

METCASH RISK MANAGEMENT POLICY

Purpose

The objective of the Metcash Risk Management Policy is to communicate our commitment to operating within an effective risk management framework that is consistent with our strategic and operating objectives. Metcash's risk management framework follows accepted standards and guidelines for managing risk and is based on the principles outlined in international standard ISO31000:2009 Risk management – Principles and guidelines. Metcash has also adopted a three lines approach to managing risk. Levels of responsibility are outlined further in this policy.

The principle underpinning Metcash's approach is that risk management is an integral part of the management function in the organisation and, as such, is the clear responsibility of management. Line managers have the responsibility to evaluate their risk environment, to put in place appropriate controls and to monitor the effectiveness of these controls. This process is supplemented with a review of key enterprise risks by the Group Leadership Team and Board of Directors.

Metcash is committed to ensuring that effective risk management remains central to all its activities and is a core management competency.

Scope

This policy applies to all Metcash activities. It forms part of Metcash's governance framework and applies to all Metcash directors, employees, contractors and consultants.

Risk Governance

Roles and Responsibilities

Role	Responsibilities
Board	Provides policy, oversight and review of risk management. This includes approving Metcash's Risk Appetite Statement and receiving reports from management and the ARCC on management of risks (including existing and emerging financial and non-financial risks).
Audit, Risk and Compliance Committee (ARCC)	Oversees regular review of risk management activities and risk outcomes and provides reports to the Board on its activities. The ARCC also provides reports to the People and Culture Committee to ensure risk outcomes are reflected in executive remuneration outcomes.
Group Chief Executive Officer	Overall responsibility for management of the organisation.
Group Leadership Team	<p>Drives culture of risk management and signs off on annual risk attestation.</p> <p>The Group Leadership Team, under the supervision of the Group CEO:</p> <ul style="list-style-type: none"> ▪ implements Metcash's strategic plans within the risk appetite set by the Board; ▪ promotes positive risk behaviours throughout the Group; ▪ identifies existing and emerging financial and non-financial risks; ▪ implements appropriate controls to manage risks and monitors the effectiveness of these controls with the assistance of Group Risk and Assurance; and ▪ provides accurate and timely information to the Board and the ARCC on these matters.

Role	Responsibilities
Group Risk and Assurance Function	<p>Facilitates, coordinates and advises on the risk management process to help Pillars and departments manage their risk environment in a manner that is consistent across Metcash.</p> <p>The Assurance team that is incorporated in the Function undertakes a risk-based audit program to provide assurance that risks are identified and key controls to mitigate these risks are well-designed and working effectively. The Assurance Function reports independently to the ARCC on the effectiveness of controls and makes recommendations for improvement.</p>
Line Managers	<p>Responsible for the management of risks, including associated controls and ongoing monitoring processes.</p> <p>Ensure staff in their business units comply with the risk management policy and foster a culture where risks can be identified and escalated.</p>
Employees and Contractors	<p>All employees are responsible for adhering to processes and procedures which are designed to manage risks associated with the work they perform. They are also required to alert management to any risk incidents or potential risk incidents that they become aware of in the course of their work. Employees should also discuss with their management any potential gaps in, or improvements to, the control framework that they identify.</p>

Three Lines of Defence Risk Management Model

Metcash has implemented a “three lines of defence model” (TLD) to more effectively identify and remediate threats to the business. Management control is the first line of defence in risk management, with the various risk, control and compliance oversight functions established by management and the ARCC and the Board acting as the second line of defence. Independent assurance functions comprise the third line of defence.

First Line of Defence – Management

Management (i.e. Functional and Pillar Management) owns risks and controls. The management team is responsible for maintaining effective internal controls and for executing risk and control procedures. Managers are responsible for designing and implementing procedures that act as controls and supervising the execution of those procedures by their employees.

Second Line of Defence – Risk Management

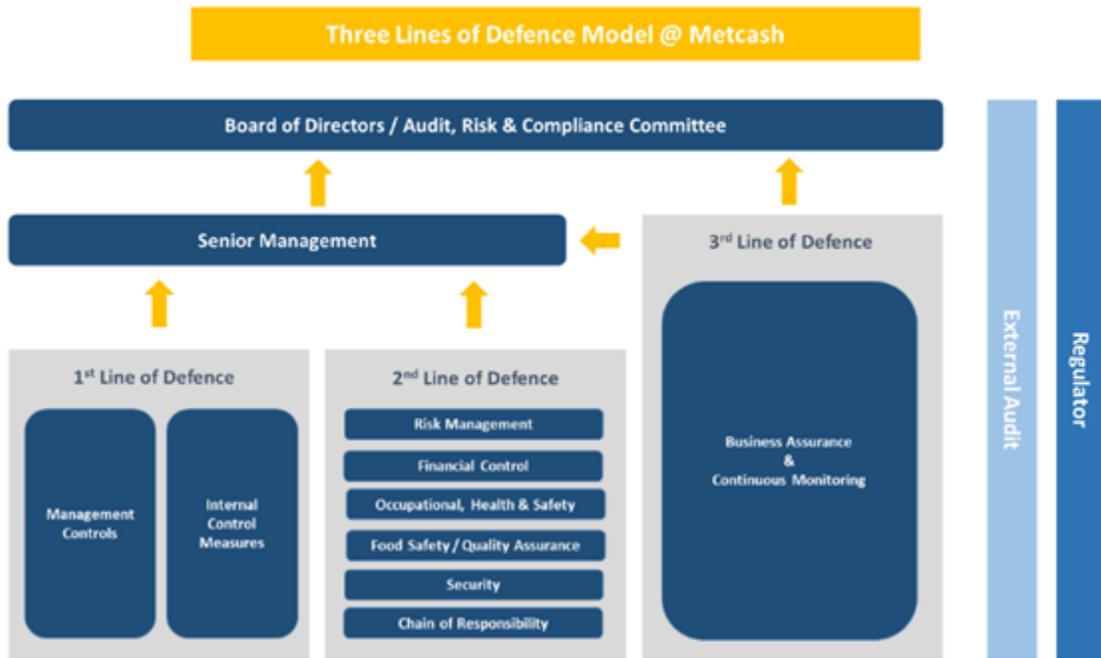
Multiple functions within the business assist Management in ensuring that the first line of defence is cost-effectively designed, in place and is operating as intended. At Metcash, these functions include, but are not limited to:

- Group Risk and Assurance Function (including Compliance and Physical Security);
- Financial Control;
- Safety, Health & Environment (including Chain of Responsibility);
- Operational Compliance (formerly Food Safety);
- Quality Assurance.

Third Line of Defence – Assurance

The Business Assurance team is independent of Management and provides assurance on the effectiveness of governance, risk management and controls including the manner in which the first and second levels of defence achieve risk management and control objectives. The Assurance Function does not have authority to assume Management responsibilities, except for those activities in the second line that relate to the Risk Management Framework (with safeguards) and physical security.

The following graphically represents how the “three lines of defence model” operates at Metcash.



Risk Management Process

Risk Profile and Risk Appetite

Metcash seeks to manage its risk profile carefully. Achievement of our strategies and commitments to our stakeholders could be seriously impacted if financial and non-financial risks are not effectively managed, leading to impaired operations, significant financial losses and/or damage to Metcash's reputation.

Metcash's Risk Appetite Statement which is approved by the Board sets out the organisation's internal appetite for its most significant risks.

Metcash's risk management framework endeavors to cover the full spectrum of risks faced by the organisation through evaluating risk from both an enterprise and business perspective. This framework is consistent with the accepted international standard (ISO31000:2009 Risk management – Principles and guidelines) and comprises several important steps:

- **Identifying** and **analysing** the main risks facing Metcash.
- **Evaluating** those risks and making judgements about whether they are acceptable or not.
- **Implementing** appropriately designed control systems to manage these risks in a way which is consistent with Metcash's Risk Appetite Statement.

- **Treating** unacceptable risks by formulating responses following the identification of unacceptable risks, including actions to reduce the probability or consequences of an event and formulation of contingency plans.
- **Documenting** these processes, with summary tables (risk registers) the main form of documentation, supplemented by risk manuals or related documents as appropriate.
- Ongoing **monitoring, communication** and **review**.

Policy Management

Policy Administration

This Policy is administered by the Group Risk and Assurance function.

Monitoring Review

The Policy is reviewed annually to ensure it is operating effectively or more frequently if there is a major change to Metcash's risk management framework. Changes to the Policy must be approved by the Audit, Risk and Compliance Committee.

Communication

This Policy is published on the Metcash website at <https://www.metcash.com/corporate-information/corporate-governance/> and on the Metcash Intranet.