

Metcash Responsible & Ethical Sourcing Principles

1. Introduction

Metcash is Australia's leading wholesale distribution and marketing company, providing independent retailer services across its Food, Liquor and Hardware pillars. We are committed to being a responsible member of the communities in which we work and live. Our purpose at Metcash is to champion the success of independents – it's at the heart of everything we do.

The Metcash Responsible & Ethical Sourcing Principles (**Principles**), alongside our established policies and requirements, form the foundation for our commitment to ethical and sustainable business practices. We ask our independent retailers, vendors, suppliers, and producers to share in these values, so that throughout our supply chain, we collectively operate with integrity, fairness, and respect for the environment and for the people involved in the supply of goods and services.

2. Alignment of our Principles

Metcash is committed to sourcing our goods and services ethically and responsibly, and we expect our suppliers and stakeholders to support the ethical and responsible sourcing standards in line with the Code of Conduct found in Section 6.

Our Principles are based on internationally recognised frameworks and institutions, including:

- United Nations' (UN) Universal Declaration of Human Rights¹
- UN Guiding Principles on Business and Human Rights² (UNGPs)
- International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work³
- Children's Rights and Business Principles (UNICEF, UN Global Compact and Save the Children)⁴
- United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families⁵
- United Nations Global LGBTI Standards for Business
- Australian Modern Slavery Act 2018⁶
- Ethical Trade Initiative (ETI) Base Code⁷
- Elevate Responsible Sourcing Standard (ERSA)

1. *United Nations' (UN) Universal Declaration of Human Rights* <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

2. *UN Guiding Principles on Business and Human Rights* https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

3. *International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work* https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf

4. *Children's Rights and Business Principles (UNICEF, UN Global Compact and Save the Children)* <https://www.unicef.org/media/96136/file/Childrens-Rights-Business-Principles-2012.pdf>

5. *United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families* <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-convention-protection-rights-all-migrant-workers>

6. *Australian Modern Slavery Act 2018* <https://www.legislation.gov.au/C2018A00153/latest/text>

7. *Ethical Trading Initiative Base Code* <https://www.ethicaltrade.org/eti-base-code>

- Australian Sustainability Reporting Standards (ASRS)
- National Greenhouse and Energy Reporting Act 2007
- United Nations Sustainable Development Goals
- Taskforce for Climate Related Financial Disclosures (TNFD)
- Global Reporting Initiative (GRI)
- Carbon Disclosure Project (CDP)

3. Application and scope

3.1 Metcash staff

Our Principles apply to all Metcash staff, particularly those engaged in procurement activities on behalf of Metcash.

3.2 Procurement

The Principles apply to all procurement activities conducted by Metcash, encompassing both existing and new supplier arrangements. Metcash recognises the potential for adverse human rights impacts within its own operations, including the context of Metcash employment. Metcash is dedicated to upholding human rights and environmental standards in its direct operations and employment practices and has implemented a series of policies to mitigate human rights and environmental risks in this sphere.

3.3 Suppliers

Metcash encourages all direct and indirect suppliers to Metcash to commit to the Principles. Achieving this together means we must build stronger partnerships and strive to improve supply chain sustainability, traceability and transparency.

4. Metcash commitments

Among Metcash's values is treating our people, retailers and suppliers the way we like to be treated; and giving back to the communities where we live and work. One of Metcash's key purposes is creating a sustainable future.

Metcash is committed to ethical, sustainable, and socially responsible procurement. We respect International Labour Organisation (ILO) Conventions and industry standards. Ensuring human rights are understood, respected, and upheld based on international standards. We committed to conducting due diligence, combating modern slavery, eliminating human rights risks, protecting vulnerable people, and making responsible sourcing decisions in our supply chains and operations. Metcash is committed to reducing its social and environmental impacts and operating in line with the precautionary principle.

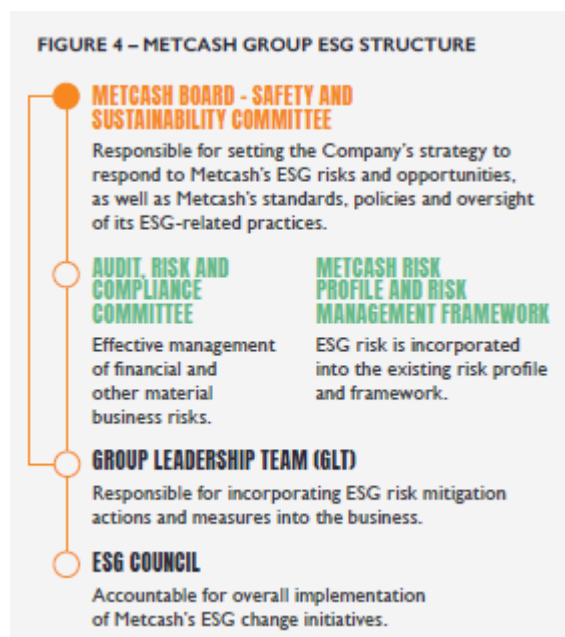
5. Governance

The Metcash Board is responsible for overseeing the Company's strategy. The Board's Safety and Sustainability Committee is tasked with the responsibility for responding to social and environmental impacts and opportunities.

The Audit, Risk and Compliance Committee (ARCC) supports the Board in overseeing the effective management of all material risks to Metcash's business.

The Group Leadership Team is accountable for the overall implementation of Metcash's sustainability initiatives, while the ESG Council is responsible for incorporating social and environmental risk mitigation actions and measures into the business.

The governance structure is shown below, however addressing responsible sourcing and other sustainability topics requires the input of a multitude of stakeholders and team members across the business. The ESG Council and associated working groups, have broad inter-departmental and cross-pillar representation to ensure all areas of the business are working towards common objectives.



6. Code of Conduct for Suppliers

The Code of Conduct for Suppliers (Code) outlines recommended practices and standards for vendors and suppliers conducting business with Metcash. These guidelines promote responsible operations and align with Metcash's commitment to ethical practices. We strongly encourage vendors and suppliers to ensure that their own suppliers and supply chain partners share these values and strive for compliance with the Code. As responsible businesses, suppliers should conduct due diligence and risk assessments to identify and address potential issues within their supply chains that may fall short of the Code.

Metcash may periodically review suppliers' adherence to the Code and may conduct assessments of risks identified by suppliers. If areas of potential improvement are identified, Metcash will aim to work collaboratively with the supplier to develop corrective actions within a reasonable timeframe. Open communication and a shared commitment to improvement are crucial in addressing any concerns.

Metcash values its relationships with vendors and suppliers and seeks to build partnerships with organisations that share our values. When partnering with Metcash, we encourage you to:

- Strive to comply with applicable local and international laws and regulations. This includes labour and human rights, health, safety, and environmental standards. Align with both the legal requirements of your operating countries and the principles outlined in this Code.

- Conduct business with integrity and transparency. Avoid practices that could be perceived as bribery, corruption, fraud, exploitation, or collusion.
- Maintain open and honest communication with Metcash. Proactively address any concerns or potential breaches of this Code.
- Maintain accurate and complete records. Document financial transactions, business activities, and practices related to labour, health, safety, and the environment in accordance with applicable laws and internal policies.

Social Ethical Sourcing Principles

6.1 Human Rights & Anti-slavery, Forced or Compulsory Labour

Metcash respects the rights of individuals belonging to groups or populations which may be particularly vulnerable, including indigenous people, women, national or ethnic, religious and linguistic minorities, children, LGBT+ people, people with disabilities and migrant workers and their families.

Metcash expects suppliers to endorse the same value and respect the protection of internationally proclaimed human rights, ensuring that they are not complicit in human rights abuses⁸.

Suppliers must prohibit the use of forced labour in all forms; prison, indentured, bonded, and slave labour as well as labour obtained through human trafficking, throughout the supply chain. The definition of Forced Labour consists of three elements accordingly to ILO Forced Labour Protocol⁹:

- Work or service; refers to all types of work occurring in any activity, industry or sector including in the informal economy.
- Menace or penalty; refers to a wide range of penalties used to compel someone to work.
- Involuntary; refers to the absence of free and informed consent of a worker to take a job and his or her freedom to leave at any time.

6.2 Child Labour

Suppliers must prohibit child labour, defined as;

- (a) children under 14 years of age or, if higher than that age, the minimum age of employment permitted by the law of the country or countries

Consideration must also be given with respect to employment of individuals under the age of 18. The work should not interfere with their ability to benefit from education, deprive them of their dignity, separate them from their family or subject them to work that may pose risks to their health or safety.

8. These principles are derived from Universal Declaration of Human Rights (UDHR) and are set out in the United Nations Global Compact https://www.unglobalcompact.org/Issues/human_rights/index.html

9. ILO Forced Labour Protocol <https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm>

10. These principles are set out in the ILO fundamental Conventions, No. 138, Minimum Age, 1973 and No. 182, Worst Forms of Child Labour, 1999 and in the UN Convention on the Rights of the Child.

6.3 Freedom of Association and Collective Bargaining

Suppliers should recognise and uphold the unrestricted right of workers to organise, advance, and safeguard their interests through collective bargaining. Suppliers should ensure protection for workers from any form of discrimination or interference, associated with their exercise of the right to organise, engage in trade union activities, and collectively bargain.

6.4 Discrimination

Suppliers should avoid discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, colour, religion, social origin, age, disability, gender, marital status, sexual orientation, union membership or political affiliation¹¹.

6.5 Harassment, Harsh or Inhumane Treatment

Suppliers should treat all employees with dignity and respect. Suppliers should work with their supply chain to ensure there is no harsh or inhumane treatment, coercion or corporal punishment.

6.6 Wages, Benefits and Living Wages

Suppliers must ensure that all employees, including those employed by third-party service providers or labour hire agents, receive wages, overtime pay, legally mandated benefits, and paid leave that meet or exceed the national minimum wage. Where legal requirements are absent, suppliers should align their compensation levels with prevailing industry standards or collective bargaining agreements. If wages fall below industry norms, suppliers should consider developing enhanced wage structures and benefits to progressively increase employee compensation towards a fair living wage.

Deductions from wages should only be made in accordance with applicable laws, regulations, or collective agreements. It's essential for suppliers to provide clear and transparent communication to affected workers regarding such deductions at the time of each payment. Maintaining accurate and complete records detailing wages, benefits, and any deductions made for each worker is strongly recommended.

6.7 Working Hours and Overtime

Working hours and overtime should comply with any local laws and benchmark industry standards, whichever affords greater protection. All overtime shall be voluntary and compensated as per legal requirements or collective negotiation agreements.

Accurate and complete records of hours worked by each worker and any deductions made should be maintained.

6.8 Work Safety and Occupational Health

Suppliers are strongly encouraged to provide a safe, hygienic, and healthy work environment for their employees, taking proactive measures to prevent accidents and providing any necessary protective equipment. Adhering to laws, regulations, and statutory requirements is essential, as well as establishing both internal and external assurance processes to evaluate the effectiveness of your Safety and Health management system.

Where workers may be exposed to chemical, physical, or biological substances and agents in the workplace, it's recommended that suppliers comply with occupational exposure limits (OELs) established by local authorities. In the absence of local regulations, aim to adopt the best available

industry standards. Conducting industrial hygiene monitoring is essential to obtain analytical data, enabling effective mitigation of the risk of injury or occupational illness.

11. *These principles are set out in the ILO fundamental Conventions, No. 100, Equal Remuneration, 1951 and No. 111, Discrimination (Employment and Occupation), 1958.*

6.9 Entitlement to Work, Labour Hire Agents and Foreign Migrant Workers

Suppliers should only employ workers with the legal right to work. It's recommended that all workers, including those from employment agencies, have their legal right to work verified by the supplier. Implementing processes to ensure adequate oversight of agencies, particularly regarding legal compliance, is advised. When utilising labour hire agents suppliers should conduct thorough due diligence to ensure all employment practices align with this Code.

Providing appropriate training to all employees is essential, empowering them to perform their daily tasks safely and competently.

6.10 Supply Chain Traceability

Suppliers should track and trace the movement of products and their components throughout the entire supply chain, from raw materials to finished goods. The requirements aim to enhance transparency, accountability, and trust throughout the supply chain, promoting responsible business practices and safeguarding consumer interests.

Metcash is required to collect more accurate information on the traceability of product components and ingredients that we sell and will require suppliers to provide supply chain information that assist us in identifying and mitigating potential human rights and environmental risks, counterfeit products, contamination, unethical practices, and potential supply chain disruptions.

Environmental Responsible Sourcing Principles

We expect suppliers to identify the key environmental impacts and risks associated with their business operations and their supply chain, and implement controls to minimise impacts and risks to the environment. Suppliers should apply the precautionary principle in business operations and should make all efforts to conserve natural resources.

6.11 Emissions

Suppliers are expected to comply with all national and local environmental laws and regulations in respect to greenhouse gas emissions, air quality and hazardous air pollutants. Suppliers should measure greenhouse gas emissions and set voluntary emissions reduction targets. Emissions reduction activities should prioritise energy intensity reductions through energy efficiency, preference renewable energy, and source offsets as a final step for hard-to-abate emissions. Suppliers should consider the emissions associated with their supply chain activities and work collaboratively with their own suppliers to reduce emissions throughout the entire value chain.

6.12 Biodiversity and nature

Suppliers are expected to comply with all national and local environmental laws and regulations related to land and biodiversity conservation, including protection of threatened or vulnerable species or ecosystems. Suppliers should actively work to conserve and protect biodiversity in their supply chain by implementing practices to understand biodiversity impacts and preferences approaches that minimise negative impacts on ecosystems and habitats.

Suppliers should prioritise the sourcing of raw materials and products from suppliers who demonstrate responsible practices towards biodiversity preservation and promotion. It is expected that suppliers do not source materials from endangered or threatened species.

6.13 Deforestation

Suppliers (and the Supplier's value chain) are expected to comply with all national and local environmental laws and regulations related to forestry and logging. Suppliers should source timber and paper products from certified sustainable forestry operations such as FSC and PEFC certified; and source Palm oil and derivatives from RSPO certified sustainable operations.

6.14 Water

Suppliers are expected to comply with all national and local environmental laws and regulations regarding water consumption and pollution to waterways.

Water consumption should be efficient so as to conserve limited clean and potable water resources. Suppliers should measure water consumption associated with all business activities and set voluntary reduction targets in the absence of regulation. This includes implementing measures to reduce water consumption, minimise water wastage, and optimise water usage in production processes.

Suppliers are expected to implement effective pollution prevention measures to minimise the release of pollutants into local water sources such as rivers, lakes, and groundwater. This includes properly treating wastewater before discharge to ensure compliance to protect water quality. This may also involve implementing measures to prevent contamination and erosion, as well as preserving and restoring water ecosystems where feasible.

6.15 Waste

Suppliers are expected to apply the waste hierarchy and in managing waste material from operations to prevent contamination or pollution of ecosystems. This includes preventing and minimisation of waste generation, reusing or repairing materials where possible, and recycling as preferred methods of management- before legal disposal or landfill as a last option.



It is expected that suppliers dispose of waste material in accordance with local environmental laws and regulations (or in the absence of local laws or regulations, suppliers should adhere to the ISO 14001 standard and the 'polluter pays' principle). It is expected that proper disposal methods (a licenced facility designed for treating such waste) are utilised to prevent harm to the environment, public health, and safety.

We expect suppliers to ensure that hazardous waste such as toxic chemicals are managed, stored and disposed of in accordance with applicable regulations or ISO 14001.

6.16 Extended Producer Responsibility

Suppliers should comply with extended producer responsibility (EPR) principles, thereby promoting responsible product lifecycle management. Suppliers should adhere to all applicable extended producer responsibility or product stewardship regulations, including product take-back programs. Suppliers should maintain up-to-date knowledge of relevant EPR legislation in regions where their products are distributed or sold.

Suppliers should prioritise product designs that minimise environmental impact throughout the lifecycle and at end-of-life, including ease of reuse or recyclability. Suppliers should use sustainable design principles and utilise materials with a lower environmental footprint.

6.17 Sustainable Packaging

Suppliers must support Metcash's goals of sustainable packaging, aligning with the Australian Packaging Covenant Organisation (APCO's) goals and reporting requirements and any other specific requirements as determined by Metcash.

Animal Welfare Responsible Sourcing Principles

6.17 We acknowledge the significance of safeguarding animal welfare throughout the production process of our goods and are dedicated to guaranteeing that all animals within our supply chain receive humane and respectful treatment.

We advocate for animals to lead lives that are fulfilling, encompassing the five fundamental freedoms from their birth to their end:

1. The freedom from hunger and thirst
2. The freedom from discomfort
3. The freedom from pain, injury, or disease
4. The freedom to express normal behaviour
5. The freedom from fear and distress

Consequently, we expect suppliers to exert all reasonable efforts to ensure that animals under their supervision (or that of their subcontractors and other partners within the supply chain) are treated humanely, minimising any potential harm, stress, or pain inflicted upon them.

7. Verification compliance to the Principles and Code

We utilise a risk assessment and audit framework to evaluate the risk level and ensure compliance with our Responsible Sourcing Principles. This framework operates on the principle of mutual recognition, whereby we acknowledge findings from the following social compliance industry programs:

- Supplier Ethical Data Exchange (Sedex) and Sedex Members Ethical Trade Audit (SMETA)
- International Council of Toy Industries (ICTI) Ethical Toy Programme
- Amfori Business Social Compliance Initiative (BSCI)
- Social Accountability (SA) 8000
- Social & Labor Convergence Program (SLCP)
- Elevate Responsible Sourcing Assessment (ERSA)
- Global Good Agricultural Practice Risk Assessment (GAP, GRASP)
- Fair Farms
- NZGAP Social Practice Add-on

8. Corrective action process

Metcash is dedicated to fostering long-term partnerships and collaborating with suppliers on solutions and enhancing capacity where necessary. Suppliers are encouraged to self-assess their compliance with these Principles and take timely action to correct any non-conformities or breaches reported or identified by an audit, assessment, inspection, investigation or review. Suppliers are encouraged to raise any concerns, discuss and seek clarification accordingly to any elements of the Principles and to advise Metcash or any activities or cases that do not align with the Principles.

Should a supplier demonstrate unwillingness to collaborate with Metcash in resolving issues, decline to participate in a program or additional audit requirements, and/or fail to demonstrate improvement in addressing critical findings, we retain the right to reassess the suitability of Metcash's ongoing relationship with the supplier.

9. Grievance Mechanisms

Respect for human rights includes preventing human rights issues, addressing them at an early stage, or seeking adequate remedy in case human rights are violated. We promote an open feedback culture according to [Metcash Speak-up Policy](#). Workers observe or suspect a possible violation of these standards in their own operations or in the value chain, who are encouraged to report their concerns to our independent third-party platform to ensure confidentiality and fair treatment of the issue.

Workers in Metcash supply chains can also report concerns through our third-party [NAVEX EthicsPoint](#) platform. All reporting is confidential, and they can share their concerns anonymously.

10. Related Documents and Guides

- Metcash Human Rights & Anti-slavery Policy
- Metcash Supply Chain Grievance Mechanisms Program