



RISK MANAGEMENT AND INTERNAL COMPLIANCE

1. Overview & Purpose

Audit, Compliance and Risk Committee (“Committee”) will focus on risk oversight management and internal control. It is noted that the establishment of the Committee does not diminish the responsibilities of the Board as a whole for risk management of the Company.

2. Overview of the Risk Management System

The Board will establish and implement a risk management system.

The Committee is intended to provide an effective framework for the management of risk across MRC following the system established by the Board. The Risk Management and Internal Compliance Policy (“Policy”) demonstrates compliance with Principle 7 of ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

3. Roles and Responsibilities

3.1 Personnel

All MRC personnel have a role to play in the management of risk. This Policy describes only the key roles and accountabilities in the MRC risk management framework. The Board will review, at least annually, the effectiveness of this policy and the risk management systems in place.

3.2 Audit, Compliance and Risk Committee

The Committee will advise the Board on risk management and assist the Board to fulfil its risk management and oversight responsibilities.

3.3 Other Board Committees

Other Board Committees are responsible (among other things) for advising the Board in relation to risk management issues within their area of responsibility.

3.4 Management

The Executive Chairman and senior executives are responsible for ensuring that systems, procedures and controls are in place so that risks are managed to an acceptable level.

3.5 Internal audit

Internal audit, when in place, is responsible for reviewing compliance with systems, procedures and internal controls including specific risk policies on a regular basis.

3.6 External Audit

The external auditor has been appointed to provide an opinion on the truth, integrity and fairness of the annual financial report. In doing so, the external auditor will assess the management of risk and key internal control systems at least annually.

4. Risk Profile and Identification

To properly determine and maintain an appropriate risk profile, MRC is committed to ongoing processes for the identification, assessment, monitoring and management of risk and for the reporting and consolidation

Library Number	MRC-GVC-POL-0002		
Release Number	2	Document Owner	Corporate Secretary
Release Date	25/02/2020	Document Approver	Executive Chairman

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of company-wide risk assessments on a consistent basis for presentation to the Board and its Committees as appropriate.

5. Reporting Requirements

All managers must report all new risks and changes to existing risks to their immediate supervisor as soon as they come to the attention of the manager. That immediate supervisor will in turn report all material and new risks and changes to existing material risks to their immediate supervisor, or where there is no immediate supervisor between that immediate supervisor and the Managing Director, the Managing Director, having regard to the likelihood and consequences of such risk.

The Managing Director will report to the Committee at each meeting of the Committee regarding the risk profile of each unit of the Company, including a summary of any material changes since the last report.

6. Annual Reporting

On an annual basis, the Chief Financial Officer and Chief Executive Officer shall report to the Board on the following:

1. The effectiveness of the company's management of internal business risks
2. That the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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