-election. The Committee then recommends its decision to the Board, who determine (taking cognisance of the Nomination Committee's recommendation) whether to support the re-election.

When a vacancy exists, or when it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination Committee selects a panel of candidates with appropriate expertise and experience. This may be supplemented with advice from external consultants if necessary. When reviewing potential Director candidates, the Board considers experience, skills and education, and conducts appropriate background checks enquiring as to good fame and character.

The Board, on the Committee's recommendation, then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders, and all material information relevant to a decision on whether or not to elect the shareholder is included in the notice of meeting.

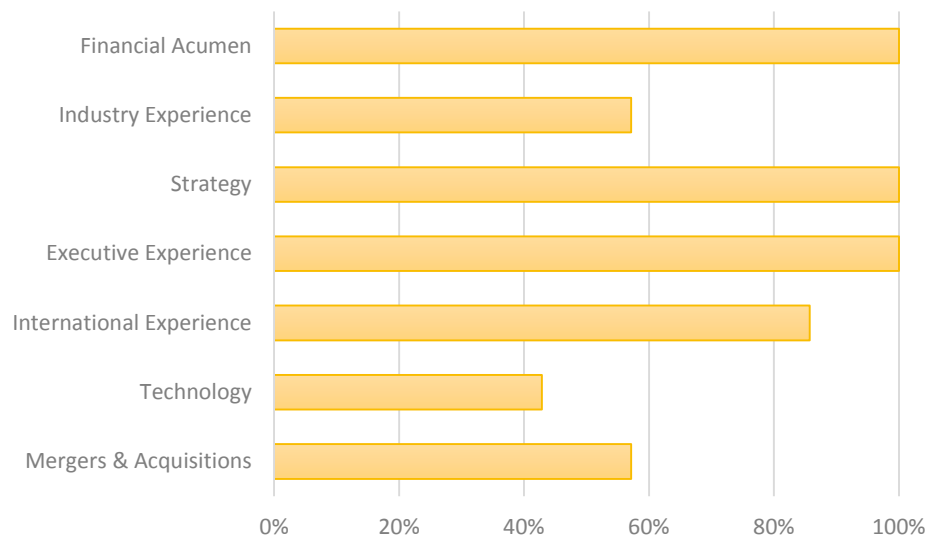
As part of the Board renewal and succession process, Messrs Michael Butler and Neil Hamilton retired as Directors during the 2017 financial year and Ms Helen Nash and Mr Murray Jordan were elected as Directors (after being appointed in FY16).

At the time of appointment, each Director is required to sign a written agreement which sets out the terms of their appointment. Directors are not appointed for a fixed term but, under the Company's Constitution, must be re-elected each three years by rotation and are subject to Australian Securities Exchange (ASX) Listing Rules and Corporations Act provisions.

Board Composition

Maintaining a balance of experience and skills is an important factor in Board composition. For details of the skills, experience and expertise of the individual Directors, and the period of office held by each Director, please refer to the 'Operating and Financial Review' section within our Annual Report.

The following matrix summarises the skills and experience represented on Metcash's Board:



Each year, the Nomination Committee reviews the skills and experience represented on Metcash's Board and considers whether there are any areas that should be addressed through Board renewal and succession and/or professional development.

Independent Non-executive Directors

The Board only considers Directors to be independent where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

When assessing the independence of a Director, the Board will consider whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- is or has been employed in an executive capacity by the Company or another Group member and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is or has been within the last three years a principal, partner, director or senior employee of a provider of material professional services to the Company or another Group member;
- is or has been within the last three years in a material business relationship (e.g. as a supplier or customer) with the Company or other Group member, or an officer of or otherwise associated with someone with such a relationship;
- has a material contractual relationship with the Company or another Group member other than as a Director of the Company or other Group member;
- has close family ties with any person who falls within any of the above categories; or
- has been a Director of the Company for such a period that their independence may have been compromised.

Directors are required to declare any interests which may impact their independence to the Board for review.

Independent Directors hold key positions that include chairing the Board and the Board Committees of Audit, Risk & Compliance, People & Culture and Nomination. They provide an external perspective and checks and balances for the interests of all shareholders.

An assessment of the independence of each Director was completed during the 2017 financial year. Following this review and as at the date of this Statement, the Board consists of seven Directors, six of whom are considered to be Non-Executive, and six of whom are considered to be Independent Directors.

Non-executive Directors are considered to be independent for the reasons set out as follows. None of the Non-executive Directors referred to above:

- are substantial shareholders of the Company or associated with a substantial shareholder of the Company (holding 5% or more of the Group's issued shares);
- are employed by, nor have they previously been employed by, the Group;
- have been a professional adviser or consultant to the Group or a partner, director or employee of any professional adviser or consultant to the Group;
- are material suppliers or customers of the Company or other Group member or officers of, or otherwise associated directly or indirectly with, a material supplier or customer. Materiality is assessed as supplying 2.5% or more of the Group's annual purchases or a customer representing 2.5% or more of the Group's annual sales;
- have a contractual relationship with the Company or another Group member, other than as a Director of the Company or other Group member;
- have close family ties with any person who falls within any of the above categories; nor
- have been a Director of the Company for such a period that their independence may have been compromised.

Executive Directors

The Board has one Executive Director, Mr Ian Morrice, who was appointed as Metcash's Group Chief Executive Officer on 30 June 2013. All senior executives, including Executive Directors, are required to enter into written agreements setting out the terms of their appointment and employment.

All Directors, whether independent or not, bring an independent judgement to bear on Board decisions.

Professional Development and Independent Professional Advice

Metcash has in place a program to induct new Directors and provides support for ongoing professional development for all Directors in order to develop and maintain their skills and knowledge needed to perform their role as Directors effectively.

The Board has a policy of enabling Directors to seek independent professional advice at the Group's expense. The Board will review in advance the estimated costs for reasonableness, but will not impede Directors from seeking advice.

THE CHAIR SHOULD BE AN INDEPENDENT DIRECTOR

The Chair, Mr Rob Murray, is considered by the Board to be an Independent Director.

THE ROLES OF CHAIR AND CHIEF EXECUTIVE OFFICER SHOULD NOT BE EXERCISED BY THE SAME INDIVIDUAL

The roles of Group Chief Executive Officer and Chair are not exercised by the same individual.

THE BOARD SHOULD ESTABLISH A NOMINATION COMMITTEE

The Board has a Nomination Committee, with all members of the Board (other than the Group Chief Executive Officer) also currently being members of the Nomination Committee.

The membership of the Nomination Committee consists of only Non-executive Independent Directors. Details of their qualifications and attendance at meetings during the past financial year can be found in our Annual Report within the Directors' Report.

The Charter of the Committee can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

ESTABLISH A CODE OF CONDUCT

The Company has a Code of Conduct that applies to Directors and all team members. Subjects covered by the Code include:

- equal employment opportunity, discrimination and harassment;
- security of Group records and assets and confidentiality guidelines;
- conflicts of interest, acceptance of gifts, entertainment and services;
- fraud, corruption and irregular transactions;
- legal compliance;
- honest ethical behaviour;
- environmental protection and safe working environment.

The Code can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

Compliance with the Code is monitored through the Group's functions and related processes including internal audit, security, human resources and occupational health and safety. New team members are required to attend an induction program that includes behaviour guidelines. Additionally, the Group's performance evaluation process includes team members' performance against 'Key Behavioural Indicators' as well as Strategic Objectives, Key Measures and Performance Targets.

The Company also has a Business Conduct and Ethics Policy, which provides a mechanism to protect those who report, in good faith, poor business conduct and ethical practices including potential breaches of the Code of Conduct. This policy can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

THE BOARD SHOULD ESTABLISH AN AUDIT COMMITTEE

The Board has an Audit, Risk & Compliance Committee which reports regularly to the Board.

The membership of the Audit, Risk & Compliance Committee consists of solely Non-executive Independent Directors. The current members of the Audit, Risk & Compliance Committee are:

- Mr Patrick Allaway (Chair);
- Mr Murray Jordan; and
- Ms Tonianne Dwyer.

Details of their qualifications and attendance at meetings during the past financial year can be found in our Annual Report within the Directors' Report.

The function of the Audit, Risk & Compliance Committee is to advise on the establishment and maintenance of a framework of internal control, effective management of financial and other risks, compliance with laws and regulations and appropriate ethical standards for the management of the Company. It also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial statements. In accordance with the ASX Principles, the Committee consists only of Non-executive Directors (and all of whom are Independent Directors) and is chaired by an Independent Director who is not the Chairman of the Board.

The Committee has rights of access to team members and auditors (internal and external) without management present to seek additional information and explanations as required. The Committee meets regularly, in private, with the Lead External Audit Partner and the General Manager Risk and Assurance.

COMMITTEE CHARTER

The Committee's Charter sets out the specific responsibilities delegated to it by the Board and details the manner in which the Committee will operate. The Charter can be found on the Company's website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

The principal terms of reference of the Audit, Risk & Compliance Committee are the effective management of financial and other risks through ensuring that systems and management processes are in place to identify and manage operational, financial and compliance risks.

ROLE OF THE EXTERNAL AUDITOR

The Group's external auditor is Ernst & Young. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit, Risk & Compliance Committee.

A 'Charter of Audit Independence' is in place that details the circumstances under which the Group's external auditor may perform non-audit related services and the procedures to be followed to obtain approval for those services where they are permitted. The Charter also outlines the Group's policies on the:

- hiring of former partners and senior managers of the external auditor; and
- rotation of both lead and review partners of the external auditors.

The Charter can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

The external auditor attends the Group's annual general meeting and is available to answer questions from those attending regarding the conduct of the audit and the content of the auditor's report.

CEO/CFO DECLARATION

The Group Chief Executive Officer and Chief Financial Officer provided a declaration to the Board in respect of both the FY2017 half year and full year financial statements that:

- the financial records of the Company and its consolidated entities have been properly maintained; and
- the financial statements and associated notes for the Company and its consolidated entities give a true and fair view of its financial position and performance as at the relevant date and for the relevant period respectively,

and that their opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively, in all material respects, in relation to financial reporting risks.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

COMPLIANCE WITH ASX LISTING RULE CONTINUOUS DISCLOSURE REQUIREMENTS

Metcash is committed to ensuring timely and balanced disclosure to keep the market informed about information that a reasonable person would expect to have a material effect on the price or value of Metcash's securities.

The Metcash Market Disclosure Policy is designed to ensure that:

- there is full and timely disclosure of the Group's activities to shareholders and the market, in accordance with the Group's legal and regulatory obligations; and
- all stakeholders (including shareholders, the market and other interested parties) have an equal opportunity to receive and obtain externally available information issued by the Company.

The policy reflects the Group's obligation to comply with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange (ASX), as well as relevant corporations and securities legislation.

The Market Disclosure Policy can be found on the Company's website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

DISCLOSURE RESPONSIBILITIES AND PROCEDURES

Metcash has established a Disclosure Committee comprised of the Chairman, Group Chief Executive Officer and Company Secretary (each a **Disclosure Officer**). The Disclosure Committee has responsibility and authority for reviewing and approving proposed disclosures and making decisions in relation to which information can or should be disclosed to the market. In performing its functions, the Disclosure Committee acts through those of the Disclosure Officers as are reasonably available to perform the function in the relevant circumstances (i.e. any one or more or all of the Disclosure Officers). The Company Secretary has responsibility for reviewing and approving disclosures of an administrative nature and liaising with the ASX in relation to all announcement and disclosure issues.

All Company team members are required to inform a Disclosure Officer of any potential 'market sensitive' information concerning the Group as soon as they become aware of it. Team members may speak to their Business Pillar CEO or a Disclosure Officer if they are in doubt as to whether information is potentially 'market sensitive' and must err on the side of caution in doing so given the importance of Metcash complying with its continuous disclosure obligations.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Metcash believes that shareholder and market confidence in all its dealings is paramount and is committed to ensuring it complies with continuous disclosure obligations so that its investors have timely and equal access to important Group information.

In addition, Metcash ensures shareholders and the broader investment community have timely access to important Group information through a series of regular disclosure events during the financial year:

- **Metcash website** – Information about Metcash including information provided to the ASX is made available on our website www.metcash.com so that all shareholders and other key stakeholders have timely access to it. The Group's website contains more than three years' of results announcements, market updates and ASX announcements and 10 years' of Annual Reports in the Investor Centre under the headings 'Results & Disclosure' and 'Financial Information' respectively. Metcash's key corporate governance charters, policies, codes and rules can also be accessed in the Investor Centre under the heading 'Corporate Governance';
- **Annual General Meeting** – Metcash encourages full participation of shareholders at the Annual General Meeting (**AGM**) to ensure a high level of accountability and discussion of the Group's strategy, goals and performance. This is achieved through:
 - making Directors, members of the senior management team and the external auditor available to answer questions from shareholders at the AGM and allowing shareholders in attendance a reasonable opportunity to ask questions regarding the items of business and the conduct of the annual audit of the Company's financial results and preparation and content of the auditor's report;
 - providing shareholders who are unable to attend the AGM with an opportunity to submit questions in advance of the meeting; and
 - allowing shareholders to lodge proxies electronically;
- **Annual and Half Year Report** – Metcash issues a financial report for each half year and full financial year which are available on our website www.metcash.com under the headings 'Results & Disclosure' and 'Financial Information' in the Investor Centre;
- **ASX Announcements** – ASX announcements (including results announcements) are made available on our website at the same time as they are released to the ASX under the heading 'Results & Disclosure' in the Investor Centre;
- **Investor relations** – Metcash welcomes engagement by shareholders through forums such as the AGM and investor roadshows that are conducted throughout the year. Supplementary briefings for investors, market analysts and the media are held at the same time as annual and half year results are released. These briefings are webcasted and the recording is made available on the Company's website for all shareholders and other stakeholders to view. Shareholders are also able to engage with us outside of formal forums through our Shareholder Service, details of which are available on our website www.metcash.com in the Investor Centre.

The Company's Shareholder Communications Policy can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

The Company encourages electronic communication with shareholders to facilitate the speedy and inexpensive dissemination of information. This is being done through email, the Group's website, corporate social media and direct distribution. Shareholders are able to request printed hard copies of publications where they are unable to access them electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Metcash recognises that risk is an accepted part of doing business, enabling us to create long-term shareholder value. We are committed to the identification, monitoring and management of material risks to protect and enhance shareholder interests.

OVERSIGHT AND MANAGEMENT OF MATERIAL BUSINESS RISKS

The Board is responsible for designing and reviewing Metcash's Risk Management Policy and for determining the Group's appetite for risk, taking into account the Group's strategic objectives and other factors including stakeholder expectations.

The Board has an Audit, Risk & Compliance Committee (**ARCC**) which supports the Board in fulfilling its responsibilities for monitoring management's risk processes other than corporate strategy, the oversight of which is a Board responsibility. On behalf of the Board, the ARCC monitors those risk events that could prevent the achievement of the Group's corporate strategies. The ARCC's Charter can be found on the Company's website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

The membership of the ARCC consists of the following Non-executive Independent Directors:

- Mr Patrick Allaway (Chair);
- Mr Murray Jordan; and
- Ms Tonianne Dwyer.

Details of their qualifications and attendance at meetings during the past financial year can be found in our Annual Report within the Directors' Report.

The Company has in place a Risk Management Framework which is supported by dedicated risk management teams.

The Risk and Assurance function, with oversight from the ARCC, implements a continuous process of communication with internal stakeholders. It also conducts annual examinations of the Group's external and internal environments, in order to establish the parameters within which risks must be managed.

Metcash's approach to risk oversight and management of material business risks is summarised in our Risk Management Policy which can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

The Group's risk management philosophy and practices are documented more fully in the Metcash Risk Management Framework and Guidelines (**Risk Management Framework**). The ARCC reviews the Risk Management Framework annually (including in FY2017) to ensure it continues to be sound and identifies all areas of potential risk.

Material business risks have been outlined within the 'Operating and Financial Review' section in our Annual Report.

INTERNAL AUDIT

The Group has an internal audit function operating as part of the broader Risk and Assurance function. The General Manager Risk & Assurance has a direct reporting line to the Chair of the ARCC and, therefore, to the Board.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

THE BOARD SHOULD ESTABLISH A REMUNERATION COMMITTEE

During FY16 the Board reconstituted the Remuneration Committee into a broader People & Culture Committee. The Committee's purpose is to assist the Board in discharging its duties in respect of Metcash's people policies and practices as well as other related matters as directed by the Board. The People & Culture Committee's Charter can be found on the Company's website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

The membership of the People & Culture Committee consists of the following Non-executive Independent Directors:

- Mrs Fiona Balfour (Chair);
- Mrs Helen Nash; and
- Mr Murray Jordan.

Details of their qualifications and attendance at meetings during the past financial year can be found in our Annual Report within the Directors' Report.

Remuneration Policy

The Group's Remuneration Policy is summarised in the 'Remuneration Report' contained within the Directors' Report in our Annual Report. Details of the compensation of Key Management Personnel are also contained in the Directors' Report.

The Group's policy on the expected standards of behaviour when trading shares including under any equity-based remuneration scheme is set out in the Metcash Code for Directors and Executives in Respect of Share Transactions, which can be found on our website www.metcash.com under the heading 'Corporate Governance' in the Investor Centre.

Non-executive Directors' compensation and retirement benefits

Refer to the 'Remuneration Report' contained within the Directors' Report in the Annual Report.

Termination entitlements of CEO and senior executives

Refer to the 'Remuneration Report' contained within the Directors' Report in the Annual Report.