



## METCASH AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

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### 1. Introduction

- 1.1 The Board of Directors ("Board") continuously reviews current trends and best practice in relation to corporate governance. As part of the Board's plans to fulfil its obligations in this area it has constituted an Audit, Risk and Compliance Committee to ensure:
- effective management of financial and other material business risks
  - reliable management and financial reporting, including half and full year accounts
  - compliance with laws and regulations
  - maintenance of an independent, effective and efficient audit.
- 1.2 This Charter sets out the specific responsibilities delegated by the Board to the Audit, Risk and Compliance Committee and details the manner in which the committee will operate.

### 2. Responsibilities

#### *Effective management of financial and other material business risks*

- 2.1 To monitor the current areas of greatest operating, financial and compliance risk and ensure management is effectively managing the risks.
- 2.2 To satisfy itself that effective systems of accounting and internal control (including management control systems and policies) are established and maintained to identify and manage operating, financial and compliance risks.
- (a) To review and report to the Board that:
- the Company's ongoing risk management program effectively identifies all areas of potential risk;
  - adequate policies and procedures have been designed and implemented to manage identified risks;
  - a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
  - proper remedial action is undertaken to redress areas of weakness.
- 2.3 To ensure that the Board is aware of any matters that might have a significant impact on the financial condition or affairs of the entity, including ensuring that management reports to the Board (at least bi-annually) as to the effectiveness of the company's management of its material business risks.
- (a) To monitor the independence of the internal audit functions from the external auditors and management.
- (b) To liaise with and receive reports from the internal auditor as required from time to time, in the absence of management if appropriate.

#### *Reliable management and financial reporting*

- 2.4 To review and assess the adequacy of management reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on the entity's risks, operations and financial condition.
- 2.5 To review the entity's accounting policies and practices in the light of the Corporations Act, Australian Accounting Standards, Australian Stock Exchange requirements and generally accepted accounting principles, and to review any complaints or concerns raised internally regarding financial or accounting processes and practices.

- 2.6 To review the half yearly and annual financial statements, any other financial information to be released to third parties and all other sections of the annual report before submission to the Board, in light of the Corporations Act, ASX Listing Rules, and all other applicable legislative and reporting requirements (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs).
- (a) To ensure a financial reporting system founded on a sound system of risk management and control is in place to enable the chief executive officer and chief financial officer to give a written declaration to the Board (at least bi-annually) in respect of the financial statements in accordance with section 295A of the Corporations Act, and to enable those officers to give the assurance contemplated by Recommendation 7.3 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.
  - (b) To review the declarations and assurances given to the Board by the chief executive officer and chief financial officer in accordance with 2.6A above.

*Compliance with laws and regulations*

- 2.7 To monitor developments and changes in the law relating to the responsibilities and liabilities of directors and to monitor and review the extent to which the Board is meeting its obligations.
- 2.8 To monitor developments and changes in the various rules, regulations and laws which relate generally to the entity's business operations and to monitor and review the extent to which the entity is complying with such laws.
- (a) To review and discuss with management and the internal and external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs and procedures.

*Maintenance of an effective, efficient and independent audit*

- 2.9 To recommend to the Board the appointment or removal of the internal and external auditors and to review the external auditor's terms of engagement.
- 2.10 To review the efficiency and effectiveness of both the internal and external auditors in relation to their respective responsibilities.
- (a) To oversee the independence of the external auditor including by ensuring that appropriate policies and procedures are in place to enable the Metcash group to comply with applicable laws, accounting standards and best practice with regard to the independence of the external auditor and to regularly review the application of those policies.
- 2.11 To ensure there have been no unjustified restrictions or limitations placed on the internal and external auditors, including ensuring that the internal auditors are adequately resourced.
- 2.12 To ensure that the scope of the audit (external and internal) is adequate, ensuring emphasis is placed on areas where the Audit, Risk and Compliance Committee, management or the auditors believe special attention is necessary.
- 2.13 To review and assess the findings of the internal and external auditors and the action taken and timetable proposed by management in response to the findings.
- 2.14 To recommend to the Board the appointment and dismissal of any Chief Internal Audit executive.
- (a) To ensure appropriate policies exist for the provision of all non-audit services by the external auditor or a related party of the external auditor and regularly review the application of those policies.

- (b) To provide written advice (at least annually) to enable the Board to include in the annual directors' report the statements required by section 300(11B) of the Corporations Act. Such advice must be endorsed by a resolution of the Audit, Risk and Compliance Committee and signed by a member on behalf of the committee.
- (c) To obtain a written declaration from the external auditors each half year in accordance with section 307C of the Corporations Act.

#### *Other responsibilities*

- 2.15 To report any matter identified during the course of carrying out its duties that the Audit, Risk and Compliance Committee considers should be brought to the attention of the Board.
- 2.16 To perform or undertake on behalf of the Board any such other tasks or actions as the Board may from time to time authorise.

### **3. Administration Matters**

#### *Membership and attendance at meetings*

- 3.1 The Audit, Risk and Compliance Committee will comprise three or more non executive directors, a majority of whom will be independent directors. A quorum shall be two.
- 3.2 The Audit, Risk and Compliance Committee may invite such other persons (e.g. the Chief Financial Officer, Chief Internal Auditor) as it deems necessary.
- 3.3 Internal and external audit shall normally make presentations to the Audit, Risk and Compliance Committee at its meetings.
- 3.4 The Chairman of the Audit, Risk and Compliance Committee will be nominated by the Board from time to time, and must be an independent director who is not Chairman of the Board.
  - (a) It is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member should have expertise in financial accounting and reporting (i.e. be a qualified accountant or other financial professional with experience of financial and accounting matters).
- 3.5 The Secretary of the Audit, Risk and Compliance Committee shall be the Secretary of the entity or such other person as nominated by the Board.

#### *Meetings*

- 3.6 The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet as often as is required to undertake its role effectively and the schedule of meetings will be agreed in advance. The scheduled meetings will be set at dates to enable the draft half yearly Appendix 4B release to the ASX and the draft annual financial statements to be reviewed prior to presentation to the Board. The internal or external auditors may request a meeting if they consider that one is necessary.
- 3.7 The proceedings of all meetings will be minuted and the minutes should ordinarily be included in the papers for the next full board meeting after each Audit, Risk and Compliance Committee meeting.
- 3.8 It is expected that regular reports will be received on matters to be defined by the Audit, Risk and Compliance Committee but are likely to include:-
  - internal audit reports
  - compliance certifications (HACCP, taxation etc)
  - security and fraud reports
  - external audit reports
  - pending litigation matters

### *Authority*

3.9 The Board authorises the Audit, Risk and Compliance Committee within the scope of its responsibilities to:-

- without management present, seek any information and explanations it requires from
  - any employee; and all employees are directed to co-operate with any request made by the Audit, Risk and Compliance Committee
  - external parties
  - internal and external auditors
- obtain outside legal or other independent professional advice
- ensure the attendance of external parties with relevant experience and expertise

The Board shall provide the Audit, Risk & Compliance Committee with sufficient resources to meet its obligations under this Charter.

### *Board reporting*

3.10 The Audit, Risk and Compliance Committee should report to the Board twice yearly summarising the activities of the committee during the previous half year.

### *Advice and Resources*

3.11 The Committee has the authority to:

- (a) obtain independent professional or other advice in the fulfilment of its duties at the cost of the Company; and
- (b) obtain such resources and information from the Company in the fulfilment of its duties as it may reasonably require.