



METCASH RISK MANAGEMENT POLICY

Purpose

The objective of this Risk Management Policy is to communicate our commitment to enhancing Metcash's resilience in an environment of uncertainty. We seek to enhance Metcash's resilience through an effective risk management framework that is aligned with our strategic and operating objectives – creating value for all our stakeholders. Our *Business Resilience Policy and Framework* articulates our approach to resilience and risk management, the high-level principles of which are outlined in this Policy overview.

Our risk management approach follows accepted standards and guidelines for managing risk and is developed with consideration of the principles outlined in international standard ISO31000 *Risk Management – Principles and Guidelines*. Metcash has also adopted the 'three lines' model for governance and risk management.

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	The Board of Directors is appointed by our shareholders and is responsible for the overall leadership of Metcash. The Board is ultimately responsible for ensuring Metcash has in place an appropriate risk management framework (covering both financial and non-financial risk) and setting the appetite within which the Board expects Management to operate. The Board has constituted Committees to assist it in carrying out these responsibilities.
Audit, Risk and Compliance Committee (ARCC)	The ARCC is a Committee of the Board that is responsible for assisting the Board in discharging its duties with respect to governance, risk management, financial reporting and legal and regulatory compliance. The Committee is responsible for reviewing our risk management framework and risk appetite to satisfy itself that they continue to be sound. This is achieved through receiving reports from Management on the material business risks of the Group, details on how those risks are being managed and the effectiveness of the control framework, and information on how the Group is operating with regard to the risk appetite set by the Board. The Committee provides reports to the Board on its activities and provides reports to the People and Culture Committee to ensure risk outcomes are reflected in executive remuneration.

Role	Responsibilities
Group CEO and Group Leadership Team	<p>The Group CEO has overall responsibility for management of the organisation, and with the GLT sets the ‘tone at the top’ and drives organisation culture. With relevance to this Framework, the GLT collectively are responsible for:</p> <ul style="list-style-type: none"> ▪ implementing Metcash’s strategic plans within the risk appetite set by the Board; ▪ promoting positive risk behaviours throughout the Group; ▪ identifying existing and emerging financial and non-financial risks; ▪ implementing appropriate controls to manage risks and monitoring the effectiveness of these controls with the assistance of Group Risk and Assurance; and ▪ providing accurate and timely information to the Board and the ARCC on these matters.
Group Risk and Assurance Function	<p>R&A is responsible for facilitating, coordinating and advising on the risk management process to help Pillars and Functions manage their risk environment in a consistent manner 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. Assurance 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>

The Three Lines Model

Metcash has adopted the “three lines model” as a foundation of our governance approach. Management control is the first line, with the various risk, control and compliance oversight functions established by management acting as the second line, with Assurance functions comprising the third line. The Board and its Committees are the governing bodies that are accountable and responsible for organisational oversight.

First Line – Operational Management

Pillar and Functional Management is accountable for the day-to-day operational management of the business and is responsible for owning 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 – Support Functions

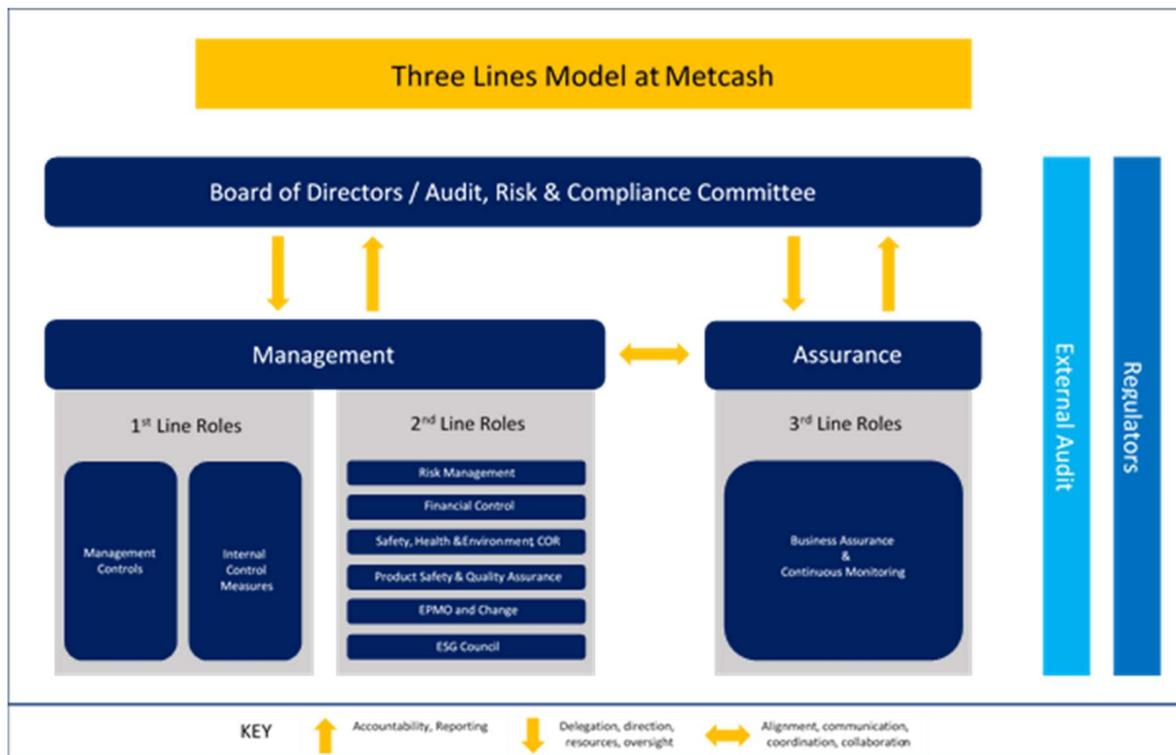
Multiple functions within the business assist Operational Management in ensuring that the first line of defence is cost-effectively designed, in place and is operating as intended. At Metcash, these functions include, but are not limited to:

- Group Risk and Assurance Function
- Financial Control
- Safety, Health & Environment (including Chain of Responsibility)
- Enterprise Project Management Office (EPMO) and Change
- Product Safety and Quality Assurance
- ESG Council

Third Line – Assurance

The Assurance function 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 lines 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 model” operates at Metcash.



Risk Management Process

Risk Profile and Risk Appetite

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 Business Resilience Framework endeavors to cover the full spectrum of risks faced by the organisation through evaluating risk from both an enterprise and business perspective. The framework comprises several important steps:

- **Understanding** our internal and external environment.
- **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 and reporting** these processes through our risk profile, periodic risk reports and meetings of the Audit, Risk and Compliance Committee.
- Ongoing **monitoring, communication** and **review**.

Policy Management

Policy Administration

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

Monitoring Review

This 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 are 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.