



29 October 2021

## MC Mining Limited – Corporate Governance Statement

The Board of Directors of MCM is responsible for the establishment of a corporate governance framework that has regard to the best practice recommendations set by the ASX Corporate Governance Council.

This statement summarises the corporate governance practices that have been adopted by the Board. In addition to the information contained in this statement, the Company's website at [www.mcmining.co.za](http://www.mcmining.co.za) contains additional details of its corporate governance procedures and practices.

The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (ASX Principles) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance principles. Where the Company considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this statement.

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

*A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.*

#### ASX PRINCIPLES RECOMMENDATION 1.1

*A listed entity should have and disclose a board charter setting out:*

- a) the respective roles and responsibilities of its board and management; and*
- b) those matters expressly reserved to the board and those delegated to management.*

The Board has established a Board Charter which sets out functions reserved to the Board and those delegated to senior executives. This Charter is available on the Company's website.

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

The key responsibilities of the Board include:

- Overseeing the Company, including its control and accountability systems
- Appointing the Chief Executive Officer (CEO), or equivalent, for a period and on terms as the

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**Chairman** Bernard R. Pryor **CEO/Director** Sebastiano (Sam) Randazzo

**Non-executive directors** Andrew D. Mifflin, Khomotso B. Moshela, Shangren Ding, An Chee Sin, Brian H Zhen

Directors see fit and, where appropriate, removing the CEO, or equivalent

- Ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer (CFO) and the Company Secretary
- Ensuring the Company's policy and procedures for selection and (re)appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter
- Approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance, which is available on the Company's website
- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate
- Monitoring, reviewing and challenging senior management's performance and implementation of strategy
- Ensuring appropriate resources are available to senior management
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Monitoring the financial performance of the Company
- Ensuring the integrity of the Company's financial and other reporting (with the assistance of the Audit and Risk Committee) through approval and monitoring
- Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company
- Appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next Annual General Meeting (AGM) of the Company
- Engaging with the Company's external auditors and Audit and Risk Committee
- Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety
- Making regular assessments of whether each Non-executive director is independent in accordance with the Company's policy on assessing the independence of directors
- The Board has delegated responsibilities and authorities to management to enable them to conduct the Company's day-to-day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

### Meeting attendance of members of the Board for FY2021

	Number of Board meetings attended while a member	Number of Board meetings held while a member
Bernard Pryor (Chairman)	11	11
An Chee Sin	9	11
Andrew Mifflin	11	11
Brian He Zhen	11	11
Khomotso Mosehla	8	11
Sebastiano (Sam) Randazzo	11	11
Shangren Ding	11	11
Brenda Berlin <sup>1</sup>	5	6

1. Resigned 15 February 2021

The Board has established three standing Committees to assist it to meet its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee
- Safety, Health and Environment Committee

Each standing Committee has a formal Charter approved by the Board setting out the matters relevant to composition, terms of reference, process and administration of that Committee. These Committees are described in further detail elsewhere in this Corporate Governance Statement.

The Board Charter requires the Board to convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Standing Committee meetings are held as required, generally the day prior to the scheduled board meeting. The Chairman sets the agenda for each meeting in conjunction with the CEO and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its Committees by invitation and are available for questioning by Directors.

### ASX PRINCIPLES RECOMMENDATION 1.2

*A listed entity should:*

- a) *undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and*
- b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company performs checks on all potential Directors and senior executives which include checks on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors also acknowledge that they will have sufficient time available to fulfil their responsibilities as a Director of the Company.

Newly appointed Directors must stand for reappointment at the next AGM of the Company. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details regarding their independence, length of tenure, relevant skills and experience.

### **ASX PRINCIPLES RECOMMENDATION 1.3**

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Company has written agreements in place with each Director in the form of an appointment letter. The letter, among other matters, summarises the terms of appointment including remuneration, the requirements to comply with key corporate policies including the Code of Conduct and Share Trading Policy and indemnity and insurance arrangements.

All senior executives including the CEO and the CFO have their position descriptions, roles and responsibilities set out in writing in an employment contract.

### **ASX PRINCIPLES RECOMMENDATION 1.4**

*The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The role of MCM's Company Secretary includes:

- Advising the Board and its committees on governance matters
- Monitoring that Board and committee policy and procedures are followed
- Ensuring that the business at Board and committee meetings is accurately reflected in the minutes

All Directors have direct access to the Company Secretary and *vice versa*. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

## ASX PRINCIPLES RECOMMENDATION 1.5

*A listed entity should:*

- a) have and disclose a diversity policy;*
- b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executive and workforce generally; and*
- c) disclose in relation to each reporting period;*
  - a. the measurable objectives set for that period to achieve gender diversity;*
  - b. the entity's progress towards achieving those objectives; and*
  - c. either:*
    - i. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes; or*
    - ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Company is committed to developing a diverse workforce and providing a work environment in which all employees are treated fairly and with respect. To this end, the Company has in place an Employment Equity Policy which details its commitment to being an equal opportunity employer and is in line with the South African Mining Charter and Employment Equity legislation in South Africa. A copy of MCMining's Diversity Policy is available on the Company's website.

The Mining Charter requires that a company establish measurable objectives for achieving gender diversity and assess such objectives and progress toward achieving them. The targets set for MCM include female representation in core mining positions while employment equity targets as these relate to designated groups (one of which is women) are included as part of the business key performance area.

Proportion of women employees in the organisation at end FY2021	%
Employees	16%
Senior Executive	17%
Board	0%

The Company is not considered a relevant employer under the Australian Workplace Gender Equality Act as the number of employees in Australia is below the threshold.

## ASX PRINCIPLES RECOMMENDATION 1.6

*A listed entity should:*

- a) have and disclose a process for periodically evaluating the performance of its board, its committees and individual directors; and*
- b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Board reviews its performance and the performance of individual Directors annually. The most recent review, applicable for the 2021 financial year, involved the completion of a detailed questionnaire by each Director. The process was managed by the Company Secretary and the Chairman and the results of the review were discussed at a subsequent board meeting.

The Board considers its processes for reviewing the performance of the Board appropriate for the size and stage of development of the Company.

## ASX PRINCIPLES RECOMMENDATION 1.7

*A listed entity should:*

- a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and*
- b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The CEO is responsible for assessing the performance of the key executives within the Company. This is performed at least annually through a formal process involving a formal meeting with each senior

executive. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

*The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.*

### **ASX PRINCIPLES RECOMMENDATION 2.1**

*The board of a listed entity should:*

*a) have a nomination committee that:*

- 1. has at least three members, a majority of whom are independent directors; and*
- 2. is chaired by an independent director; and disclose*
- 3. the charter of the committee;*
- 4. the members of the committee; and*
- 5. as at the end of the reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter has been published on the Company's website.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

The responsibilities of this Committee with respect to remuneration matters are set out elsewhere in this statement.

The Committee's nomination responsibilities include ensuring that the Board has the appropriate blend of Directors with the necessary expertise and relevant industry experience. As such, the Charter requires the Committee to:

- Regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate change
- Identify and assess necessary and desirable Director competences and provide advice on the competency levels of Directors with a view to enhancing the Board
- Make recommendations on the appointment and removal of Directors
- Make recommendations on whether any Directors whose term of office is due to expire should be nominated for re-election
- Regularly review the time required from Non-executive Directors and whether Non-executive Directors are meeting that requirement

**Meeting attendance of members of the Nomination and Remuneration Committee for FY2020**

	<b>Number of Committee meetings attended while a member</b>	<b>Number of Committee meetings held while a member</b>
Bernard Pryor (Chairman)	5	5
Khomotso Mosehla	4	5
Sebastiano (Sam) Randazzo	5	5

## **ASX PRINCIPLES RECOMMENDATION 2.2**

*A listed entity should have and disclose a board skills matrix setting out the skills that the board currently has or is looking to achieve in its membership.*

The Company's website contains details on the procedures for the selection and appointment of new Directors and the re-election of incumbent Directors, together with the Board's policy for the nomination and appointment of Directors.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:

- The evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness
- The development of a competencies review process for identifying and assessing Director competencies
- The conduct of a competencies review of the Board before a candidate is recommended for appointment
- The periodic review of the Board's succession plan



The following Board skills matrix sets out the mix of skills, experience and expertise the Board currently has across its membership:

Competencies	Rating
South African politics	✓
Strategic thinking	✓
Gender	X
Technical	✓
Financial	✓
Commercial	✓
Mergers and acquisitions	✓
Coal markets	✓
International affairs	✓
Shareholder relations	✓
Project development	✓
Equity markets	✓
Debt markets/banking experience	✓
Executive leadership	✓
Listed board experience	✓
Safety, health, environment (SHE) and sustainability	✓

### ASX PRINCIPLES RECOMMENDATION 2.3

*A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position or relationship of the type that might cause doubts about the independence of that director but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- c) *the length of service of each director.*

### ASX PRINCIPLES RECOMMENDATION 2.4

*A majority of the board of a listed entity should be independent directors.*

### ASX PRINCIPLES RECOMMENDATION 2.5

*The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Board currently comprises one Executive Director and six Non-Executive Directors. Three of the Non-Executive Directors are considered to be independent. The Chairman, Bernard Pryor, is one of the independent Directors.

The Board agrees that all Directors should bring an independent judgement to bear in decision making.

The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and advice so obtained is to be made available to all Directors.

A Director's obligations to avoid a conflict of interest are set out in the Code of Conduct, available on the Company's website. Directors must also comply strictly with Corporations Act requirements for the avoidance of conflicts.

The Board considers an independent Director to be a Non-Executive Director who meets the criteria for independence set out in the ASX Principles. In determining a Director's independence, the Board considers the relationships that may affect independence.

Criteria that the Board takes into account when determining Director independence include:

- Substantial shareholdings in the Company
- Past or current employment in an executive capacity
- Whether or not the Director has been a principal of a material professional adviser or a material consultant to the Company in the past three years
- Material supplier or customer relationships with the Company
- Material contractual relationships or payments for services other than as a Director
- Family ties and cross-directorships

Materiality for these purposes is based on quantitative and qualitative thresholds, set out in the Board Charter available on the Company's website.

The Board has reviewed and considered the positions and associations of each of the Directors in office and consider that three of the Directors are independent. Bernard Pryor, Andrew Mifflin and Khomotso Mosehla are considered independent. Executive Director Sebastiano (Sam) Randazzo and Non-Executive Directors Shangren Ding, An Chee Sin and Brian He Zhen are not considered independent. The three Non-Executive Directors are not considered independent because they are shareholder nominee Directors for substantial shareholders in the Company (Haohua Energy International (Hong Kong) Resource Co Ltd, Summer Trees Pte LTD and Ying He Yuan Investment (S) Pte Limited respectively).

Ms Brenda Berlin resigned as of 15 February 2021 and as of that date Mr Randazzo was appointed interim Chief Executive Officer (CEO) pending the appointment of a permanent CEO. Mr Randazzo appointment as interim CEO has resulted in a minority of independent directors. Up until that time, Mr Randazzo was independent. It is worthwhile noting however, that under the Company's constitution, the Chair, who is independent, ordinarily has a casting vote. If the Chairman does not have second or casting vote, the matter is decided in the negative. The Board does not expect this departure from the ASX Principles to be permanent.

The period of office held by each Director in office is listed in the table below:

Director	Date appointed	Period in office (years)	Due for re-election or retirement
Bernard Pryor	6 August 2012	9	2021 AGM
An Chee Sin	24 April 2018	3	2023 AGM
Andrew Mifflin	12 December 2014	6	2023 AGM
Brian He Zhen	24 April 2018	3	2023 AGM
Khomotso Mosehla	18 November 2010	10	2021 AGM
Sebastiano Randazzo	29 March 2019	2	2022 AGM
Shangren Ding	11 October 2016	5	2022 AGM

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors (rounded to the nearest whole number) must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic.

## ASX PRINCIPLES RECOMMENDATION 2.6

*A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.*

As part of the induction process, meetings are arranged with other Board members and key executives prior to a Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this

involves industry seminars and approved education courses, this is paid for by the Company where appropriate. The Board considers existing directors' professional development needs and objectives as part of its annual performance review.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this integrated report is set out in the Directors' Report and on the Company's website.

### **PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

*A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.*

#### **ASX PRINCIPLES RECOMMENDATION 3.1**

*A listed entity should articulate and disclose its values.*

The Company is committed to conducting all of its business activities in accordance with the stated values set out in the Company's Code of Conduct. The Code of Conduct requires Directors, management and employees to deal with the Company's customers, suppliers and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.

#### **ASX PRINCIPLES RECOMMENDATION 3.2**

*A listed entity should:*

- a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- b) ensure that the board or a committee of the board is informed of any material breaches of that code.*

### **CODE OF CONDUCT**

The Board encourages appropriate standards of conduct and behaviour from Directors, officers, employees and contractors of the Company. The Board has adopted a Code of Conduct in relation to Directors and employees, available from the Company's website. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety.

Any breach of the Code is required to be reported to the Chief Executive Officer and Chair of the Board. Anyone breaching the Code can be subject to disciplinary action, including termination.

## **SECURITIES TRADING POLICY**

The Board has adopted a securities trading policy (the MC Mining Dealing Code) which regulates dealings by Directors, officers and other restricted persons in securities issued by the Company. The policy is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

Under the policy, which is available on the Company's website, Directors and officers of the Company and other restricted persons must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (i.e. shares or options) in the Company, or procure another person to do so:

- a) If that Director, officer or restricted person possesses information that a reasonable person would expect to have a material effect on the price or value of the securities if the information was generally available
- b) If the Director, officer or restricted person knows or ought reasonably to know, that information:
  - relates to the Company or any Company securities
  - is specific enough to enable a conclusion to be drawn as to the possible effect on the price of Company securities
  - is likely to have a non-trivial effect on the price or value of Company securities (meaning that a reasonable investor would be likely to use it as part of the basis of their investment decision)
  - the information is not publicly available
- c) Without written acknowledgement (detailed below).

Further, Directors, officers and restricted persons must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

The policy regulates trading by restricted persons (being a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company) within defined closed periods, as well as providing details of trading not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance.

A restricted person must not trade in company securities without obtaining prior written clearance:

- The CEO must not trade without clearance to do so from the Chairperson
- Chairperson must not trade without clearance from the Audit Committee
- Directors (other than the Chairperson or CEO) must not trade without clearance from the Chairperson or in his absence, the CEO
- Other restricted persons must not trade without clearance from the CEO or CFO

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Directors, officers and employees are also prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

## **PRIVACY**

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of MC Mining.

## **ASX PRINCIPLES RECOMMENDATION 3.3**

*A listed entity should:*

- a) have and disclose a whistleblower policy; and*
- b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Company has adopted a Whistleblower Policy, which is available on the Company's website.

The policy has been put in place to ensure any concerns raised regarding any misconduct or improper state of affairs or circumstances in relation to the Company's business are dealt with effectively, securely, appropriately, and in accordance with the Australian Corporations Law requirements.

The Company encourages the reporting of any instances of suspected unethical, illegal, corrupt, fraudulent or undesirable conduct involving the Company's business and provides protections and measures to individuals who make a disclosure in relation to such conduct without fear of victimisation or reprisal.

## **ASX PRINCIPLES RECOMMENDATION 3.4**

*A listed entity should:*

- a) *have and disclose an anti-bribery and corruption policy; and*
- b) *ensure that the board or a committee of the board is informed of any material breaches of that policy.*

The Company's Code of Conduct contains the Company's policy of dealing with Anti-Bribery and Corruption matters. Any breach of compliance with the Code of Conduct is reported to the CEO and Chairperson of the Board.

## **PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

*A listed entity should have appropriate processes to verify the integrity of its corporate reports.*

### **ASX PRINCIPLES RECOMMENDATION 4.1**

*The board of a listed entity should:*

- a) *have an audit committee that:*
  1. *has at least three members, all of whom are Non-executive directors and a majority of whom are independent directors; and*
  2. *is chaired by an independent director, who is not the chair of the board; and disclose the charter of the committee;*
  3. *the relevant qualifications and experience of the members of the committee; and*
  4. *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

## **AUDIT AND RISK COMMITTEE**

The Company has established an Audit and Risk Committee which is usually comprised of a majority of independent Non-Executive Directors.

The role of the Audit and Risk Committee is to:

- Monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments

- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services
- Monitor and review compliance with the Company's Code of Conduct
- Perform such other functions as assigned by law, the Company's Constitution, or the Board

The Board has determined that the Audit and Risk Committee should comprise:

- At least three members
- A majority of independent Non-Executive Directors
- An independent chair who is not the Chair of the Board

In addition, the Audit and Risk Committee should include:

- Members who are financially literate i.e. able to read and understand financial statements
- At least one member with relevant qualifications and experience, i.e. a qualified accountant or other finance professional with experience of financial and accounting matters
- At least one member with an understanding of the industry in which the entity operates

Membership for most of the year has been consistent with the composition requirements of the Charter and the recommendations of the ASX Principles. Sebastiano Randazzo resigned as Chairman of the Committee on his appointment as interim Chief Executive Officer and has not been replaced. This has resulted in the Audit and Risk Committee temporarily having two Non-Executive Directors as members. The new Chairman of the Committee, Khomotso Mosehla is independent however until such time that another independent Director is appointed as a member there is not a majority of independent members. The Board does not expect this departure from the ASX Principles to be permanent.



The Committee Charter is published on the Company's website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners. The meeting attendance of members of the Audit and Risk Committee for FY2021 is detailed in the table below:

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Khomotso Mosehla	4	4
An Chee Sin	4	4
Sebastiano (Sam) Randazzo <sup>1</sup>	2	2

1. Resigned 15 February 2021

## ASX PRINCIPLES RECOMMENDATION 4.2

*The board of a listed entity should before it approves the entity's financial statements for a financial period, receive from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The CEO and CFO confirm in writing to the Board that:

- The Company's annual financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards;
- The above confirmation is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

This declaration was obtained for the relevant reporting period.

### **ASX PRINCIPLES RECOMMENDATION 4.3**

*A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.*

The Company releases a quarterly Cash Flow Report (Appendix 5B) and quarterly Activities Report which are not audited or reviewed by an external auditor. These reports are reviewed by the Chairman, Chief Executive Officer, Company Secretary, senior management and the Company's Nominated Advisor on AIM prior to release.

### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

*A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

The Company is committed to ensuring that:

- All investors have equal and timely access to material information concerning the Company - including its financial situation, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

### **ASX PRINCIPLES RECOMMENDATION 5.1**

*A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.*

The Board has an established Continuous Disclosure Policy and Shareholder Communication Policy which is available from the Company's website. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer who is responsible for ensuring the procedures are complied with.

### **ASX PRINCIPLES RECOMMENDATION 5.2**

*A listed entity should ensure that its board receive copies of all material market announcements promptly after they have been made.*

The Board receives copies of all material market announcements promptly after they have been made.

### **ASX PRINCIPLES RECOMMENDATION 5.3**

*A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.*

The Company ensures that all a copy of all investor briefing and presentation materials are released to the market prior to the commencement of the briefing in accordance with the Shareholder Communication Policy. A copy of the presentation is also placed on the Company website.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

*A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.*

### **ASX PRINCIPLES RECOMMENDATION 6.1**

*A listed entity should provide information about itself and its governance to investors via its website.*

### **ASX PRINCIPLES RECOMMENDATION 6.2**

*A listed entity should have an investor relations program that facilitates effective two-way communication with investors.*

### **ASX PRINCIPLES RECOMMENDATION 6.3**

*A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.*

### **ASX PRINCIPLES RECOMMENDATION 6.4**

*A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.*

## **ASX PRINCIPLES RECOMMENDATION 6.5**

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.*

The Board has established a communications strategy which is available from the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports.

The Company maintains a website at [www.mcmining.co.za](http://www.mcmining.co.za) and makes comprehensive information available on a regular and up-to date basis. The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who attend the Company's AGMs. The Company has decided that all substantive resolutions at a meeting of shareholders will be decided by a poll rather than by a show of hands.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

*A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*

### **ASX PRINCIPLES RECOMMENDATION 7.1**

*The board of a listed entity should:*

- a) have a committee or committees to oversee risk, each of which:*
  - 1. has at least three members, a majority of whom are independent directors;*
  - 2. is chaired by an independent director;**and disclose;*
  - 3. the charter of the committee;*
  - 4. the members of the committee; and*
  - 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) it does not have a risk committee or committee that satisfies (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company has a policy for the oversight and management of material business risks, which is available on the Company's website. The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management, as required.

The CEO has responsibility for identifying, assessing, monitoring and managing risks. The CEO is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.

The CEO is required to report on the progress of, and on all matters associated with, risk management on a regular basis, and at least annually. During the reporting period, the CEO regularly reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Audit and Risk Committee also has responsibility for reviewing the Company's internal financial control system and risk management systems and reporting to the Board. Details of the composition and Charter of the Audit and Risk Committee has been disclosed earlier in this document (refer Principle 4).

In addition, the Board has also established a Safety, Health and Environment Committee to assist the Board in the effective discharge of its responsibilities in relation to SHE issues for MCM, and the oversight of risks relating to these issues. The Committee's responsibilities include to:

- Understand the risks of SHE issues involving MCM's activities;
- Ensure that the systems and processes for identifying, assessing and managing SHE risks of MCM are adequately monitored;
- Regularly review and ensure compliance with the SHE strategies and policies of MCM and the supporting management systems and processes; and
- Monitor developments in relevant SHE-related legislation and regulations and monitor MCM's compliance with relevant legislation, including through audits.

Details of meeting attendance of members of the Safety Health and Environment Committee for FY2021:

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Andrew Mifflin(Chairman)	4	4
Bernard Pryor	4	4

Details of meeting attendance of members of the Audit and Risk Committee for FY2021 are contained in a table earlier in this document (refer Principle 4).

## ASX PRINCIPLES RECOMMENDATION 7.2

*The board or committee of the board should:*

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The risk management framework was reviewed by the Committee during the reporting period.

## ASX PRINCIPLES RECOMMENDATION 7.3

*A listed entity should disclose:*

- a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- b) *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.*

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function.

The Board believe that the Company's risk management and internal control systems establish a sufficient control environment to manage business risks for MC Mining given its size and nature of operations. These risks are regularly reviewed by the Audit & Risk Committee.

## **ASX PRINCIPLES RECOMMENDATION 7.4**

*A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.*

The Company's operations are subject to various environmental regulations under legislation in Australia and South Africa. The Board assumes responsibility for ensuring compliance with these regulations. Management and the Board also consider environmental and social risks as part of its ongoing risk management processes.

The Company annually reports on these aspects through its Sustainable Development Review in the Integrated (Annual) Report. This report is available on the Company website.

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

*A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.*

### **ASX PRINCIPLES RECOMMENDATION 8.1**

*The board of a listed entity should:*

*a) have a remuneration committee that:*

- 1. has at least three members, a majority of whom are independent directors; and*
- 2. is chaired by an independent director; and disclose*
- 3. the charter of the committee;*
- 4. the members of the committee; and*
- 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter is available on the Company's website.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

Details of meeting attendance of members of the Nomination and Remuneration Committee for FY2021 are contained in a table earlier in this document (refer Principle 2).

## **ASX PRINCIPLES: RECOMMENDATION 8.2**

*A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Charter of the Nomination and Remuneration Committee details the Company's approach to the structure of Executive and Non-executive remuneration.

Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors receive a fixed monthly fee for their services. Total aggregated Non-executive Directors' fees are currently capped at A\$1,000,000 per annum.

The Company does not have any scheme relating to retirement benefits for Non-executive Directors.

The remuneration report contained in the Directors' report contains details of remuneration paid to Directors and key executives during the year.

Disclosure of the Company's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits. The Company intends to meet its transparency obligations in the following manner:

- Publishing a detailed remuneration report in the annual report each year
- Continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1
- Presentation of the remuneration report to shareholders for their consideration and nonbinding vote at the Company's AGM
- Taking into account the outcome of the nonbinding shareholder vote when determining future remuneration policy
- Responding to shareholder questions on policy and practice in a frank and open manner



### **ASX PRINCIPLES: RECOMMENDATION 8.3**

*A listed entity which has an equity-based remuneration scheme should:*

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) disclose that policy or a summary of it.*

The Company has a Performance Rights Plan which was approved by Shareholders at the 2018 AGM. A summary of the plan was included in the Company's 2018 Notice of General Meeting, a copy of which is available on the Company's website.

The Company's Dealing Policy prohibits Directors, officers and employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written clearance from the Chairman.

A copy of the Dealing Policy can be found on the Company's website.

### **ADDITIONAL RECOMMENDATIONS APPLYING TO THE COMPANY**

#### **ASX PRINCIPLES: RECOMMENDATION 9.1**

*A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and can discharge their obligations in relation to those documents.*

One of the Directors does not speak English fluently. An interpreter is in attendance at all meetings involving this Director. Time is also allowed during the meeting for translation and questions to ensure a proper understanding and that the director can contribute to discussion. Written communications and key documents are also translated.