

# **Risk Oversight and Management Policy**

## **Mercantile Investment Company Limited**

**ABN: 15 121 415 576**

**Level 11, 139 Macquarie Street, Sydney**

**NSW 2000**

# Risk Oversight and Management Policy

The Company is committed to managing risk to protect our staff, the environment, company assets and our reputation as well as to realise opportunities.

The Company's policy is to consider the balance of risk and reward, as far as practicable, in order to optimise the returns gained from its investment activities and to meet the expectations of its stakeholders.

## Responsibilities

### 1. Board

The Board implements this policy by ensuring that adequate procedures are in place to identify the principal risks of the company's business and ensuring the implementation of appropriate systems to manage these risks.

### 2. Audit & Risk Committee

The board has delegated to the Audit & Risk Committee responsibility for:

- advising the board on the matter of internal control including financial statements, due diligence, financial systems integrity and risk management;
- establishing and maintaining processes to ensure that there are adequate systems of internal control, risk management and safeguarding of assets;
- overseeing the relationship, appointment and work of internal and external auditors;
- recommending to shareholders the termination of the external auditor's appointment where appropriate.

### 3. Management

Management implements this policy by establishing and implementing a system for identifying, assessing, monitoring and managing material risk throughout the company. Management is expected to:

- provide a system of ongoing risk review that is capable of responding promptly to new and evolving risks;
- monitor the effectiveness of the system of risk and internal control management;
- report routinely to the Board, via the Audit & Risk Committee, its performance in managing the Company's risk profile

### 4. Internal Audit Function

The Audit & Risk Committee having due regard for the current size and complexity of the company does not believe an internal auditor is warranted at this point in the Company's development.