

## METCASH LIMITED AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

### 1. Introduction

- 1.1 This Charter outlines the role, responsibilities, operation and authority of the Audit, Risk and Compliance Committee (“Committee”) of the Board of Directors of Metcash Limited (“Board”). The scope of this Charter extends to all subsidiaries of Metcash Limited and all references to Metcash in this Charter mean Metcash Limited and its subsidiaries.

### 2. Role

- 2.1 The role of the Committee is to assist the Board in discharging its duties in respect of governance, risk management, financial reporting and legal and regulatory compliance by ensuring:
- implementation of an effective governance framework for review and approval of material business actions;
  - effective management of financial and other material business risks;
  - reliable financial reporting, including management accounts and half and full year accounts;
  - compliance with laws and regulations; and
  - maintenance of an independent, effective and efficient audit.

### 3. Responsibilities

#### *Effective governance framework*

- 3.1 Periodically reviewing the Metcash Group Board Limits of Authority Policy and the Metcash Group Board Limits of Authority Schedule to that Policy, and monitoring management’s compliance with those Limits of Authority.

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

- 3.2 Monitoring Metcash’s material financial and non-financial risks and ensuring management is effectively managing the risks.
- 3.3 Satisfying 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.
- 3.4 Reviewing the risk appetite and risk appetite metrics of Metcash set by the Board and Metcash’s risk management framework, at least annually, to satisfy itself that they continue to be sound and making recommendations to the Board in relation to changes that should be made to the risk appetite, including risk appetite metrics, or risk management framework.
- 3.5 Monitoring whether Metcash is operating within the risk appetite set by the Board and, to support this, receiving reports from management aligned to the risk appetite metrics set out in the risk appetite statement.
- 3.6 If instances are identified of Metcash operating outside the risk appetite set by the Board, overseeing actions and timeframes to bring Metcash back within the risk appetite and, where appropriate, requiring management to undertake root cause or thematic analysis or other “deep dives” to identify underlying causes of breaches.

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- 3.7 Receiving reports from management on material risks and new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks, and ensure processes are in place for escalation of urgent material risks.
- 3.8 Reviewing, satisfying itself and reporting to the Board that:
- (a) Metcash's ongoing risk management program effectively identifies all areas of potential financial and non-financial risk;
  - (b) adequate policies and procedures have been designed and implemented to manage identified risks;
  - (c) a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
  - (d) proper remedial action is undertaken to redress areas of weakness.
- 3.9 Ensuring 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 as to the effectiveness of the company's management of its material business risks (financial and non-financial).
- 3.10 Monitoring the independence of the internal audit function from the external auditors and management.
- 3.11 Liaising with, and receiving reports from, the internal auditor as required from time to time, in the absence of management if appropriate, including on its reviews of the adequacy of Metcash's processes for managing risk.
- 3.12 Reviewing any material incident involving fraud or a breakdown of Metcash's risk controls and the "lessons learned".

### *Reliable financial reporting*

- 3.13 Reviewing and making recommendations to the Board 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.
- 3.14 Reviewing Metcash's accounting policies and practices in light of the Corporations Act, Australian Accounting Standards, ASX Listing Rules, ASX Corporate Governance Council's Principles and Recommendations and generally accepted accounting principles, and reviewing 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.
- 3.15 Reviewing the half year and annual financial statements and remuneration 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).
- 3.16 Ensuring a financial reporting system founded on a sound system of risk management and control is in place to enable the Group CEO and Group CFO to give a written declaration to the Board in respect of the half year and annual 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.

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- 3.17 Reviewing the declarations and assurances given to the Board by the Group CEO and Group CFO in accordance with section 3.16 above.

### *Compliance with laws and regulations*

- 3.18 Monitoring developments and changes in the laws and regulations relating to the responsibilities and liabilities of directors and monitoring and reviewing the extent to which the Board is meeting its obligations.
- 3.19 Monitoring developments and changes in the various laws and regulations which relate generally to Metcash's business operations and monitoring and reviewing the extent to which Metcash is complying with such laws and regulations. Where breaches are identified, review and approve remedial actions to be taken including timelines for completion and monitor remedial actions are completed within those timelines.
- 3.20 Reviewing and discussing 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*

- 3.21 Reviewing and recommending to the Board the appointment or removal of the external auditors and the external auditor's terms of engagement and ensuring the audit engagement partner is rotated every five years.
- 3.22 Reviewing the efficiency and effectiveness of both the internal and external auditors in relation to their respective responsibilities.
- 3.23 Overseeing 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 regularly reviewing the application of those policies.
- 3.24 Ensuring there have been no unjustified restrictions or limitations placed on the internal and external auditors, including ensuring that the internal auditors are adequately resourced.
- 3.25 Ensuring that the scope of the audit (external and internal) is adequate, with appropriate emphasis placed on areas where the Committee, management or the auditors believe special attention is necessary.
- 3.26 Reviewing and assessing the findings of the internal and external auditors and the action taken and timetable proposed by management in response to the findings.
- 3.27 Appointing and, where necessary, replacing the head of the internal audit function.
- 3.28 Ensuring 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 reviewing the application of those policies to ensure the external auditor's independence is not compromised.
- 3.29 Providing written advice to enable the Board to include in the annual directors' report the statements required by section 300(11B) of the Corporations Act (relating to non-audit services and auditor independence). Such advice must be endorsed by a resolution of the Committee and signed by a member on behalf of the Committee.
- 3.30 Obtaining a written declaration from the external auditors each half and full year in accordance with section 307C (*Auditor's independence declaration*) of the Corporations Act.

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### *Tax policy and risk*

- 3.31 Reviewing and recommending to the Board any updates or changes to Metcash's Board Tax Policy.
- 3.32 Reviewing and approving Metcash's Tax Transparency Report.
- 3.33 Monitoring Metcash's tax risk including by receiving a report, at least annually, from management on tax matters including compliance, payments, tax categorisation, audit and review activity and material tax issues.

### *Other responsibilities*

- 3.34 Reporting any matter identified during the course of carrying out its responsibilities that the Committee considers should be brought to the attention of the Board.
- 3.35 Performing or undertaking on behalf of the Board any such other tasks or actions as the Board may from time to time authorise.
- 3.36 Receiving reports of incidents and matters disclosed under the Metcash Speak Up Policy and information regarding material breaches of the Metcash Code of Conduct (including breaches of anti-bribery and corruption policies within the Code of Conduct) and reporting material incidents, matters or breaches to the Board.
- 3.37 Reviewing and recommending to the Board the determination or declaration of any dividends.
- 3.38 Reviewing and assessing the adequacy of Metcash's insurances annually.
- 3.39 Reviewing the process to verify the integrity of any periodic corporate report Metcash releases to the market that is not audited or reviewed by the external auditor.

## **4. Administration matters**

- 4.1 The Committee's operation is governed by the Metcash Standing Committee Rules ("Standing Rules") contained in the Metcash Board Charter. If there is any conflict between this section 4 and the Standing Rules, the Standing Rules prevail.

### *Membership*

- 4.2 The Committee will comprise three non-executive directors, a majority of whom must be independent directors. The Committee may invite one or more external subject matter experts to join the Committee or provide guidance, support and expertise as required.
- 4.3 The quorum for a Committee meeting is any two members.
- 4.4 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.
- 4.5 Internal and external audit will, where relevant, make presentations to the Committee at its meetings.
- 4.6 Members will be appointed by the Board, and will serve at the discretion of the Board and for such term or terms as the Board may determine. The Board will appoint one member of the Committee as its Chair, who must be an independent director who is not Chair of the Board.
- 4.7 Any director who is not a Committee member may attend (but not vote at) a meeting of the Committee.

### *Meetings*

- 4.8 The Committee will meet as often as the Committee members deem necessary in order to fulfil their role and responsibilities. However, it is intended that the Committee will meet as often as is required to undertake its role and responsibilities 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 financial statements and Appendix 4D and the draft annual financial statements and Appendix 4E to be reviewed prior to presentation to the Board and then release to the market. The internal or external auditors may request a meeting if they consider that one is necessary.
- 4.9 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.

### *Performance and effectiveness evaluation/review*

- 4.10 The Committee shall undertake an annual performance and effectiveness self-evaluation or external review of the Committee and the contributions of its members that:
- (a) assesses the performance and effectiveness of the Committee as against its role, responsibilities, operation and authority as outlined in this Charter;
  - (b) sets the goals and objectives of the Committee for the upcoming year;
  - (c) recommends to the Committee any areas of focus or development to improve the Committee's performance and effectiveness; and
  - (d) recommends to the Board any changes to this Charter deemed necessary or desirable.
- 4.11 The Company Secretary shall assist with the implementation and conduct of the performance and effectiveness evaluation/review and otherwise assist that process as the Chair may request.

## **5. Board reporting**

- 5.1 The Committee Chair (or other designated Committee member) will provide a report of the actions of the Committee at the Board meeting following the Committee meeting. All directors will be permitted, within the Board meeting, to request information of the Committee Chair or other members of the Committee.
- 5.2 The proceedings of all Committee meetings will be minuted. All directors will have access to all Committee meeting minutes and papers (subject to conflicts protocols).
- 5.3 The Committee will also consider if any material matters arising out of the Committee meeting should be advised to any other Committee and, if so, ensure that this occurs.
- 5.4 In particular, the Committee will advise the People and Culture Committee of any matters it considers relevant to variable remuneration outcomes for the Group CEO or other members of the Group Leadership Team.

**6. Advice and resources**

- 6.1 The Committee and its members may, in the exercise of their powers and fulfillment of their role and responsibilities:
- (a) obtain professional or other advice and reports from external advisers, consultants or specialists at Metcash's cost;
  - (b) obtain such resources, information and explanations from Metcash management as they may reasonably require; and
  - (c) seek any information and explanations it requires from (and without management present, if desired):
    - any employee; and all employees are directed to co-operate with any request made by the Committee;
    - external parties; and
    - internal and external auditors.
- 6.2 The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee as it considers appropriate, including both internal team members and external parties with relevant experience and expertise.