



NOTICE OF
ANNUAL GENERAL
MEETING 2022

AGENDA ITEMS

Notice is given that the 2022 annual general meeting of Metcash Limited (Company) will be held at the King Room, Hyatt Regency, 161 Sussex Street, Sydney, New South Wales 2000, on Wednesday, 7 September 2022 at 2.30pm (AEST).

Shareholders should monitor the Metcash website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting.

1. FINANCIAL REPORT

To receive and consider the financial report of the Company and the reports of the directors and auditor for the year ended 30 April 2022.

2. RESOLUTIONS TO ELECT AND RE-ELECT DIRECTORS

Shareholders are asked to consider, and if thought fit, to pass each of the following resolutions as separate ordinary resolutions:

(a) To elect Mr Mark Johnson as a director

“That Mr Mark Johnson, who retires in accordance with the Company’s constitution, be elected as a director of the Company.”

(b) To re-elect Mr Peter Birtles as a director

“That Mr Peter Birtles, who retires in accordance with the Company’s constitution, be re-elected as a director of the Company.”

(c) To re-elect Ms Helen Nash as a director

“That Ms Helen Nash, who retires in accordance with the Company’s constitution, be re-elected as a director of the Company.”

3. RESOLUTION TO ADOPT THE REMUNERATION REPORT

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That the remuneration report that forms part of the directors’ report of the Company for the financial year ended 30 April 2022 be adopted.”

The remuneration report is set out on pages 52 to 70 of the 2022 annual report. Please note that the vote on this resolution is advisory only, and does not bind the directors or the Company.

Voting exclusion statement

The Company will disregard any votes cast on the resolution proposed in item 3:

1. by or on behalf of a person who is a member of the Company’s key management personnel named in the remuneration report for the year ended 30 April 2022 or their closely related parties (regardless of the capacity in which the vote is cast); or
2. as proxy by a person who is a member of the Company’s key management personnel on the date of the annual general meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on the resolution proposed in item 3:

3. in accordance with a direction on the proxy form; or
4. by the Chair of the meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution in item 3 is connected with the remuneration of the Company’s key management personnel.

4. RESOLUTION TO APPROVE GRANT OF PERFORMANCE RIGHTS TO MR DOUGLAS JONES, GROUP CEO

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Mr Douglas Jones on the terms described in the Explanatory Memorandum accompanying this notice of meeting.”

Voting exclusion statement

The Company will disregard any votes cast on the resolution proposed in item 4:

1. in favour of the resolution by or on behalf of Mr Jones or any of his associates, regardless of the capacity in which the vote is cast; or
2. as proxy by a person who is a member of the Company’s key management personnel on the date of the annual general meeting or their closely related parties, unless the vote is cast on the resolution proposed in item 4:
3. as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
4. by the Chair of the meeting as proxy for a person entitled to vote on the resolution in accordance with an express authorisation to exercise the proxy as the Chair of the meeting decides; or
5. by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Background Information and Explanatory Memorandum

Shareholders are referred to the Background Information and Explanatory Memorandum accompanying and forming part of this notice of meeting.

By Order of the Board



Julie Hutton
Company Secretary

8 August 2022

BACKGROUND INFORMATION

ENTITLEMENT TO VOTE AND REQUIRED MAJORITY

Snapshot time

The Board has determined, under Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that for the purposes of the annual general meeting, persons who are the registered holders of shares in the Company as at **7.00pm (AEST) on Monday, 5 September 2022** will be entitled to attend and vote at the annual general meeting as a shareholder. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

If more than one joint holder of shares is present at the annual general meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Resolutions

All items of business at the meeting are ordinary resolutions and will be decided on a poll.

PROXIES, ATTORNEYS AND CORPORATE REPRESENTATIVES

Voting by proxy

All shareholders who are entitled to attend and vote at the meeting can appoint the Chair of the meeting or another person as proxy to attend and vote in their place.

A proxy may but need not be a shareholder of the Company and can be either an individual or a body corporate. If a shareholder directs their appointed proxy how to vote on an item of business, the proxy must vote in accordance with the direction.

The proxy can be appointed in respect of some or all of the votes held by the shareholder. A shareholder that is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

If a shareholder appoints a body corporate as proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting.

Lodging proxy forms

If a shareholder wishes to appoint a proxy, they must complete the proxy form for the meeting. Completed proxy forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be received by the Company's corporate registry, Boardroom Pty Limited, by **2.30pm (AEST) on Monday, 5 September 2022**, at the following address, facsimile number or website address:

Address

By mail:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
AUSTRALIA

Facsimile:
+61 2 9290 9655

Online:
www.votingonline.com.au/metcashagm2022

Voting by attorney

Where a shareholder appoints an attorney to act on their behalf at the meeting, the instrument appointing the attorney (together with any authority under which the instrument was signed or a certified copy of the authority) must be received by **2.30pm (AEST) on Monday, 5 September 2022** by the Company's corporate registry, Boardroom Pty Limited, as set out above for proxy forms.

Voting by corporate representative

Any corporate shareholder or proxy may appoint a person to act as its representative at the meeting. The representative must bring to the meeting a formal notice of appointment, including any authority under which the appointment is signed. A form of notice of appointment can be obtained from Boardroom Pty Limited or downloaded from <http://boardroomlimited.com.au/investor-forms/>.

How the Chair intends to vote available proxies

The Chair of the meeting intends to vote all available proxies **in favour** of the resolutions set out in this notice of meeting.

Default to the Chair of the meeting

Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair of the meeting, who is required to vote proxies as directed.

BACKGROUND INFORMATION

ASKING QUESTIONS

In advance of the meeting

A shareholder entitled to attend and vote at the annual general meeting may submit written questions to the Company or the external auditor before the meeting. Written questions to the auditor must be in relation to the conduct of the audit or the content of the auditor's report.

Any questions should be emailed to metcash@boardroomlimited.com.au by no later than **5pm (AEST) on Wednesday, 31 August 2022**. Please note that individual responses will not be sent to any shareholder.

At the meeting

During the meeting, shareholders as a whole will have a reasonable opportunity to ask questions or make comments to the Company or the external auditor. In the interests of all attendees, please confine questions to matters being considered at the meeting that are relevant to shareholders as a whole.

Questions to the external auditor must be relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

The Chair will endeavour to address as many of the more frequently raised relevant questions as possible. However, there may not be sufficient time available at the meeting to address all of the questions raised.

ADMISSION TO MEETING

Shareholders or their proxies, attorneys or representatives who will be attending the meeting are asked to arrive 15 minutes before the start of the meeting and to bring their proxy form to help speed admission. Shareholders who appoint a proxy or attorney may still attend the meeting. However, if the shareholder votes on a resolution, the proxy or attorney is not entitled to vote as that shareholder's proxy or attorney on the resolution.

Shareholders who do not plan to attend the meeting are encouraged to complete and return a proxy form.

LISTENING TO THE MEETING BY TELEPHONE

Shareholders who are unable to attend the annual general meeting in person can listen to the meeting by telephone. Shareholders will not be able to vote, ask questions or make comments via telephone.

You can listen to the meeting by dialling:

- 02 5701 2353 (within Australia)
- +61 2 5701 2353 (outside Australia).

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the annual general meeting. It is an important document. Please read it carefully.

AGENDA ITEMS

1. FINANCIAL REPORT

The Corporations Act requires:

1. the reports of the directors and auditor; and
2. the annual financial report, including the financial statements of the Company,

for the year ended 30 April 2022 to be laid before the annual general meeting.

While no resolution is required for this item, shareholders as a whole will be given a reasonable opportunity to raise questions or comments on the reports and statements at the meeting. A copy of the annual report of the Company for the year ended 30 April 2022 is available on Metcash's website at <https://www.metcash.com/investor-centre/annual-reports/>.

2. RESOLUTIONS TO ELECT AND RE-ELECT DIRECTORS

Resolution 2(a) seeks approval for the election of Mr Mark Johnson who, having been appointed as a director since the 2021 annual general meeting and being eligible, offers himself for election as a director of the Company under rule 7.1(c) of the Company's constitution.

Resolutions 2(b) and 2(c) seek approval for the re-election of Mr Peter Birtles and Ms Helen Nash who are retiring by rotation under rule 7.1(d) of the Company's constitution.

Each year, the Nomination Committee reviews the skills and experience represented on the Board and considers whether there are any areas that should be addressed through Board renewal and succession. When a vacancy exists or is pending, or when it is considered that the Board would benefit from the services of a new director with particular skills, the Nomination Committee selects from a panel of candidates with appropriate expertise and experience. Before appointing a new director, the Board undertakes comprehensive checks into a candidate's background and experience. The appointment of Mr Johnson followed such a process.

In addition, the Board conducts an annual review of the performance and effectiveness of the Board, its Committees and the individual directors, alternating each year between an internal self-assessment and an external review conducted by a board performance and effectiveness consultant. As part of these processes, the Board has reviewed the performance of each of the directors standing for re-election and considered the contribution made to the Board and its Committees by, and the skills and expertise of, those directors.

For these reasons, and those outlined in each of the director's profiles below, the Board recommends the election and re-election of the following directors.

Profiles of directors standing for election and re-election

2(a) Mr Mark Johnson, Independent Non-executive Director (BCom, CPA, FCA, FAICD)

Mr Johnson was appointed to the Board on 1 August 2022. He is a member of the Audit, Risk and Compliance Committee and the Nomination Committee.

Mr Johnson brings deep financial and accounting skills and expertise to the role, having had 35 years' experience as an accountant with Coopers & Lybrand and then PwC, including as PwC's National Assurance Leader in Australia from 2003 to 2007 and then as its Chief Executive Officer, Australia and Deputy Chairman, Asia Pacific from 2008 to 2012.

Mr Johnson has also had an extensive non-executive director career for over a decade, having previously served on the boards of directors of Coca-Cola Amatil, G8 Education, MH Premium Farms, Westfield Group, HSBC and Corrs Chambers Westgarth.

Mr Johnson is currently a non-executive director of Boral Limited, Goodman Group (and Chair of its Audit Committee), The Hospitals Contribution Fund of Australia and Aurecon (and Chair of its Audit Committee). In the community, he is a Councillor of UNSW Sydney and a director of The Smith Family.

The Board considers Mr Johnson to be an independent director.

2(b) Mr Peter Birtles, Independent Non-executive Director (BSc Hons, FCA, MAICD)

Mr Birtles was appointed to the Board on 1 August 2019 and is Chair of the Company (appointed 1 August 2022) and a member of the Nomination Committee.

Mr Birtles has more than 30 years' executive experience across three industries: professional accounting services; healthcare manufacturing, marketing and distribution; and specialty retail.

Mr Birtles brings extensive financial and accounting expertise to the role, as well as broad commercial and consumer focused retail operations experience. He qualified as a Chartered Accountant in the UK and started his professional career with Coopers & Lybrand. He then spent over 10 years at The Boots Company, progressing to senior finance and strategy roles, in both the UK and Australia. At Super Retail Group, he was initially the Chief Financial Officer and Company Secretary and subsequently became the Group Managing Director and Chief Executive Officer, responsible for the business strategy, organisational development and operational performance for Australia's leading specialty retailer of automotive, sporting and outdoor leisure products.

Mr Birtles is also Chair and non-executive director of Universal Store Holdings Limited (since October 2020), and a director of APG & Co Pty Limited and Apparel Group Pty Limited (both since July 2019), as well as Good360 Australia Ltd (since August 2019).

The Board considers Mr Birtles to be an independent director.

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

2(c) Ms Helen Nash, Independent Non-executive Director (BA Hons, GAICD)

Ms Nash was appointed to the Board on 23 October 2015. She is Chair of the Audit, Risk and Compliance Committee (appointed 1 August 2022) and a member of the Nomination Committee.

Ms Nash has more than 20 years' executive experience across three diverse industries: consumer packaged goods, media and quick service restaurants.

Ms Nash brings rounded commercial and consumer focused experience to her role. She initially trained in the UK as a Certified Management Accountant. 18 years in brands and marketing allow her to bring a strong consumer lens to the Board. She gained extensive strategic, operational and general management experience in her role of Chief Operating Officer at McDonalds Australia, overseeing business and corporate strategy, store operations including all company and franchised stores, marketing, menus, research and development and information technology.

Ms Nash is also a non-executive director of Southern Cross Media Group Limited (since April 2015) and Inghams Group Limited (since May 2017).

The Board considers Ms Nash to be an independent director.

Recommendations

For the reasons outlined above and in each of the director's profiles, the Board (with each candidate standing for election or re-election abstaining in respect of their own election or re-election) unanimously recommends that shareholders vote in favour of resolutions 2(a), 2(b) and 2(c).

3. RESOLUTION TO ADOPT THE REMUNERATION REPORT

Shareholders are asked to adopt the Company's remuneration report. The remuneration report is set out on pages 52 to 70 of the 2022 annual report and is also available on the Company's website www.metcash.com. The remuneration report:

1. describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of team members and the Company's performance;
2. sets out the remuneration details for the non-executive directors, the Group CEO and the group executives of the Company who together have the authority and responsibility for planning, directing and controlling the activities of the Company; and
3. explains the differences between the bases for remunerating non-executive directors and executives.

A reasonable opportunity for discussion of the remuneration report will be provided at the annual general meeting. The vote on the resolution in item 3 is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote and discussion at the meeting into account in setting remuneration policy for future years.

Recommendation

The Board unanimously recommends that shareholders vote in favour of resolution 3.

4. RESOLUTION TO APPROVE GRANT OF PERFORMANCE RIGHTS TO MR DOUGLAS JONES, GROUP CEO

Background

Shareholder approval is sought to grant 301,076 performance rights to the Group CEO, Mr Douglas Jones, as his long-term incentive (LTI) for FY23 (the **Performance Rights**).

If shareholder approval is obtained, the Performance Rights will be granted under the Company's Senior Executive Performance Rights Plan (**PRP**).

Why is approval sought?

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval in order to issue securities to a director under an employee incentive scheme.

Accordingly, the Company is seeking shareholder approval for the grant of Performance Rights to Mr Jones in the interests of transparency and good governance, and so that the Company will have the flexibility to issue shares to Mr Jones if the performance conditions are achieved and his Performance Rights vest.

If shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr Jones.

Number of Performance Rights

If shareholders approve the grant of Performance Rights to Mr Jones, he will be granted 301,076 Performance Rights.

This number has been determined by dividing Mr Jones' LTI opportunity of \$1,400,000 by \$4.65, being the volume weighted average price (**VWAP**) of the Company's shares traded on the ASX over the 20 trading days ended 30 April 2022, the last trading day before the start of the Company's 2023 financial year. Mr Jones' LTI opportunity is 80% of his Total Employment Cost (**TEC**) of \$1,750,000.

The actual value that Mr Jones will receive (if any) will depend on whether the performance conditions for the grant are achieved and the price of the Company's shares at the date of vesting.

The Company uses Performance Rights because they create share price alignment between executives and ordinary shareholders, but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the Performance Rights vest.

Performance Conditions

The award will be subject to two performance conditions that will be tested over a three-year performance period from 1 May 2022 to 30 April 2025.

Half of the Performance Rights will be subject to an absolute total shareholder return (**TSR**) hurdle. The remaining half of the Performance Rights will be subject to a return on funds employed (**ROFE**) hurdle. Further detail about each of these performance conditions is set out below.

Absolute TSR

TSR is measured as the growth in share price over the performance period plus dividends paid to shareholders and assuming dividends are reinvested when they are paid. The opening and closing share prices used in the calculation are set with reference to the VWAP of the Company shares over the 20 business days ended 30 April 2022 and 30 April 2025. The Board may exercise its discretion to include other share capital transactions, including buybacks and otherwise adjust the calculation for capital transactions as deemed appropriate. The TSR result is expressed as a percentage and reported as the compound annual growth rate over the performance period (**TSR CAGR**).

| Metcash TSR CAGR | % of Performance Rights subject to the Absolute TSR condition that vest |
|------------------------------|--|
| Below Threshold | 0% |
| Threshold | 25% |
| Between Threshold and Target | Pro-rata vesting on a straight-line basis |
| Target | 50% |
| Between Target and Stretch | Pro-rata vesting on a straight-line basis |
| Stretch | 75% |
| Between Stretch and Maximum | Pro-rata vesting on a straight-line basis |
| Maximum or above | 100% |

The Board sets the above TSR performance condition through consideration of historical returns of ASX200 companies, future expectations regarding market returns and also the Company's weighted average cost of capital (**WACC**). Full vesting of the TSR component will only occur if the Company achieves a TSR CAGR of 10% or more in respect of the three-year performance period, which is approximately 1.2 percentage points higher than analyst consensus WACC for the Company. If the Performance Rights vest, the performance condition percentages will be disclosed after the test date.

ROFE

ROFE is calculated as underlying Earnings Before Interest and Tax (**EBIT**) divided by the average of funds employed at the beginning and end of the financial year. The overall ROFE result will be determined as the mathematical average of the individual ROFE result determined in respect of each of the relevant three financial years over the performance period.

| Metcash ROFE | % of Performance Rights subject to the ROFE condition that vest |
|------------------------------|--|
| Below Threshold | 0% |
| Threshold | 25% |
| Between Threshold and Target | Pro-rata vesting on a straight-line basis |
| Target | 50% |
| Between Target and Stretch | Pro-rata vesting on a straight-line basis |
| Stretch | 75% |
| Between Stretch and Maximum | Pro-rata vesting on a straight-line basis |
| Maximum or above | 100% |

The Board sets the above ROFE performance condition through consideration of the latest strategic plan presented to the Board (which is commercially sensitive) and also after taking into account the strategic and market risks and opportunities which may present over the performance period. Full vesting of the ROFE component will only occur if the Company achieves a ROFE of 26% or more in respect of the three-year performance period. If the Performance Rights ultimately vest, the performance condition percentages will be disclosed after the test date.

Mr Jones' Performance Rights will be tested:

- against satisfaction of the above performance conditions after the financial results of the last year of the performance period are released in or around June 2025; and
- in respect of an employment service condition up to 15 August 2025.

When testing the performance conditions, the Board has discretion to include or exclude any items from its calculations. Calculation of the hurdles and achievement against the hurdles will be determined by the Board in its absolute discretion, having regard to any matters that it considers relevant (including changes to Australian Accounting Standards). Any Performance Rights that do not vest when they are tested will lapse.

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Terms applying to all Performance Rights

Vesting

Each Performance Right that vests entitles Mr Jones to one fully paid ordinary share in the Company (or an equivalent cash payment in lieu of an allocation of shares).

Any shares issued or transferred to Mr Jones on vesting of his Performance Rights may be purchased on-market or issued by the Company. No amount will be payable by Mr Jones for those shares.

The Performance Rights do not carry any voting rights or entitlements to receive dividend payments prior to vesting. Once Performance Rights have vested, the shares issued or transferred to Mr Jones are not subject to any disposal restriction, however Mr Jones must comply with the Company's Securities Trading Policy as amended from time to time.

Cessation of employment

Unless the Board determines otherwise, where Mr Jones' employment is terminated:

- for cause or he resigns or gives notice of resignation prior to the vesting date, all unvested Performance Rights will lapse; or
- in all other circumstances, a pro rata portion of his unvested Performance Rights will remain on foot (calculated based on the portion of the performance period that has elapsed) and will be tested in the ordinary course subject to the performance conditions outlined above as though Mr Jones had not ceased employment.

Change of control

The Board has full discretion to vest or lapse some or all of Mr Jones' unvested Performance Rights if there is a takeover or other event that the Board reasonably considers should be treated in the same way as a change of control of the Company.

Misconduct

The PRP Rules contain forfeiture and clawback provisions that will apply in certain circumstances. For example, if Mr Jones acts fraudulently or dishonestly or is in breach of his obligations to the Metcash Group, the Board may determine that any or all of his Performance Rights lapse (or shares allocated on vesting are forfeited).

Additional information provided for shareholders in accordance with ASX Listing Rules

Listing Rule 10.15.4 requires this Notice of Meeting to include details (including the amount) of Mr Jones' current total remuneration:

| | |
|--|--|
| Total Employment Cost (including superannuation) (TEC) | \$1,750,000 |
| Short-term incentive | 70% of TEC at target, 157.5% of TEC at maximum |
| Long-term incentive | 80% of TEC on a face value basis |

Shareholders are referred to the Company's remuneration report for full details of Mr Jones' remuneration.

If shareholder approval is obtained, the Company intends to grant the Performance Rights to Mr Jones as soon as practicable after the annual general meeting and, in any event, no later than 12 months after approval is obtained.

No amount will be payable by Mr Jones for Performance Rights as they form part of his FY23 remuneration package.

The ASX Listing Rules require this Notice of Meeting to state the number and average price of securities received by Mr Jones under the PRP. 636,697 Performance Rights have been issued to Mr Jones under the PRP (at no cost) in respect of the prior year long-term incentive, the deferred component of his FY22 short-term incentive award and a buyout of executive incentives issued by his former employer, none of which have vested.

Mr Jones is a director of the Company and no other director of the Company is entitled to participate in the PRP.

No loan will be made by the Company in connection with the grant of Performance Rights or the allocation or issue to Mr Jones of any shares on vesting of those Performance Rights.

Details of any Performance Rights issued under the PRP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the PRP after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under that rule.

Recommendation

The Board (with Mr Jones abstaining) unanimously recommends that shareholders vote in favour of resolution 4.