



## **AUDIT, COMPLIANCE AND RISK COMMITTEE CHARTER**

### **1. Introduction**

This charter governs the operations of the Audit, Compliance and Risk Committee (Committee) which is established as a standing committee of the Board in accordance with MRC's constitution.

### **2. Purpose**

#### **2.1 Purpose**

The purpose of the Committee is to provide assistance to the Board in its review of:

- (a) MRC's financial reporting, internal control structure, risk management systems;
- (b) the internal and external audit functions; and
- (c) MRC's compliance with legal and regulatory requirements in relation to the above.

#### **2.2 Power**

In discharging its role, the Committee may investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of MRC and may engage advisers as it determines necessary to carry out its duties.

### **3. Duties and Responsibilities**

#### **3.1 Understanding the Business**

The Committee must ensure it understands MRC's structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

#### **3.2 Financial Reporting**

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits.

The Board is responsible for MRC's financial reports including the appropriateness of the accounting policies and principles that are used by MRC. The external auditors are responsible for auditing MRC's financial reports and for reviewing MRC's unaudited interim financial reports.

The Committee has the responsibilities set out below.

#### **3.3 Assessment of Accounting, Financial and Internal Controls**

The Committee will discuss with management and the external auditors the adequacy and effectiveness of the accounting and financial controls, including MRC's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs.

Any opinion obtained from the internal or external auditors on MRC's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

The Committee will meet separately with management and the external auditor to discuss issues and concerns, including, but not limited to, their assessments of the effectiveness of internal controls and the process for improvement. The Committee will provide sufficient opportunity each year for the external auditor to meet privately with the members of the Committee without management being present. The Committee will review with the external auditor any audit problems or difficulties and management's response.

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The Committee will receive regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information (within generally accepted accounting principles) that have been discussed with management.

### **3.4 Appointment of External Auditors**

The Committee will be directly responsible for making recommendations to the Board on the appointment, reappointment or replacement (subject, if applicable, to member approval), remuneration, monitoring of the effectiveness, and independence of the external auditor, including the resolution of disagreements between management and the auditor regarding financial reporting.

The Committee will pre-approve all audit and non-audit services provided by the external auditor and will not engage the external auditor to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of MRC. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom preapproval authority is delegated must be presented to the full Committee at its next scheduled meeting.

### **3.5 Assessment of the External Audit**

At least annually, the Committee will obtain and review a report by the external auditor describing (or meet, discuss and document the following with them):

- (a) the audit firm's internal quality control procedures;
- (b) any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the last 5 years, in respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- (c) all relationships between the external auditor and MRC (to assess the auditor's independence).

In addition, the Committee will set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of MRC, consistent with the standards of auditor independence contained in the *Corporations Act 2001* (Cth).

### **3.6 Independence of the External Auditors**

The Committee will review and assess the independence of the external auditor, including, but not limited to, any relationships with MRC or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of MRC. The Committee will also advise the Board annually whether the Committee is satisfied the provision of non-audit services is compatible with external auditor independence standards, as required by the *Corporations Act 2001* (Cth).

### **3.7 Scope of the External Audit**

The Committee will discuss with the external auditor the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee will also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

The Committee will consider the financial reports and other information required by the ASX Listing Rules prior to the filing of these with ASX. Also, the Committee will discuss the results of the half-year review and any other matters required to be communicated to the Committee by the external auditor under generally accepted auditing standards. The Chair of the Committee may represent the entire Committee for the purposes of this review.

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The Committee will consider all representation letters signed by management. Also, the Committee will discuss the results of the annual audit and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.

The Committee will oversee the procedures for the receipt, retention, and treatment of complaints received by MRC regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of MRC of concerns regarding questionable accounting or auditing matters.

#### **4. Membership**

The members of the Committee will be members of, and appointed by, the Board and will comprise at least 3 non-executive directors that have diverse, complementary backgrounds, with 2 directors who are assessed to be independent. The Chairman of the Committee will be an independent non-executive director.

All Committee members will be financially literate, or become financially literate within a reasonable period of time of appointment. At least one member will have accounting and/or related financial management expertise as determined by the Board.

#### **5. Meetings**

The Committee will meet at least 4 times each year.

#### **6. Minutes**

Minutes of meetings of the Committee will be kept by the Company secretary and, once those minutes have been approved by the Chairman of the Committee, will be distributed to all members of the Board for noting at the next Board meeting.

#### **7. Evaluation**

The Committee will annually assess the performance of the Committee as a whole, as well as the effectiveness of this Committee charter.

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