

Modern Slavery Statement 2022



Contents

Message from the Group CEO	2
1. Reporting Entities	3
2. Our structure, operations and supply chain	3
3. Modern Slavery Risks	6
4. Actions to assess and address modern slavery risks	8
5. Responding to COVID-19	16
6. Assessing the effectiveness of our actions	17
7. Metcash Modern Slavery Action Plan: actions and commitments for future years	18
8. Consultation Process	19

Message from the Group CEO

We continue to collaborate and build trust with our suppliers and business partners, highlighting the importance of understanding risk factors, improving supply chain visibility and providing mechanisms for workers to speak up.



In my first year as Metcash CEO, I am proud to reaffirm Metcash's commitment to opposing modern slavery in any form and upholding human rights across our operations and within our supply chain. Such commitment is one of the elements reflected in our corporate vision of Creating a Sustainable Future.

Through our diverse and extensive supply chains we acknowledge that there is a possibility that we could indirectly cause, contribute or be linked to incidences of modern slavery. We adopt a people-centric approach that aims to minimise the risk to workers within the supply chain, being guided by the United Nations Guiding Principles on Business and Human Rights framework. Of particular importance is our organisational approach to continuous improvement by understanding more about our supply chains and suppliers through due diligence and engagement, focusing on the countries and sectors which have the greatest potential risk and helping our team members, suppliers and retail partners through modern slavery awareness, training and support.

We continue to collaborate and build trust with our suppliers and business partners, highlighting the importance of understanding risk factors, improving supply chain visibility and providing mechanisms for workers to speak up.

The reach and scale of the retail, wholesale and FMCG industries means each supply chain actor plays an important and impactful role in ensuring workers' rights are upheld. The Metcash team value our efforts that aim to positively influence our Australian and international supply chain practices. I trust you will find this year's statement informative.

A handwritten signature in dark ink, appearing to read 'Doug Jones', written over a light blue horizontal line.

Doug Jones
Group CEO and
Executive Director

1. Reporting Entities

This joint Modern Slavery Statement (the **Statement**) is made by Metcash Limited (ABN 32 112 073 480) on behalf of itself and the following reporting entities:

- Metcash Food & Grocery Pty Ltd (ABN 67 004 391 422)
- Australian Liquor Marketers Pty Ltd (ABN 52 002 885 645)
- Mitre 10 Australia Pty Ltd (ABN 98 009 713 704)
- G Gay Hardware Pty Ltd (ABN 74 167 759 220)
- Tasmania Hardware Pty Ltd (ABN 46 159 847 462)
- Sunshine Hardware Pty Ltd (ABN 95 129 140 085)
- Total Tools Holdings Pty Ltd (ABN 57 138 595 525)
- Metcash Food and Grocery Convenience Division Pty Ltd (ABN 57 000 226 399) (together, **Metcash**).

References to 'our' and 'we' in this Statement refer to Metcash Limited and its majority-owned and controlled subsidiaries (including the reporting entities), and managed joint venture operations (Metcash or Metcash Group).

This Statement sets out information required by the *Modern Slavery Act 2018* (Cth) (the **Act**) describing the risks of modern slavery in our business and actions we have taken to address those risks during the reporting period ended 30 April 2022 (**FY22**).

2. Our structure, operations and supply chain

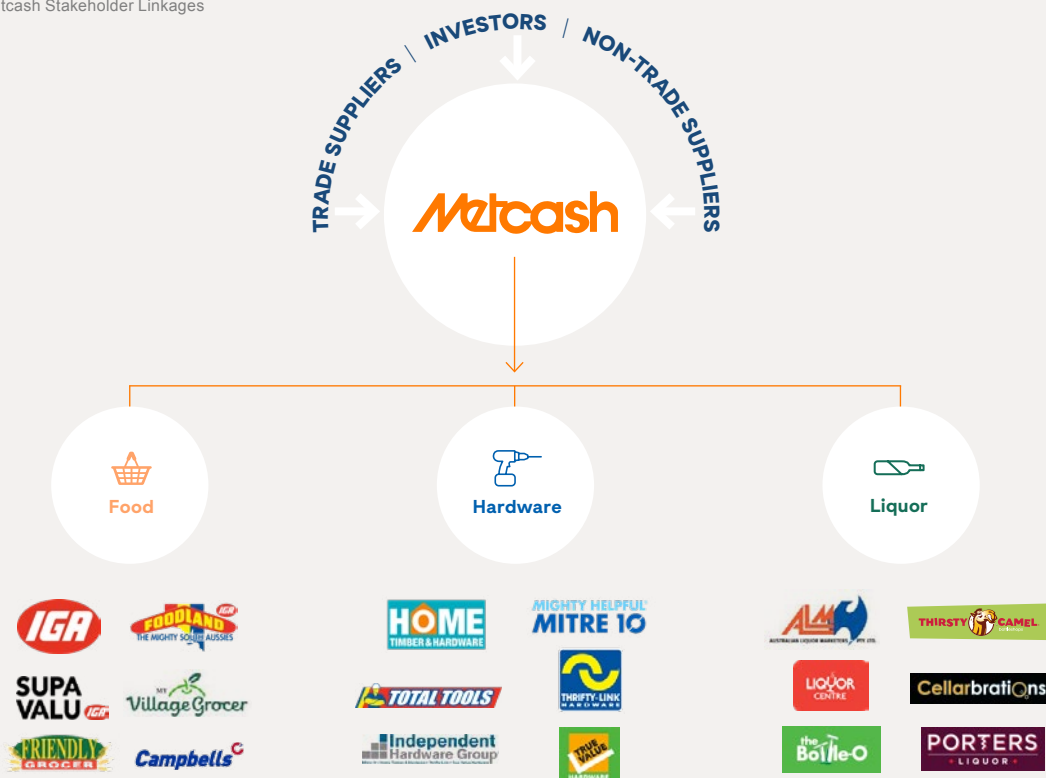
2.1 STRUCTURE

Metcash Group is Australia's leading wholesale distribution and marketing company, supplying and supporting independent retailers across our three pillars: Food, Liquor and Hardware. Our core competencies include procurement, logistics, marketing, retailer development and operations support. Our procurement functions are centralised, and the Board oversees the overarching Group. Our corporate vision includes 'creating a sustainable future', and we remain focused on working with our suppliers, retail partners and the communities in which we operate to achieve our ambition to be Australia's sustainable wholesaler of choice.

Metcash Limited is an Australian public company listed on the Australian Securities Exchange (ASX: MTS). Metcash Limited is headquartered in Sydney, Australia and is the ultimate holding company for the Metcash Group.

Across our three pillars we are influenced by many stakeholders that have an interest in our approach to modern slavery. This includes both as a purchaser of trade and non-trade products and services and as a supplier to independent retailers.

Figure 1 – Metcash Stakeholder Linkages



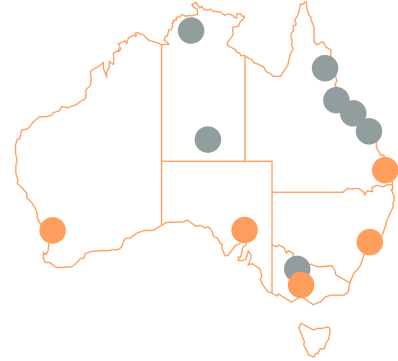
FOOD

In Food we are the largest supplier to independent supermarkets in Australia, supporting a network of over 1,600 stores, including the well-known IGA and Foodland banners. We are also a significant supplier to large contract customers, including Australian United Retailers Limited, which supports the FoodWorks network. We have distribution centres across metropolitan and regional Australia.

Figure 2 – Food Distribution Centres in Australia

Food national distribution network

- Major metro Distribution Centres
- Regional Distribution Centres



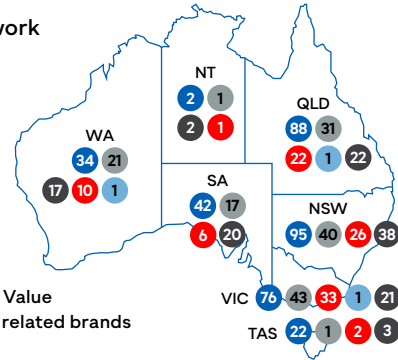
HARDWARE

In Hardware our independent retailers operate under the leading brands Mitre 10 and Home Hardware, as well as Hardings, Thrifty-Link Hardware and True Value Hardware. We supply more than 1,500 stores nationwide through three distribution centres and Metcash Limited holds a controlling interest of 85% in Total Tools Holdings, the franchisor of a retail network of approximately 100 stores.

Figure 3 – Location of Hardware Stores in Australia

National store network

- Mitre 10
- Total Tools
- Thrifty Link and True Value
- Home Hardware and related brands
- Distribution Centres



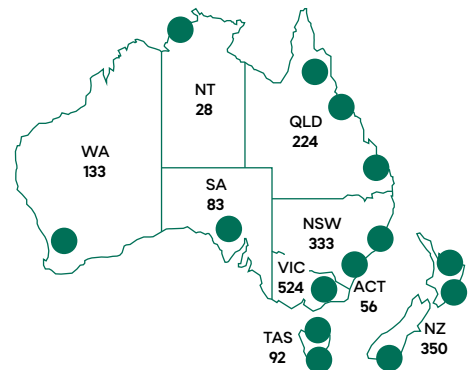
LIQUOR

In Liquor we supply approximately 90% of independent liquor stores in Australia and operate 14 distribution centres across Australia and New Zealand. Our Independent Brands Australia (IBA) retail network is home to several national brands such as Cellarbrations, the Bottle-O, IGA Liquor and Porters Liquor. State-based brands in our portfolio include Thirsty Camel, Big Bargain Bottleshop and Duncans.

Figure 4 – Liquor Distribution Centres in Australia

IBA network of tier one stores

- Distribution Centres



We supply over 12,000 liquor customers through our Australian Liquor Marketers (ALM) division, which incorporates a specialist on-premises liquor division that supports bars, pubs, restaurants and hotels, and a similar supply service in New Zealand via the Tasman Liquor Company.

2. Our Structure, operations and supply chain continued

2.2 OPERATIONS

Metcash operates primarily in Australia, with a small liquor operation (less than 5% revenue) in New Zealand. Metcash Group employs over 8,000 people across all pillars and functions, with around 1,000 casual employees. Employees are employed under individual contracts and some of them are covered by industrial agreements.

We have established a Diversity, Equity and Inclusion Council and a Women in Leadership Program with a Group diversity target of 40/40/20 gender representation by 2025. Metcash is proud to once again be awarded the Workplace Gender Equality Agency Employer of Choice for Gender Equality (WGEA EOCGE) citation for the fourth consecutive year.

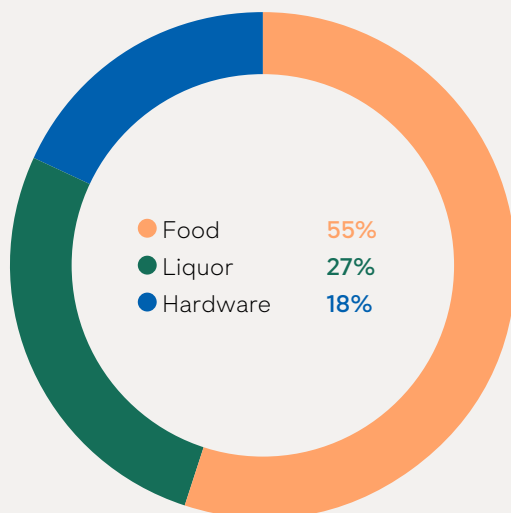
Metcash supports over 5,000 independent retailers to be the 'Best Store in Their Town' by providing merchandising, operational and marketing support. Metcash operates large distribution centres in all mainland States of Australia, as well as several smaller warehouses and a portfolio of corporate stores, servicing local neighbourhoods and communities. We also operate a small number of distribution centres for our liquor operations in New Zealand.

2.3 SUPPLY CHAIN

We have complex global supply chains that include, but are not limited to, activities in logistics; hardware for construction; home repairs and alterations; agriculture; seafood; forest products; and apparel. During FY22, we sourced goods and services from over 2,200 suppliers. Our global supply chains include thousands of direct and indirect suppliers who grow, manufacture and move raw materials and finished goods. The nature of our business means that many of our suppliers' arrangements are long-term and stable. This strengthens our ability to influence modern slavery risk management practices along the supply chain.

In addition, we contract suppliers to help keep our premises secure, maintained and clean; and we outsource some Metcash Group accounting and IT functions to overseas service providers.

Figure 5 – Metcash Group Revenue Distribution across the Pillars



3. Modern Slavery Risks

The retail and grocery industries, both internationally and in Australia, carry a potential risk of modern slavery, with hotspots present in the growing, processing, packaging and transportation of goods. At many stages of the supply chain, migrant workers and manual labourers are engaged, and we recognise they can be vulnerable to exploitation, driven by insufficient understanding of their rights and a lack of access to whistleblower mechanisms. This is especially true for recognised high-risk commodities such as coffee, cocoa, seafood, grains, timber and seasonal produce.

Metcash is committed to protecting workers involved in our operations and supply chains, regardless of their location, gender, level of education or immigration status. While taking steps to reduce risk, we acknowledge that the protection of people is the driver of our risk mitigation and remediation activities.

3.1 MODERN SLAVERY RISK IN OUR SUPPLY CHAIN AND OPERATIONS

Given the level of control and oversight over our direct operations, we considered that most potential modern slavery risks reside in our supply chain. Also, the diversity, complexity and wide geographic spread of our sourcing and product categories means that a risk-based approach is required for effective modern slavery risk management.

While international supply chains represent a core area of focus, we acknowledge that Australia is not exempt from complicity in modern slavery. In FY22 we remained vigilant to the high-risk sectors within our domestic operations, with a focus on cleaning, security and general maintenance services.

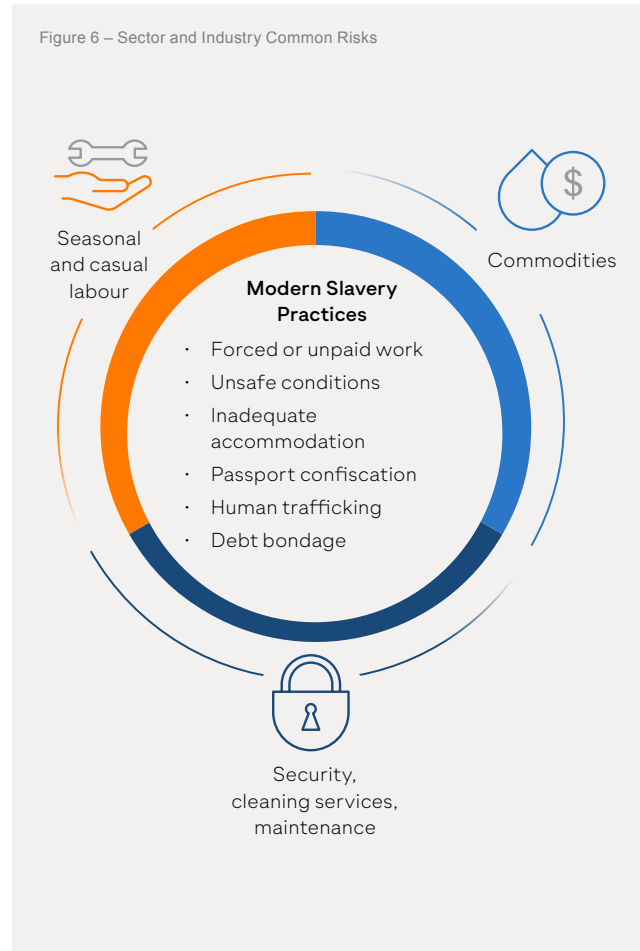
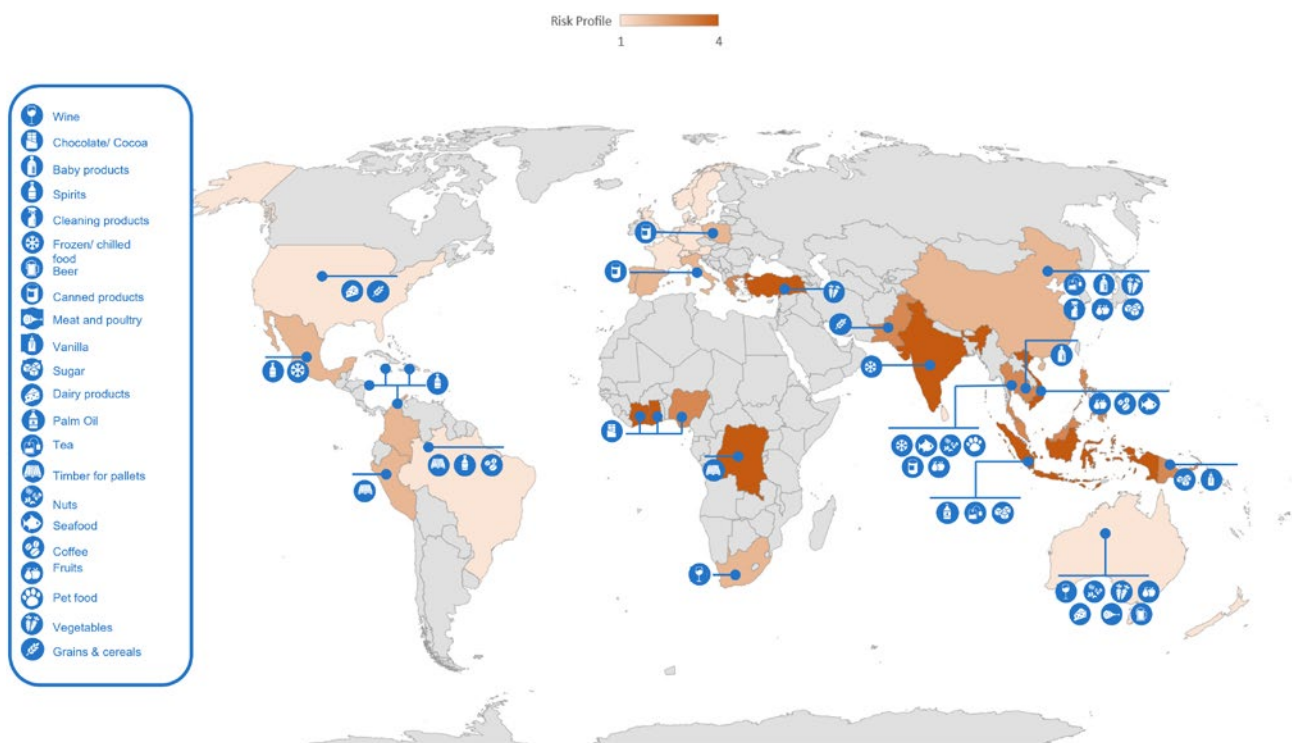


Figure 7 – FY22 Metcash Commodity Risk Map



3. Modern Slavery Risks continued

Drivers of modern slavery in high-risk categories

In FY22 we conducted a deep dive into potential high-risk modern slavery categories in our supply chain, including personal protective equipment, domestic fruit picking, canned seafood, work uniforms and garden care categories. The results of our investigations are detailed below:

Australian Agriculture

Labour Hire Risks

- Engagement of labour hire contractors who rely on recruiting backpackers and seasonal workers for fruit and vegetable picking on farms
- Recruitment fees payable by employees from future wages

Modern Slavery Practices

- Passport retention
- Bonded labour

Wage Theft

- Employers withholding wages or forcing staff to work at rates lower than those previously agreed

Working Conditions

- Harassment and abuse from management
- Irregular hours and excessive overtime

Personal Protective Equipment

Labour Hire Risks

- High proportion of vulnerable migrant workers involved in rubber glove manufacture

Working Conditions

- Inadequate health, safety and security measures
- Excessive working hours

Modern Slavery Practices

- Passport retention
- Bonded labour

Cost Pressures

- Increased demand and unsustainable production schedules generated by COVID-19

Geographical Risk

- Raw materials sourced from jurisdictions with known risks of modern slavery

Canned Fish

Cost Pressures

- High demand for cheap seafood with increased labour and fuel costs due to longer travel distances caused by depletion of fisheries

Poor Regulation:

- Unregulated and illegal fishing

Forced Labour

- High prevalence of forced labour practices in fishing fleets and processing facilities

Work Uniforms

Working Conditions

- Lack of worker voice, including lack of freedom of association
- Poor building safety influencing working conditions
- Excessive overtime work
- Poor health and safety mechanisms

Lack of Living Wages

Poor Regulation

- Lack of enforcement of national law and child labour is prevalent
- Government-sponsored forced labour programs

Garden Care

Geographical Risk

- The cultivation of natural rubber and timber may come from high-risk modern slavery areas

4. Actions to assess and address modern slavery risks

Metcash takes a systematic approach to assessing and addressing potential modern slavery risks in our supply chain and operations. This section outlines the work we undertook during FY22.

Our operations

Metcash identified the risk of modern slavery in its domestic operations as low during FY22. However, we have implemented and will continue to implement mitigation strategies, such as working with cleaners certified under the Cleaning Accountability Framework (CAF).

Our supply chain

To address the high-risk categories mentioned in Section 3 we have shortlisted potential actions to consider implementing in FY23 as per the table below:

Potential actions to address the risks in specific categories:

Category	Actions
Personal Protective Equipment (specifically gloves) 	<ul style="list-style-type: none"> • Preferencing suppliers that purchase directly from the manufacturer rather than use a third party dealer or broker • Suppliers develop a policy regarding human rights and working conditions, including the areas of child labour and young workers, wages and benefits, working hours, modern slavery, freedom of association and collective bargaining as well as harassment and non-discrimination • Establish effective and lasting partnerships with key suppliers to help them manage and oversee improvements in their own sourcing practices and supply chains, beyond the limited timeframe of the contract
Australian Agriculture (specifically fruit picking) 	<ul style="list-style-type: none"> • Ensuring suppliers make site level grievance mechanisms available to all workers, including those engaged through labour providers • Preferentially source from suppliers with SEDEX or Fair Farm membership • Ask suppliers to enter formal contracts with labour hire providers who are legally registered under relevant State or any future Federal legislation related to labour hire registration or licencing; or an Approved Employer on the Australian Government's Seasonal Worker Program; or certified by a recognised third party scheme approved by Metcash
Canned Fish Seafood 	<ul style="list-style-type: none"> • As part of tender and contract requirements, oblige suppliers to assure the traceability of all fish and seafood products delivered to Metcash • Continue the implementation of the responsible seafood sourcing on-pack labelling program • Collaborate with relevant NGOs and worker organisations to advocate for improved labour standards and transparency of practices within the seafood industry
Garden Care 	<ul style="list-style-type: none"> • Increase the proportion of private label products sourced from certified sustainable sources, e.g. The Programme for the Endorsement of Forest Certification (PEFC) • Suppliers develop a policy regarding human rights and working conditions, including the areas of child labour and young workers, wages and benefits, working hours, modern slavery, freedom of association and collective bargaining as well as harassment and non-discrimination • Preferentially source from suppliers that have SEDEX membership

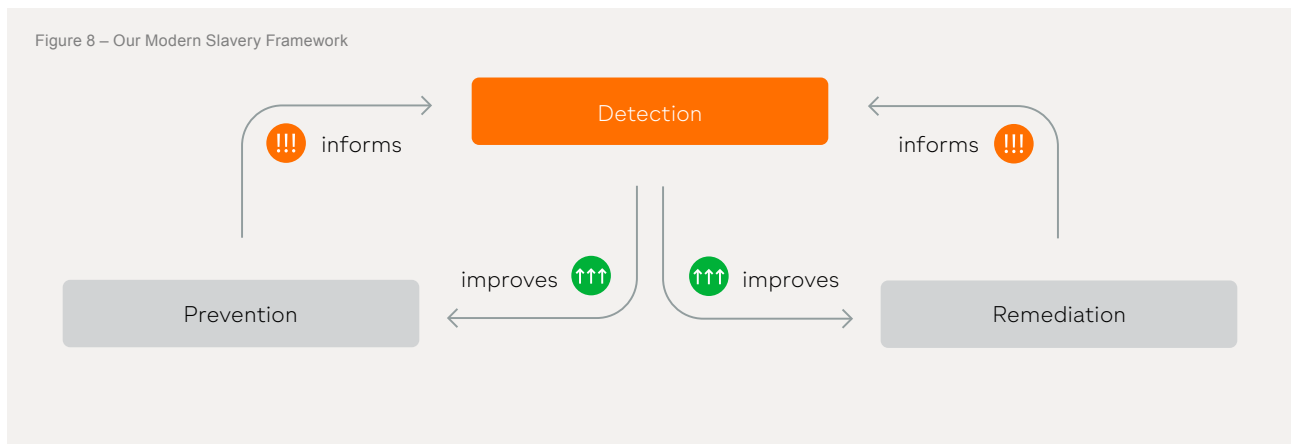
4. Our Modern Slavery Framework continued

4.1 OUR MODERN SLAVERY FRAMEWORK

Modern slavery can be hard to identify and remediate. As no two cases of modern slavery will be the same, Metcash believes that a flexible approach to identification and prevention is required.

The Metcash Modern Slavery Framework was developed to provide flexibility, while being underpinned by three core objectives:

- Creating a culture where transparency and the protection of people are embedded in our operations and supply chains and aim to prevent modern slavery from occurring. This includes simultaneously increasing employee and supplier knowledge of the risk of modern slavery;
- Establishing a strong due diligence framework and fostering a culture where our people can speak up without fear of retribution when reporting incidents; and
- Building internal capacity to respond and effectively remediate the harm experienced by individuals.



4.2 PREVENTION

We have established a comprehensive suite of policies and processes, supported by various training modules, all aimed at minimising the risk of modern slavery in our operations and supply chain.

4.2.1 Policies

Our policies articulate the standards we expect from our people, suppliers and partners for reducing the risk of, and addressing, modern slavery. Relevant policies include the following:

- Anti-Slavery Policy
- Speak Up Policy
- Group Procurement Policy
- Supplier Engagement Terms
- Supplier On-Boarding Procedures

Alongside these policies, the Metcash Code of Conduct is a key document setting out our expectations for all stakeholders including Directors, employees, contractors, consultants and any suppliers who engage with the Metcash Group. This includes our clear expectation that any modern slavery exploitative practices or suspicion of such practices in Metcash, its supply chains or other business must be reported.

All Metcash employees are required to participate in annual policy and Code of Conduct training, and are provided with opportunities to provide feedback on the quality and usefulness of content.

To clarify responsibilities across the organisation, a governance structure has been put in place for assessing and reporting risks, and for implementing mitigation strategies. This includes:

- The ESG Council: Responsible for incorporating modern slavery risk mitigation actions and measures into the business
- The Group Leadership Team: Accountable for overall implementation of Metcash's modern slavery initiatives
- The Audit, Risk, and Compliance Committee (ARCC): Responsible for ensuring effective management of material business risks including modern slavery
- The Metcash Board: Responsible for overseeing the Company's strategy including its response to potential modern slavery risks



Figure 9 – Metcash Group ESG Structure

“We have invested in upskilling our workforce, retailers and suppliers through a series of internal and external awareness and training workshops.”

4.2.2 Education and Training

Modern slavery thrives in complex environments where understanding and awareness is limited. As such, during FY22 we continued our investment in upskilling our workforce, retailers and suppliers through a series of internal and external awareness and training workshops.

We also extended our training programs to cover a wider range of employees, partners and suppliers. This included the deployment of an online modern slavery training module, workshops with our merchandise teams, and knowledge sharing across pillars to identify specific initiatives that can be leveraged more widely across our organisation. During FY22, key areas in which we deepened and widened our capacity-building included:

- **Extending our modern slavery training module to high-risk suppliers:** Our teams have requested our high-risk suppliers to partake in an online modern slavery training module.
- **Facilitated workshops with our merchandise teams:** We engaged a leading external consultancy in modern slavery, supply chains and sustainability, Better Sydney, to run a series of workshops focusing on engagement with our merchandise teams. The workshops were attended by approximately 80 merchandise representatives to identify bespoke approaches currently in place and opportunities to further improve on how these teams can better manage risks.

This training provided our employees with the advice to help them identify the potential signs of modern slavery and the confidence to report suspected cases. The workshops included:

- Defining modern slavery and what it looks like in 2022 for our business
- Sector specific case studies
- Best practice tools on how to identify the signs of modern slavery
- An overview of the Metcash approach towards modern slavery
- Knowledge sharing across our merchandise teams on existing approaches and how the approaches can be applied uniformly and enhanced
- Training on how to use Metcash existing tools and processes
- Identification of risk mitigation and detection activities

- **Incorporating modern slavery Q&A sessions:** Retail working groups included additional Q&A sessions to help educate and support our independent retailers on modern slavery and how to spot risks within their specific supply chains and operations.

4.3 DETECTION

Modern Slavery is prevalent in many supply chains and can be hard to identify. The Metcash risk and governance framework is intended to both reduce the likelihood of modern slavery in our supply chain and operations, as well as support the identification of instances of it.

Metcash developed a modern slavery risk detection process that includes:

- A tailored approach based on the category inherent risk allocation (e.g. SAQs for high-risk suppliers, SEDEX requirements for private label suppliers)
- A due diligence process to engage suppliers by assessing, auditing and monitoring suppliers to understand existing practices and increase governance capabilities
- A grievance mechanism that provides avenues for suspected cases of modern slavery and human rights abuses to be reported

4.3.1 Due Diligence

Our modern slavery due diligence process:

- Assigned category risk to determine the due diligence process
- Assessed supplier specific risk
- Engaged suppliers to evidence existing supplier governance practices and their efficacy
- Monitored supplier-specific agreed actions

4.3.2 Supplier Engagement

In FY21, we undertook a detailed risk prioritisation process, allocating suppliers a low, medium or high risk rating, according to spend, type (private or proprietary label), level of influence, sector, product and country of sourcing. Using this prioritisation, we undertook the following actions in FY22:

- Defined modern slavery requirements for new suppliers with the merchandise teams, (e.g. SEDEX for private label, Fair Farms for fresh and appropriate risk mitigation steps)
- Continued the implementation of our modern slavery SAQ, including assessment of responses and relevant follow-ups
- Reviewed and actioned SEDEX ethical survey and audit outcomes

4.3.2.1 New Supplier Onboarding

The merchandise team workshops identified opportunities to improve the new supplier onboarding including:

- Implementing requirements for certification and/or eco-labels that verify human rights in supply chains, such as:
 - Forest Stewardship Council (FSC)
 - Fair Wear Foundation
 - Fairtrade
 - Oxfam
 - Good On You
 - Global Green Tag
- The inclusion of the modern slavery SAQ and requirements at the tender stage
- Mandatory modern slavery requirements contract clauses for new or renewing suppliers.

4.3.2.2 SEDEX

In FY21, suppliers of Metcash's Food pillar private label products were requested to join SEDEX, one of the world's leading ethical trade membership organisations. Through SEDEX, members are required to perform a self-assessment questionnaire and Metcash is provided with access to independent third party social audit reports of our suppliers' production facilities.

In FY22 SEDEX third party audits identified non-conformances (see table below) including three classified as critical concerning human rights. Additional action was required from these suppliers. Two of the three critical supplier non-conformances had been addressed when contacted, the third supplier is undertaking corrective action for completion by the next audit period.

As at end of September 2022, we have received and validated SAQs from 181 suppliers (managing 263 sites) via the SEDEX platform. One way we have leveraged the insights from our SEDEX SAQs is to assess how our suppliers manage potential modern slavery vulnerabilities within their workforce. For example, of the 52 sites who responded that they have workers who do not fluently speak the same language as other workers and management, 21 responded noting that they provide translation on all documents, employment contracts and training; and 14 carry out language training. These insights will inform our further follow-up activities to address such potential modern slavery indicators.

Figure 10 – SEDEX Audit Non-Conformances

Category Issues	Critical	Major	Non-Conformances	
			Minor	Total
Management Systems		1	5	6
Entitlement to Work		1	2	3
Business Ethics			1	1
Health, Safety and Hygiene		7	15	22
Children and Young Workers	1		1	2
Wages		2	6	8
Working Hours	2	8		10
Discrimination			1	1
Regular Employment		1	1	2
No Harsh/Inhumane treatment – Discipline		1		1
Total	3	21	32	56

4.3.2.3 Self-Assessment Questionnaire

In FY21, we asked a selection of our suppliers (631), identified in our risk assessment as having elevated risk, to complete a SAQ. Supplier responses determined the risk score allocation and actions for follow-up; 13 suppliers were identified as a high priority.

In FY22 the suppliers were categorised into three cohorts for follow-up:

Figure 11 – Follow-up Categories from Initial SAQ Responses

Reason for Engagement	Number of Suppliers
Clarification of Responses	4
Clarification of Investigation	6
Request for Documentation	46
Total	56

We are continuing to work on building the current 39% completion rate (as at 22 April 2022) and continue to encourage suppliers to complete the online training module.

Total Tools Social Audits

Total Tools directly sources from 157 factories in China and Taiwan. Factories were contacted and requested to provide evidence of social audits or certificates. Responses indicated that 60% of these factories had undertaken third party social audits, the remaining 40% are engaged in Total Tools’ two-year action plan to audit all factories and suppliers under the SMETA (Sedex Members Ethical Trade Audit) standard.

4.3.3 Grievance Mechanism

Metcash has an independently operated Ethics Hotline accessible by phone, post or through an online portal that can be used for grievances and the reporting of any concerns, under Metcash’s Speak Up Policy, of unethical or illegal conduct, including modern slavery practices and human trafficking. The Ethics Hotline is available to Metcash employees and external parties, including suppliers, employees of suppliers, advisers, consultants and specialists.

In FY22 a market assessment was conducted to select a specialist third party ethics, compliance, misconduct and incident management global hotline, and web-based portal, with capability to interpret over 150 languages. The hotline solution will be presented to all pillars in the next reporting period as an additional service specifically for supplier grievances relating to modern slavery risks. It is intended that this service will be able to be used by suppliers further along the supply chain, i.e. not only the final supplier to Metcash. Final suppliers to Metcash will be able to use this service or the existing Ethics Hotline.

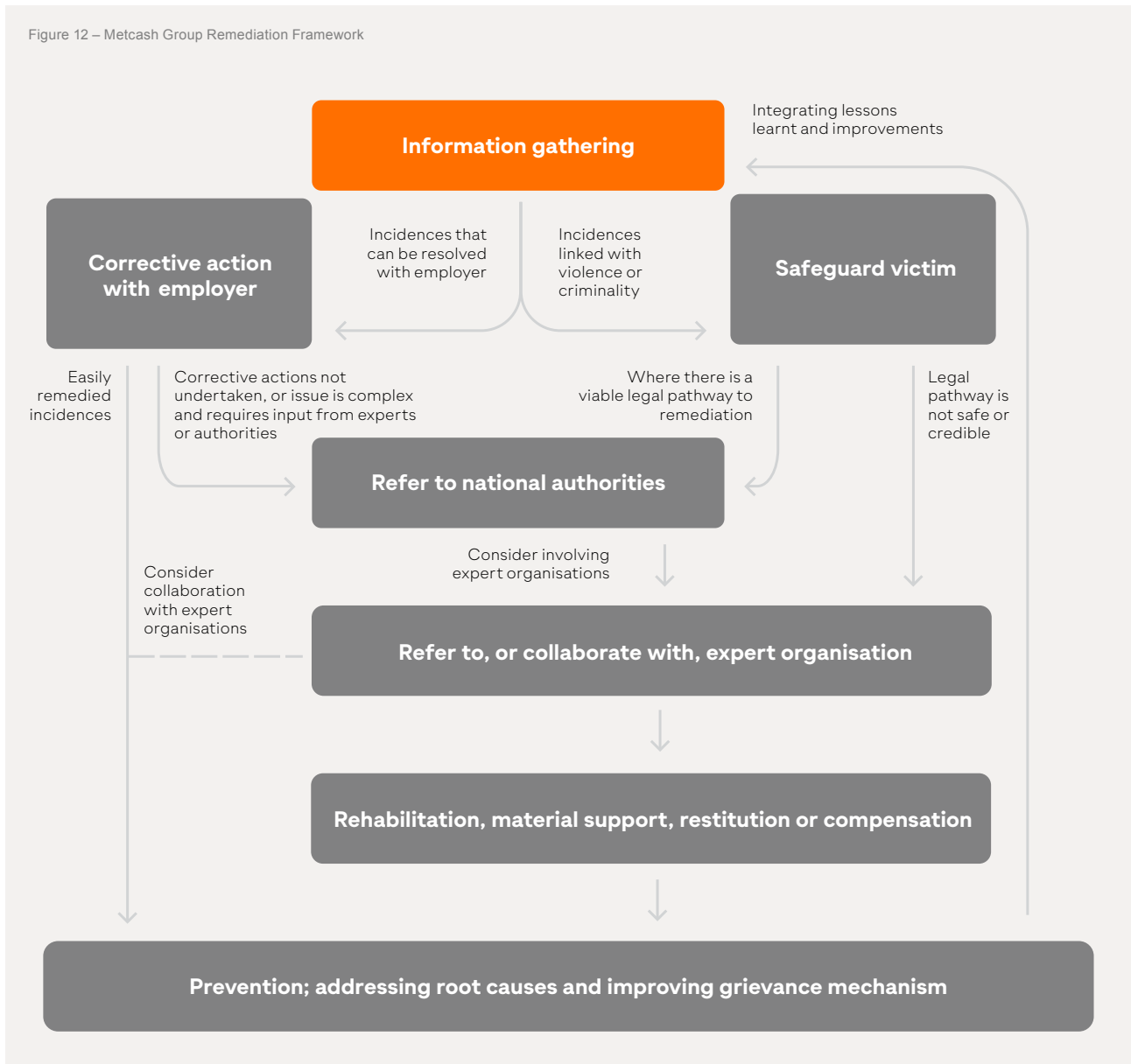
4.4 REMEDIATION

Protecting victims and acting in their best interests is the guiding premise of our approach to remediation at Metcash. We created the Metcash Remediation Framework in FY21 with an understanding that to be effective, remediation must be individualised and contextualised to each circumstance. In FY22 we focused on further defining Metcash’s provision of remedy, depending on our degree of responsibility, and identifying possible expert partners to help us refine our human approach to remediation. Merchandise and category management workshops included scenario-based training and the remediation framework to familiarise our teams with the process and internal accountability for response and action.

4.4.1 Remediation Framework

The Metcash Remediation Framework is designed to ensure Metcash provides a consistent approach to remediation for any concerns or cases of modern slavery that may be reported. Our Remediation Framework follows principles and steps that can be worked through according to the unique characteristics of the event. It includes ensuring any harm gets reported, safeguarding the victims, and aims to prevent future harm.

Figure 12 – Metcash Group Remediation Framework



In addition, we understand the type and level of Metcash’s involvement in remediation for persons impacted will be determined by the relationship between Metcash and the identified potential victim, and an assessment of whether Metcash has caused, contributed to, or was directly linked to, the case.

4. Our Modern Slavery Framework continued

Figure 13 – Example Action Steps per Level of Proximity to Case

	Caused (direct harm to a person/people)	Contributed (to harm caused by a third party)	Directly Linked (to harm caused by a third party)
Example	Direct employee of Metcash, or resulting directly from Metcash actions	Major supplier where Metcash actions have contributed to the harm	Key supplier (minimal Metcash influence on practices)
Responsibility	Responsible for remediation	Responsibilities for remediation with/via supplier or third party	May have some responsibility for oversight
Example action	Cease causing harmful impacts and ensure immediate protection extended to victim	Cease any contributing actions and apply leverage for third party to cease any harm	Employ leverage for third party to cease any harm where feasible – consider corrective avenues
Example remedy	Provide remediation (for cooperate in remedying) any impacts	Work with the third party (e.g. supplier) and expert organisations to provide remediation	Contribute to remediation if feasible/required; continue corrective action

Outcomes of our remediation plan may include a combination of:

- **Rehabilitation:** Offering victims medical, physiological and psychological care, where relevant, access to legal and social services, and retraining and reintegration into the labour market and the community.
- **Restitution:** Restoring the victim to the original situation before the abuses occurred. This may include investigating prosecution, restoration of employment, payment of unpaid wages or repatriation.

4.4.2 Partnerships

We seek partnerships where we can add value to existing approaches and learn from specialised agencies to provide the best remedies to potential victims. To date, Metcash has engaged with the following organisations:

- **Fair Farms:**
 - As part of our supplier engagement process, Metcash promotes and advocates for fresh produce suppliers to join the Fair Farms program and accepts the Fair Farms accreditation.
 - Metcash identified the Fair Farms Initiatives as being a suitable audit standard and capacity-building initiative which can be accepted as an alternative to SEDEX.
 - Our ongoing commitment is to investigate further the extent to which our fresh produce suppliers are accredited and encourage non-accredited current suppliers to engage with the initiative.

- **The Freedom Hub:** Engaged since 2015
 - Metcash participated in the Fivers for Survivors fundraising seminar
 - The Campbells business assists the Freedom Hub by providing free delivery, assisting to keep costs low
 - Community Co products are used for 'Freedom Picnics'

Metcash continues to seek partnerships with not-for-profits, peers and investors to expand our learning and remediation guidance and find opportunities to leverage possible influence in the future.

4.5 INDUSTRY COLLABORATION

We recognise the importance of collaboration with peers and industry bodies to expand our understanding, share lessons learned and find opportunities to leverage our shared influence. During FY22 we engaged with the following industry groups:

- **National Retail Council Modern Slavery Committee:** Metcash is a founding member of the Committee which comprises several Australian companies in the FMCG and consumer durables industry. The Committee's role is to provide feedback to the Commonwealth Government as part of its review of the Act, consider emerging issues and high-risk categories, promote collaboration and shared learnings, and improve our collective industry response to modern slavery due diligence and supply chain transparency. A key focus is a joint solution for future industry SAQs and the screening of suppliers through utilising a third-party risk screening platform.

- **Engaging with the IGA National Retail Council's Social Responsibility Working Group (NRC SRWG):**

Further to providing training to the retail network, modern slavery is a regular agenda item at the NRC SRWG, which provides an avenue for our independent Food retailers to ask questions and seek clarification from the Metcash team on the topics of responsible sourcing and modern slavery.

Our progress in numbers

The following infographic shows some of our progress and efforts toward prevention, detection and remediation.



5. Responding to COVID-19

Worker vulnerability and human rights related risks have escalated as a result of the global COVID-19 outbreak across supply chains. Metcash remains vigilant to these concerns even as we have entered a new phase of endemicity.

During the pandemic, greater consideration of supply chain pressures was required, with businesses struggling with cash flow and operational constraints. The risk of modern slavery was increased in particular for those living on or below the poverty line, such as migrant workers, refugees, women and children, and workers in hard-hit industries such as hospitality and manufacturing.

Additionally, the COVID-19 pandemic presented supply chain transparency challenges with regular on-site visits and audits of manufacturing partners constrained due to travel and health restrictions.

To reduce our risk of contributing to modern slavery by creating unreasonable expectations for our suppliers in a time of supply constraints, the Liquor pillar implemented:

- Extra lead days to account for border crossing delays and reduce the delivery time pressure for our suppliers
- Greater flexibility given to suppliers for delayed loads due to impact of COVID at supplier sites/ transport companies
- Increased stock holdings to mitigate pressure caused by price volatility and uncertainty
- Order patterns were altered to have fewer deliveries from suppliers

6. Assessing the effectiveness of our actions

As we learn more about modern slavery and the risks faced within our supply chain and operations, we recognise the need for additional measures to improve and complement the scope of our supplier audits. These procedures and relevant KPIs include but are not limited to: monitoring our supplier auditing metrics, access and follow-up of reports via our grievance mechanisms, and training. The effectiveness of these measures will be assessed in FY23 through ongoing monitoring.

6.1 SUPPLIER AUDITING

Through SEDEX audit reports and our SAQs, Metcash continued to assess supplier performance and where appropriate continued to take action to address areas of concern highlighted in audit reports and SAQs, as per the table to the right:

In FY23, we will continue to assess our effectiveness through:

- Tracking the supplier’s compliance with the action plan listed above and extending the action plan to any new cases that may arise
- Recording the timeframe within which identified cases are addressed and remediated

6.2 REPORTED CASES

We are committed to improving our grievance mechanisms and remediation initiatives through:

- Recording the number of reports made through our ‘Speak Up’ policy and Hotline and tracking the associated risk
- If few or no reports are made, investigate the supplier’s workforce understanding and access to the hotline, and revisit the initiatives’ functionality

We will measure the effectiveness of our hotline by:

- The number of reports made; and
- The quality of the follow-ups and their resolutions.

6.3 TRAINING

In addition to rolling out the online Modern Slavery training across Metcash, in FY22 we provided additional tailored training for our teams with supplier management responsibilities. This included workshops across our Food, Hardware and Liquor pillars and our corporate functions. We extended modern slavery awareness and upskilling opportunities to our retail and supply partners. To assess the effectiveness of our training programs in FY23, Metcash plans to:

- Track the number of team members (including employees, new starters, Directors, contractors and suppliers) who have received training
- Request and record feedback on the effectiveness of our training
- Track our team members’ risk management and due diligence understanding to identify where additional external and internal support may be needed

Action	Description
1. Documentation and policy verification	Verification of evidence of claims made in the SAQ
2. Clarification of responses and documentation verification	Suppliers with unclear, or contradictory, responses are asked to clarify the response and capture more information on existing practices
3. Time-bound action plans	Where opportunities to improve existing practices are identified, suppliers will be asked to act within an agreed period
4. Modern Slavery awareness and training	All identified high-risk suppliers are offered Metcash awareness and training

6.4 CASE STUDY

Total Tools, giving the power to the people on the ground

Issue:

Assessment of modern slavery indicators, risks and issues across extended supply chains in geographically dispersed locations from our corporate head office.

Our solution:

Taking advantage of the Total Tools Sourcing Managers’ proximity to factories, we provided the tools, knowledge and shared responsibility in preventing and detecting modern slavery. This included:

- Introducing a KPI for Total Tools Sourcing Managers regarding the number of suppliers assessed with social audits and the non-conformances closed.
- Empowering the local teams with decision-making power to evaluate suppliers based on the audits.
- Creating supplier facing tools and training to engage them to also identify and address non-conformances.

What we learned:

This approach has been an essential element in reducing the number of critical non-conformances to zero, as addressing the issues with suppliers has become a top priority for our sourcing managers. Metcash will continue to monitor the progress and success of this initiative with a view to extending to other Metcash sourcing managers.

7. Metcash Modern Slavery Action Plan: actions and commitments for future years

To continue to build on the programs currently underway, in FY23 and future years Metcash aims to focus on the following three key areas of our Modern Slavery framework:

	Strategic Area	Action	KPI
Prevention	Education and Training	Continue implementing modern slavery training to support the identification and management of potential modern slavery risks	<ul style="list-style-type: none"> • % of staff who have received training
		Continue to develop and roll out training/ capacity-building initiatives around due diligence processes and tools for different roles and responsibilities	<ul style="list-style-type: none"> • # of procurement and technical staff trained • % of staff who feel they have greater capacity and ability to identify, mitigate and address Modern Slavery in their business operations
		Develop partnerships with external stakeholders who can provide intelligence and insight about potential modern slavery risks, i.e. NGOs, trade unions, research academics	<ul style="list-style-type: none"> • Number of industry partnerships
Detection	Embed Due Diligence processes	Review due diligence and oversight processes to ensure consistent application across all forms of buying processes, including contractor and supplier onboarding and management processes	<ul style="list-style-type: none"> • % of suppliers categorised as low, medium or high risk in high-risk categories • Number of contracts that include Modern Slavery clauses • Number or % of key suppliers who submitted a survey response • Number or % of suppliers audited in the reporting period
		Supplier Engagement	<p>Introduce Category-specific sessions with Category Managers to assess modern slavery risk profiles of Metcash’s supplier base in priority focus areas</p> <p>Develop a supplier management framework that outlines processes and minimum standards concerning ethical audit requirements, the assessment process, and the effective use of corrective action plans based on risk segmentation</p>
	Grievance Mechanisms	Develop partnerships with organisations experienced in both working with vulnerable groups on human rights issues and designing and operating grievance mechanisms	<ul style="list-style-type: none"> • Description of best practices shared • Number of partnerships
		Develop a communication strategy to support increased accessibility to Metcash’s grievance mechanisms	<ul style="list-style-type: none"> • Number of grievances received via mechanism
Remediation	Education and Training	Establish clear procedures for the front line (management staff) to respond to incidences of forced labour, which are victim-centric and include engaging with an NGO to partner and provide support to victims as part of a remediation response	<ul style="list-style-type: none"> • Number of identified modern slavery risks addressed through collaboration (e.g. with NGOs, civil society, trade unions and government) in the reporting period

8. Consultation Process

This Statement was prepared in consultation with our controlled entities (including the reporting entities). Additionally, key functional support staff responsible for Metcash's operations and supply chains were consulted and these teams contributed to the preparation of this Statement. As an integrated group of entities, where Metcash has operational control, common policies, systems and governance processes, the consultation process occurs at a Metcash Group level.

Our retail partners are largely independently owned and operated; however we do have minority interests in some operations, such as Ritchies and Cornetts. While we seek to assist and consult with our retailers on issues of modern slavery, including through training, knowledge sharing and retailer forums, they are ultimately responsible for compliance with the Modern Slavery Act as it applies to them and where required prepare and submit their own Modern Slavery Statements.

The Statement has been approved by the Board of Directors of Metcash Limited on behalf of itself and each of the reporting entities on 31 October 2022.



Doug Jones

Group CEO and
Executive Director

31 October 2022