



## METCASH LIMITED AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

### 1. Introduction

- 1.1 The Board of Directors ("Board") of Metcash Limited ("Metcash") 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 ("ARCC" or "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 ARCC and details the manner in which the Committee will operate. The scope of this Charter extends to all subsidiaries of Metcash and all references to Metcash expressly include those subsidiaries.

### 2. Responsibilities

#### *Governance*

- 2.1 Review and monitor Metcash's Limits of Authority.
- 2.2 Review disclosures in the annual corporate governance statement.

#### *Effective management of material business risks*

- 2.3 To monitor Metcash's material risks and ensure management is effectively managing the risks.
- 2.4 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:
- Metcash'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.
- 2.5 To ensure that the Board is aware of any matters that might have a significant impact on the financial condition or affairs of Metcash, 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*

- 2.6 To review and make recommendations regarding the adequacy of corporate reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on Metcash's risks, operations and financial condition.
- 2.7 To review Metcash's accounting policies and practices in the light of the Corporations Act, Australian Accounting Standards, Australian Securities Exchange requirements and generally accepted accounting principles, and to review any complaints or concerns raised internally regarding financial or accounting processes and practices, so as to satisfy itself as to the appropriateness of the accounting judgements or choices exercised by management in preparing financial statements.
- 2.8 To review the half year 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' understanding, information and knowledge, and is adequate for shareholder needs) and provides a true and fair view of Metcash's financial position and performance.
- 2.9 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 4.2 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.
- 2.10 To review the declarations and assurances given to the Board by the chief executive officer and chief financial officer in accordance with 2.9 above.

*Compliance with laws and regulations*

- 2.11 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.
- 2.12 To monitor developments and changes in the various rules, regulations and laws which relate generally to Metcash's business operations and to monitor and review the extent to which Metcash is complying with such laws.
- 2.13 To review and discuss with management and the internal and external auditors the overall adequacy and effectiveness of Metcash's legal, regulatory and ethical compliance programs and procedures.

*Maintenance of an effective, efficient and independent audit*

- 2.14 To review and recommend to the Board the appointment or removal of the internal and external auditors and to review the external auditor's terms of engagement to ensure the rotation of the audit engagement partner.
- 2.15 To review the efficiency and effectiveness of both the internal and external auditors in relation to their respective responsibilities.
- 2.16 To oversee the independence of the external auditor including by ensuring that appropriate policies and procedures are in place to enable Metcash 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.
- 2.17 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.
- 2.18 To ensure that the scope of the audit (external and internal) is adequate, ensuring emphasis is placed on areas where the Committee, management or the auditors believe special attention is necessary.

- 2.19 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.
- 2.20 To recommend to the Board the appointment and dismissal of the head of the internal audit function.
- 2.21 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 to ensure the external auditor's independence is not compromised.
- 2.22 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 Committee and signed by a member on behalf of the Committee.
- 2.23 To obtain a written declaration from the external auditors each half year in accordance with section 307C of the Corporations Act.

*Other responsibilities*

- 2.24 To report any matter identified during the course of carrying out its duties that the Committee considers should be brought to the attention of the Board.
- 2.25 To perform or undertake on behalf of the Board any such other tasks or actions as the Board may from time to time authorise.
- 2.26 Overseeing the management of information received under Metcash's Business Conduct and Ethics Policy.
- 2.27 Reviewing and assessing the adequacy of Metcash's insurances annually.

### **3. Administration Matters**

*Membership and attendance at meetings*

- 3.1 The Committee will comprise three or more non-executive directors, a majority of whom will be independent directors. A quorum shall be two.

Members should have the accounting and financial expertise and sufficient understanding of the industry in which Metcash operates to be able to discharge the Committee's mandate effectively 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).

- 3.2 The Committee may invite such other persons (e.g. the Chief Financial Officer, Head of Internal Audit) as it deems necessary.
- 3.3 Internal and external audit shall normally make presentations to the Committee at its meetings.
- 3.4 The Chair of the Committee will be nominated by the Board from time to time, and must be an independent director who is not Chair of the Board.
- 3.5 The Secretary of the Committee shall be the Company Secretary 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 4D 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 Committee meeting.
- 3.8 It is expected that regular reports will be received on matters to be defined by the Committee but are likely to include:-
- financial reports (including key accounting matters);
  - internal audit reports;
  - risk management reports;
  - compliance reports;
  - external audit reports.

*Authority*

- 3.9 The Board authorises the 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.
- 3.10 The Board shall provide the Committee with sufficient resources to meet its obligations under this Charter.

*Board reporting*

- 3.11 The Committee should regularly report to the Board summarising the activities of the Committee.

*Advice and Resources*

- 3.12 The Committee and its members may:
- (a) obtain independent professional or other advice from external consultants and specialists in the fulfilment of their duties at the cost of Metcash; and
  - (b) obtain such resources and information from Metcash management in the fulfilment of their duties as they may reasonably require.