



MRC GLOBAL INC.

2019 ENVIRONMENTAL, SOCIAL RESPONSIBILITY  
AND CORPORATE GOVERNANCE REPORT



**Committed to our environment**

This Environmental, Social Responsibility and Corporate Governance Report is printed on 100% recycled paper.

[www.mrcglobal.com](http://www.mrcglobal.com)



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# INTRODUCTION

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MRC Global's flagship facility, the Houston Operations Complex at La Porte.

# A LETTER FROM OUR CHAIRMAN OF THE BOARD



**Rhys J. Best**  
Chairman

MRC Global is the largest distributor of pipe, valves and fittings (PVF) products and services to the energy industry. As the global leader, we integrate environmental and social policies and practices into our daily operations by delivering value to our customers, giving back to our communities, focusing on the safety of employees and others in our operations, leveraging innovative supply solutions to enhance our customers' operations, supporting our employees and operating with integrity and responsibility in all respects of our business.

We understand the importance of proper management of environmental, social and corporate governance (ESG) factors and how critical meeting the highest ESG standards are for our company's operations.

Proper management of ESG is of long-term significance to our stockholders,

employees and communities. Our Board of Directors understands and appreciates that conscientious management of ESG factors leads to better returns for our stockholders. Therefore, the Board has tasked its Governance Committee with assisting the full Board in its oversight of the company's efforts on ESG matters and reporting to the entire Board on a quarterly basis.

In addition, the company's management has formed an ESG Committee that reports to the Governance Committee and assists with providing formal, documented ESG measures and initiatives that are sustainable. The group is responsible for monitoring, assessing and managing all relevant issues with respect to ESG. Our ESG reporting also provides measures and benchmarks to determine MRC Global's effectiveness with stakeholders.

As a leader in our industry, MRC Global looks forward to continually expanding our ESG initiatives while delivering superior service to our customers around the world.

# A LETTER FROM OUR CEO



**Andrew R. Lane**  
President and Chief  
Executive Officer

On behalf of MRC Global, thank you for your interest in our 2019 Environmental, Social Responsibility and Corporate Governance Report. This publication will provide you with an update on our key sustainability efforts.

Sustainability is a strategic priority at MRC Global. We strive for sustainable development through continuous improvement in our economic, environmental and social performance.

Our 2019 ESG Report is an opportunity to reflect on our accomplishments over the past year and how we plan to continue improving our ESG performance moving forward. Although we have been in business for more than 98 years, our responsibility and desire to conduct our operations with the highest social and environmental standards applicable to us has never been greater.

We understand the vital role we play in leading and setting an example in our industry. We are proud of our progress so far and remain excited about the opportunities ahead of us.

Since our last ESG Report, we have continued to make progress. Most importantly, we established an ESG

Committee, which monitors, assesses and manages ESG issues. The ESG Committee is spearheaded by our EVP – Corporate Affairs and is comprised of executives representing various functions within our company including operations, quality, safety, corporate services, marketing, legal and other groups as needed. We believe that proper management of ESG factors ultimately leads to greater returns and contributes to more engaged employees, resulting in a more effective organization.

Safety is of utmost importance to our company. We want to see that every employee goes home at the end of each day in the same condition as the employee arrived. While we have ranked in the top quartile of safety performance compared to other industrial distributors, we do not intend to rest in only maintaining a safe workplace.

The communities in which we live and work are very important to us. I am proud to lead an organization full of individuals who care deeply about their neighbors. Employees regularly give of their time, talents and funds to help various organizations in their community, and our company often steps in to provide monetary donations or sponsorships when called upon. MRC Global also supports

education, health and human services, the arts and humanities and civic projects through its MRC Global Foundation.

We understand the sustainability challenges our customers are facing, and we are committed to working with them so they can overcome those challenges and achieve their goals. We enable our customers to further embed sustainability into their own operations through our products and value-added services. Additionally, our suppliers play a critical role in our management of the complete PVF supply chain for our customers, and we work very closely with them to be sure their approaches to sustainability are in alignment with ours. Our in-depth supplier-audit process is best-in-class and includes sustainable work processes and policies.

Although we made many improvements over the past year, we understand that there is a lot more we can do. We are excited about our path ahead and look forward to collaborating with our customers, suppliers and communities to continue to do our duty to improve environmental and social conditions around the world.

# ABOUT MRC GLOBAL

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In 2018, MRC Global sold \$1.6 billion in valves and related products. Most of those valve sales include low emission packing.

# AWARDS AND RECOGNITION

MRC Global is honored to be recognized by influential publications and organizations around the world as a leader in PVF distribution.

## **Supply House Times - Premier 150**

#4 Overall

## **The Wholesaler - Wholesaling 100**

#4 Overall

## **Industrial Distribution - Big 50 List**

Top Quartile Overall

## **Carbon Disclosure Project Participant**

## **Modern Distribution Management - Top Distributors**

#1 Industrial PVF

Top 10 Overall

# MRC GLOBAL AT A GLANCE

As of December 31, 2018



**Sales**  
**\$4.17 B**



**Locations**  
**~300**



**Customers**  
**~15,000**



**Inventory**  
**\$797 M**



**Suppliers**  
**~11,000**



**SKUs**  
**200,000**



**Employees**  
**~3,600**

# MRC GLOBAL TODAY

MRC Global is the largest distributor of pipe, valves and fittings (PVF) products and related infrastructure supplies and services to the energy industry. As the global leader in our industry, we always strive to operate responsibly and with integrity in all aspects of our operations. The products that we supply are fundamental to moving and storing hydrocarbon products in a safe and environmentally responsible manner.

## Our Mission

To deliver superior service to our customers around the world and provide innovative supply solutions to enhance our customers' operations.

## Vision

Be the world's leading provider of PVF products and solutions to the energy and industrial markets.



# CORE VALUES AND ETHICS

Our core values guide every decision we make from the boardroom to behind the wheel. We know that by being true to our values we will continue to achieve our goals, positively impact our industry and the communities where we live and work and deliver long-term value to our stockholders.

"We have been in business for over 98 years and, through it all, our core values have given us a platform for success. That remains true. Regardless of what country or location we operate in, we have the same dedication to customer service, integrity and PVF expertise."

**Andrew R. Lane**, President & CEO

## Our Core Values

- **Safety Leadership**
- **Customer Satisfaction**
- **Business Ethics**
- **Operational Excellence**
- **Financial Performance**
- **Teamwork**
- **Employee Development**
- **Community/Charity Involvement**

## Code of Ethics

We are committed to the highest standards of honest and ethical behavior and integrity in carrying out our business activities. All employees strive to comply with our Code of Ethics, compliance policies (including, but not limited to our Anti-Bribery & Anti-Corruption Policy) and applicable law in all of our activities and operations on a worldwide basis. We rely on the good judgment and high standards of our directors, officers and employees as the principal guide to ethical conduct.

## Global Ethics Hotline

Our Global Ethics Hotline allows employees and other individuals to anonymously report unsafe, illegal, unethical behavior and harassment or other concerns about conduct related to our business to NAVEX Global, MRC Global's independent third party. Our Global Ethics Hotline is available 24 hours a day, seven days a week. The hotline operators conduct the hotline in multiple languages to address our employees in the various countries in which we operate. We proactively communicate the existence of our Global Ethics Hotline. Every location globally has a poster with information on how to access the hotline. We conduct an annual ethics survey of our employees to determine if they have ethics concerns. In that survey, we ask them to let us know if they are aware of the hotline and provide them with information on where to access it. Finally, when conducting branch, distribution center or other site audits, we ask our Internal Audit department to confirm that the hotline has been adequately publicized.

## MRC Global Ethics Hotline:

 888-601-3911

 <https://www.reportlineweb.com/mrcglobal>

We maintain reports regarding concerns reported on the hotline, including any whistleblower reports, and we routinely provide summary reports to the Audit Committee of our Board of Directors regarding the number and nature of the employee concerns. Of course, any major whistleblower report would be communicated to the Audit Committee in accordance with our Whistleblower Policy.

To read any of our policies and statements in detail, please visit [www.mrcglobal.com](http://www.mrcglobal.com)

### **Corporate Policies**

Our adherence to our corporate policies is the first step in maintaining our corporate integrity. Our policies include (among others):

- **Code of Ethics**
- **Human Rights Statement**
- **Anti-slavery & Anti-human Trafficking Statement**
- **Gifts & Hospitality Policy**
- **Anti-bribery & Anti-corruption Policy**
- **Dignity at Work & Equal Opportunity Statement**
- **Anti-discrimination & Anti-harassment Policy**
- **Environmental Policy**
- **Conflict Minerals Policy**
- **Code of Conduct for Suppliers**
- **Whistleblower Policy**
- **Privacy Statement**
- **Business Data Use Statement**

# SUSTAINABILITY APPROACH AND ACHIEVEMENTS



A battery-operated forklift recharges overnight at the Houston Operations Complex at La Porte, TX.

# SUSTAINABILITY APPROACH AND ACHIEVEMENTS

Our products and services help our customers manage their environmental risks every day. We predominantly sell products that prevent oil, gas and other chemicals from leaking or escaping into the environment. As set forth in our Annual Report on Form 10 K for 2018 that was filed with the Securities and Exchange Commission (SEC), we had \$4.172 billion in product sales during 2018. We have also implemented work processes to reduce waste from transportation and warehousing activities (e.g. pallets and packaging). Additionally, we have company-wide

work processes for labeling, storing, handling and transporting hazardous waste. We conduct regular training on all of these work processes.

Our ESG Committee monitors, assesses and manages relevant issues and sustainability priorities across our company. We empower our employees to achieve the company's sustainability initiatives by providing them with the knowledge, skills, support and resources necessary to apply our principles to improve efficiencies.

We actively monitor and track our ESG trends. Below are certain achievements from 2018 reflecting our commitment to improvement in our economic, environmental and social performance. We will evaluate the possible use of specific targets or goals in the upcoming years.

- **Reduced CO<sup>2</sup> vehicle emissions by approximately 20% from 2013 levels through 2018**
- **Reduced CO<sup>2</sup> vehicle emissions intensity by approximately 7% from 2017 to 2018**
- **Replaced 13% of our fleet vehicles with more environmentally efficient vehicles since 2016**
- **Improved energy efficiency of our buildings from the previous year**
- **Increased recycling tonnage by 5% from 2017 to 2018**

# STAKEHOLDER ENGAGEMENT



An employee (in orange) with less than six months on the job is paired with a more experienced team member who trains and coaches them on the safest way to perform their new role as part of MRC Global's Short Service Employee Program.

# STAKEHOLDER ENGAGEMENT

We feel that it is imperative on all fronts to continually better our communication and collaboration with our company's stakeholders. Our method of engaging these stakeholders is tailored around our mutual priorities, initiatives and needs.

Stakeholder	Method	Topic
<b>Current &amp; Prospective Customers</b>	<ul style="list-style-type: none"> <li>• Customer meetings</li> <li>• Ad hoc conversations</li> <li>• Key performance indicator reviews with managed account customers</li> <li>• Negotiations</li> <li>• Our website</li> <li>• Social media</li> <li>• Trade shows and industry events</li> <li>• Customer electronic portals (MRCGO™)</li> <li>• Our external company magazine, <i>Insight</i></li> </ul>	Business performance, sustainability, policies, safety and regulatory information
<b>Current &amp; Prospective Suppliers</b>	<ul style="list-style-type: none"> <li>• Ongoing business agreements and contract negotiations</li> <li>• Daily field sales business</li> <li>• Interactions with preferred suppliers</li> <li>• Our website</li> <li>• Risk evaluations and QA/QC processes</li> <li>• Our external company magazine, <i>Insight</i></li> </ul>	Performance criteria, expectations, policies, proper labor and human rights practices, sustainability and safety
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• One-on-one meetings with managers and human resources</li> <li>• Our intranet</li> <li>• Regular intranet and other internal communications</li> <li>• Our internal company magazine, <i>Linked</i></li> </ul>	Business performance, work value, benefits and compensation and safety
<b>Governments &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Participation through industry associations and as required</li> </ul>	Business performance, strategy, execution, material disclosures, safety, other topics of investor interest, including ESG
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Quarterly earnings calls</li> <li>• Investor conferences and events</li> <li>• One-on-one investor discussions</li> <li>• Annual stockholders meeting</li> <li>• Our website</li> <li>• Press releases</li> <li>• Our SEC filings</li> <li>• Participation in various evaluations, ratings and rankings, such as the Carbon Disclosure Project (CDP), Sustainalytics, ISS and MSCI</li> </ul>	
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Our website</li> <li>• LinkedIn</li> <li>• Employee initiatives</li> <li>• Company sponsored or promoted charitable efforts</li> </ul>	Safety, environmental stewardship, emergency response planning, sponsorships and local engagement

# SUPPLIER SUSTAINABILITY



# SUPPLIER SUSTAINABILITY

## Supply Chain

As a PVF distribution and services company operating globally, building and maintaining a supply chain centered on sustainability is fundamental to our value proposition for our customers. This commitment is reflected in our core value of continually improving the effectiveness of our quality assurance program to deliver product and service excellence to our customers.

We reinforce this value through our manufacturer qualification, product inspection and non-conformance response processes. We approve new suppliers through a rigorous quality program and lead suppliers through the quality process. If a supplier meets our standards, we add the supplier to our database that houses our Approved Manufacturers List (AML). Our AML ultimately provides our suppliers with a quality certification that can help them access over 15,000 customers. We also maintain a database containing all material testing summaries for our products. Our inspection records are stored in the most optimal way to prevent damage, deterioration and loss. Product testing records, including material test reports, are stored for 20 years, and our quality

check results and testing results are stored for 15 years. Supplying quality products to our customers is key to providing assurance that products will not break, crack or leak and harm the environment or create safety hazards.

Additionally, we require each potential supplier to complete a thorough due diligence form to determine if the supplier meets our quality and sustainability expectations; this helps us evaluate their performance capability. Questions contained in this form address the supplier's health and safety practices, sustainability and environmental impacts, labor and human rights practices, legal compliance and social responsibility. Currently, our ESG Committee is evaluating how we can additionally engage with suppliers to better assess their sustainability performance and help them advance their sustainability efforts.

## Supplier Code of Conduct

We have more than 11,000 suppliers worldwide, and we require that each supplier, contractor and third party with whom we do business maintains high standards in the conduct of its businesses and operations. To clarify what we expect from our suppliers, contractors and third parties with whom we do business, we have developed a Supplier Code of Conduct detailing the behaviors, practices and responsible business standards with which we expect our suppliers, contractors and third parties to comply. We request that suppliers, contractors and other counterparties use this code to help maintain our ethical and socially responsible culture.

# REPORTING



MRC Global is committed to providing an environment where every employee feels safe, valued and encouraged to build a career that lasts.

# REPORTING

In our 2019 ESG Report, the Global Reporting Initiative's (GRI) Standards were considered foundational, and our reporting approach was to follow the vast majority of the GRI Standard's core elements. Our ESG Committee is currently evaluating how to develop a thorough process to identify our material topics for disclosure, so that our reporting in coming years may be in greater accordance with the GRI Standards.

Our senior leadership was involved in the development and review of this report to provide accurate content that is balanced and representative of our commitment to transparency in reporting our ESG impacts through December 31, 2018.

Data and information covered in this report represent our performance across all significant locations for which our company had operational control through December 31, 2018. While we are not yet a signatory to the United Nations Global Compact, our ESG Committee will be evaluating participation in the future.

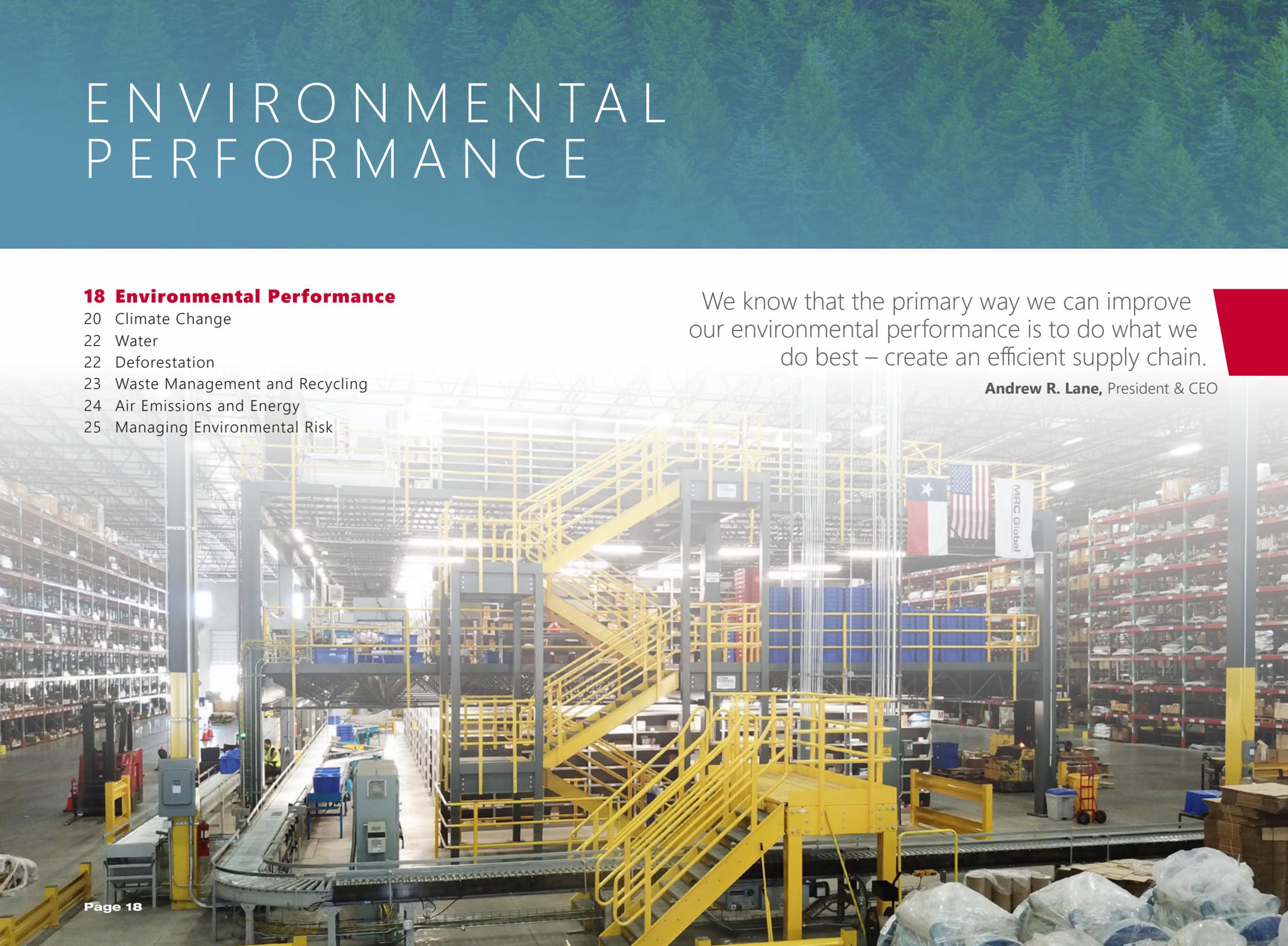
# ENVIRONMENTAL PERFORMANCE

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We know that the primary way we can improve our environmental performance is to do what we do best – create an efficient supply chain.

**Andrew R. Lane**, President & CEO



# ENVIRONMENTAL PERFORMANCE

MRC Global is committed to acting in an environmentally responsible manner and continually improving our environmental performance. As a leading global distribution company, we recognize that our business has an impact on our environment. The products that we supply are fundamental to moving and storing hydrocarbon products in a safe and environmentally responsible manner.

As a result, we

- **continue to offer, and expand our offering of, products that prevent and minimize accidental leaks of hydrocarbons and other liquids and gases into the air and water and onto the land,**
- **continue to explore new systems and technologies that can help us reduce our ecological footprint,**
- **are developing initiatives to continue to minimize the environmental impact of our business,**
- **will continue to conserve resources, and**
- **will actively promote environmental awareness.**

We conduct a yearly review of our register of environmental risks and opportunities, subsequently developing plans for improvements (i.e. risk reduction, waste reduction, etc.) for the coming year. The risks and opportunities are arranged into operational, property, corporate procurement and initiatives/projects and are then given to appropriate personnel within the company for action and completion. Completed projects are retained in the register to document improvements to our systems and environmental performance.

One recent major initiative the ESG Committee has undertaken has been establishing and sending an online survey to all warehouse, branch and other managers requiring their feedback on energy use, waste, recycling and other environmental-related practices at their facility. In addition, the survey requests their suggestions on what more could be done by MRC Global to have a positive impact on the environment. The ESG Committee will use the survey results to monitor, assess and manage all environmental issues and support continued improvement in our environmental performance.

While we expect our suppliers to comply with environmental laws and regulations, we also take additional measures to identify, evaluate and mitigate environmental risks for certain customers, business activities, industries and geographies.

# CLIMATE CHANGE

We recognize that climate change is an important issue for our planet. As a leader in the distribution industry, we believe that our ability to address climate change issues with new and innovative technologies and increased operational performance is integral to the global initiative to reduce the carbon footprint. We know that the primary way we can do that is to do what we do best – create an efficient supply chain.

Our distribution capabilities can flex with the needs of industrial customers. Although the primary customers for our PVF products are energy companies, we can distribute PVF to other end users as well. For instance, in our downstream segment, we also distribute PVF to companies engaged in metals and mining, fabrication, power generation, chemical production and other general industrial uses. To the extent the global economy moves away from oil and gas use, our distribution platform is capable of supplying product lines other than PVF and supplying PVF and other products to other industrial users.



Most of our valve sales are for low E valves.

As a distributor of PVF, we sell products that control the flow of liquids and gases in a safe and environmentally sound manner to existing and new customers. The products we provide prevent and minimize accidental leaks of hydrocarbons into the air and spills. In addition, several integrated oil companies (IOCs), many of which are our customers, have recently published targets to reduce their fugitive methane emissions and consider these targets when designing, constructing and operating their facilities. We sell a number of products that reduce the fugitive emissions of gases, and we are committed to helping our customers meet their reduction goals.

For example, as a distributor we purchase valves and actuators in accordance with the industry standard specifications at the time of their manufacture, which also contain language regarding low fugitive emission packing (low E) for valves used in hydrocarbons. Our valve sales are predominantly for low E valves. In 2018, we sold \$1.6 billion in valves and related products. MRC Global also purchases valves, such as brass and bronze valves, for use in non-hydrocarbon services such as water and air service. These valves are not covered under low E and are, therefore, not required to have any low E certificates. MRC Global keeps all manufacturer low E certificates and manufacturers' test reports (MTRs) on file, and they are available under the Approved Manufacturer List (AML) that our Quality Assurance group maintains.

The pipe, fittings and flanges MRC Global provides are considered friendly to the environment because their purpose is pollution prevention. MRC Global is not responsible for any emissions from these products as the end-user has control over their use and installation, and, therefore, would be responsible for any leak paths for emissions. Even so, we confirm that these products are in accordance with industry standards through our Quality Assurance group. As part of our Quality Assurance process, we audit the manufacturer to verify traceability and confirm the MTR is representative of the product.

Our commitment to climate change issues allows us to potentially reduce operating costs (e.g. through efficiency gains and cost reductions), increase our revenue through demand for low E products and services, and, most importantly, benefit our business and people by preserving our planet.

As part of our emissions evaluation, we also collect data on fuel usage, electrical usage and solid waste creation data. We obtain this data in the form acceptable to our vendors of that service. We seek to reduce the rate of consumption of those resources in relation to the volume of our business.

MRC Global recently began to participate in the annual Carbon Disclosure Project (CDP) as part of our commitment to transparent reporting of emissions. Scores from private and public responses to the CDP questionnaire are expected to be released in late 2019.

We report our emissions as a combined total of all scopes and currently do not track per specific scope, however we may do so in the future.

While we currently have not set specific emissions targets, our ESG Committee will be evaluating the possible use of specific targets or goals for emissions in the upcoming years.

By identifying and utilizing the most efficient method to move products from one place to another, we create efficiencies for our customers and our business. This reduces cost, increases returns for our business and contributes to the health of the environment. Our hub and spoke system, whereby our regional distribution centers (RDCs) receive the vast majority of the product we sell, then resupply our branches when products are needed, is designed to create efficiencies and reduce the product that we must maintain in inventory. Since the RDCs receive the vast majority of the product we sell, individual branches have reduced the number of products they order and receive, thereby reducing the transportation used to deliver products to and from the branches. This year, we have also made an effort to be more efficient by closing our Odessa, TX valve and engineering center and integrating it into our larger Odessa RDC, increasing the size of our Baton Rouge, LA branch to accommodate increased inventory and reduce

transportation and moving two other U.S. branches to locations better equipped and positioned for our business. Greater efficiencies and less product in inventory at the branches reduces our overall impact on the environment.

### Other ways we are creating a more environmentally sustainable business include:



Using energy-efficient lighting with motion detection to reduce power consumption



Reducing our overall carbon footprint by limiting business travel and implementing digital tools like Skype for Business and video conferencing



Encouraging the use of electronic transactions over paper transactions to reduce energy consumption and waste

## WATER

We acknowledge that water is a tremendously valuable resource. However, as a distributor and services provider, we are not a major consumer of water and use water only for toilets, kitchen use and light irrigation as most facilities have little or no lawns or landscaping. Although water is not a focal point of our sustainability efforts, it remains our responsibility

to use this valuable resource efficiently. We do and will continue to look for opportunities to reduce our consumption where possible. Our ESG Committee will assess and manage any water related issues should they arise.

## DEFORESTATION

We acknowledge that the protection and preservation of our forests are crucial to the well-being of our planet. As a PVF distributor and services provider, we use cardboard and pallets in some of our packaging, most of which initially come with the products we procure from our suppliers for sale to our customers. Other than cardboard and pallets in packaging, MRC Global does not produce, use or sell any timber or any other forest risk commodities. As forest-related issues have limited relation and minimal impact on our business, we currently do not undertake a forest-related risks assessment nor track production or consumption data for forest risk commodities. However our general environmental

policy includes impacts regarding forest-related issues. In addition, we recycle cardboard and pallets in those areas where recycling services are reasonably available. Our ESG Committee would assess and manage any forest-related issues should they arise.



As a distributor of PVF, we sell products that control the flow of liquids and gases in a safe and environmentally sound manner, including the above certified low emission valves.

# WASTE MANAGEMENT AND RECYCLING

We understand that recycling not only prevents millions of pounds of materials from going to landfills on an annual basis and any associated emissions that may result, but it also stimulates the economy by transforming usable materials into new products. To manage waste materials more efficiently, we are constantly improving our processes and evaluating ways to reduce our overall waste and promote recycling of materials within our operations.

We have a solid waste recycling program (for both business and production waste) in place in most locations. We encourage all employees and contractors to recycle consumer goods and other business and production waste by utilizing dedicated recycling containers in most of our warehouses and corporate offices. In the US, MRC Global recycled more than 420 tons of material in 2018, 5% more than the previous year. MRC Global generates little to no hazardous waste.

Additionally, we have a national contract with a major waste management company to manage our waste and recycling. With this contract, we have the peace of mind knowing that our waste is ending up exactly where it should. Since this contract was signed in 2017, MRC Global has been able to increase the amount of materials that have been recycled by 5%.

This has been a great achievement considering the current recycling climate across the US. Our local branches work closely with our waste management provider and local service providers to improve our pallet and wood recycling/resourcing to limit the amount of raw material that is dumped in local landfills. We also have cardboard recycling programs in many of our larger locations and are expecting to implement this where possible throughout the U.S. This reduces the amount of waste and increases the amount of materials we recycle. We also recycle paper in our corporate offices. Finally, in conjunction with our waste management provider, we work to maximize our loads to minimize the effects of hauling. By limiting the number of hauls, we limit the amount of fuel burned that it takes to haul as well as the carbon dioxide that is produced from these hauls.

We have implemented work processes to reduce waste from transportation and warehousing activities (e.g. pallets, packaging) and have work processes for labeling, storing, handling and transporting hazardous waste. We conduct regular training on these work processes. Additionally, we have developed an elaborate packaging specification for incoming shipments that reduces the use of wooden crates and time spent on material handling in our facility. As a result, we have moved from packaging

in crates to the use of pallets on most material. This also eliminates safety risks to our employees when handling incoming material.

In this current recycling climate, we are looking to make changes now that will improve our short-term and long-term recycling and limit our environmental footprint for future generations.

**420 tons**  
recycled waste in 2018

 **5%**  
over 2017

# AIR EMISSIONS AND ENERGY

Nearly all of our total emissions impact is attributable to energy consumption and use from our facilities and our fleet of cars and trucks. Because of this, energy efficiency is critical to continually reduce our total emissions intensity. Our vehicle emissions intensity figure in 2018 was 4.32, roughly a 7% reduction from our 4.66 intensity figure in 2017.

The vast majority of our energy consumption and use is from lighting, heating and cooling our distribution centers, branches and offices around the world. While we have not set specific targets to reduce the energy we use, our ESG Committee is currently evaluating our present practices to determine what changes we can make to forward our conservation efforts, including through the results of the survey that was recently sent to all warehouse, branch and other managers requiring their feedback on energy use at their facilities. All of MRC Global's current energy consumption and use is from non-renewable sources, however our ESG Committee is evaluating how we can use more renewable energy sources in the future.

More than 90% of our 4.5 million ft<sup>2</sup> facility portfolio is leased, so we do not have complete control over the energy-consuming aspects of the majority of our facilities. However, upon every lease renewal, we look for opportunities to:

- **promote energy efficiencies that we have determined through internal evaluations and**
- **retro-fit and update those facilities to current efficiency standards.**

Additionally, we actively monitor and track our fleet emissions trends and are committed to improving our average fuel consumption. We are committed to reducing our CO<sup>2</sup> emissions by switching our fleet vehicles from eight cylinder gasoline engines to six cylinder and four cylinder gasoline engines where feasible. As a result we have replaced 13% of our fleet with more environmentally efficient vehicles since 2016. As a result of these efforts and by reducing our

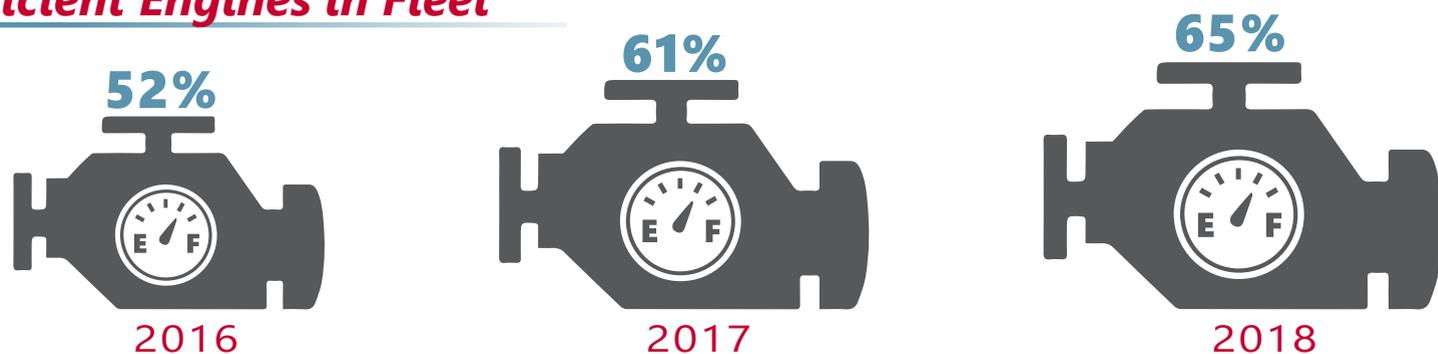
fleet size, we have reduced our CO<sup>2</sup> vehicle emissions by approximately 20% from 2013 levels through 2018.

We are exploring the use of compressed natural gas (CNG), hybrid CNG/gasoline and electric or hybrid electric engines in our trucks when the infrastructure exists near our branch locations. Moreover, we have replaced our gasoline and diesel-powered forklifts with battery-operated forklifts where feasible.

Our air emissions impact is limited to CO<sup>2</sup> and is not attributable to nitrogen oxides, sulphuric oxides, and other significant air emissions, including those from non-methane volatile organic compounds, particulate matter, and hazardous air pollutants. Moreover, while we currently do not set specific targets for the reduction of air emissions, our ESG Committee will be evaluating the possible use of specific targets or goals for air emissions reduction in the upcoming years.

## Increased Use of Efficient Engines in Fleet

MRC Global has replaced 13% of our fleet vehicles with more environmentally efficient vehicles since 2016



# MANAGING ENVIRONMENTAL RISK

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws, regulations and permitting requirements (collectively, “environmental laws”), including those governing the following:

- **the discharge of pollutants or hazardous substances into the air, soil or water;**
- **the generation, handling, use, management, storage and disposal of, or exposure to, hazardous substances and wastes;**
- **the responsibility to investigate, remediate, monitor and clean up contamination and**
- **occupational health and safety.**

We do not own or operate a single facility that is subject to Superfund clean-up, and on the rare occasion where there is a concern regarding a

legacy environmental condition, we have worked cooperatively with authorities to remediate. We conduct environmental assessments on our major facilities before we begin operations and on any facility that we sell. We have not been the subject of a single regulatory action in more than five years regarding the possible discharge of hazardous chemicals into the air or water.

Our commitment to environmental protection, as described in our Environmental Policy, available on [www.mrcglobal.com](http://www.mrcglobal.com), requires that a minimum standard of environmental performance is established at all of our facilities. 10 of our locations are ISO 14001 certified. Additionally, we encourage all of our suppliers to comply with our Environmental Policy. As part of our audit process of our AML suppliers, we evaluate these suppliers on their environmental standards and environmental performance.

For further information, see also our Code of Conduct for Suppliers on our website.

# SOCIAL RESPONSIBILITY

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MRC Global employees at the 2018 Houston Heart Walk.

# HEALTH & SAFETY

Safety leadership is part of our culture. Every employee has a personal responsibility to make sure that they, along with their co-workers, go home at the end of each day in the same condition they arrived.

Our dedication to providing safe working conditions and involving all employees in our safety efforts has been fundamental to our company's success. Additionally, we share our customers' commitment to safety and are proud safety is a deeply embedded part of our culture. We have dedicated safety specialists in every region, a short service employee program, life protector standards and emphasize operational discipline and accountability. Moreover, we promote a safe workplace by providing ongoing training and resources for all employees, some of which is described in additional detail in this section of this ESG Report. Finally, we encourage our employees to lead healthy lifestyles through various initiatives and benefits, such as including steeply discounted access to multiple gyms.

Each of our managers and leaders is responsible for the safety of the employees who report to the manager or leader. We have a Safety Council comprised of global safety and operational leaders, including two senior vice presidents, which sets overall safety policies for the company. Our operations leaders each have safety managers who advise the leader on safety matters in their region, implement safety policies, coach on safety issues and conduct safety programs and audits for employees. Our Vice President – Operational Excellence, with input from the Safety Council and senior leadership, works with our CEO every year to set safety goals, including goals for total recordable incident rate (TRIR), lost workday rate (LWDR), recordable vehicle incident rate (RVIR) and preventable vehicle incident rate (PVIR) as well as goals on US Department of Transportation driver fitness. We monitor these safety metrics on a location by location and region by region basis and report the overall results to our Board at each Board meeting. As

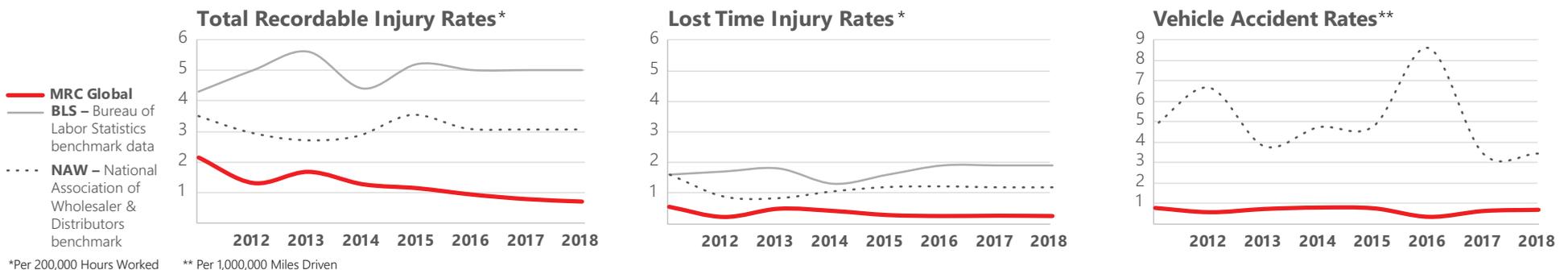
part of every branch, distribution center and facility audit that our Internal Audit department conducts, our auditors review each operation for adherence to our safety policies and procedures. In addition, our Vice President - Operation Excellence is a member of our ESG Committee.

Among other safety measures, we track both our TRIR and our LWDR per 200,000 hours worked. Our TRIR has fallen almost 40% over the past four years from 1.14 in 2015 to 0.70 in 2018. Our LWDR improved from 0.26 in 2017 to 0.25 in 2018.

In addition, a 2018 survey that the National Association of Wholesaler Distributors conducted of 54 distribution companies with over \$1 billion in revenue placed us in the top quartile of US companies in safety performance for the surveyed distributors. We ranked 4th out of 54 companies in lowest OSHA TRIR, 13th out of 54 companies in lowest OSHA LWDR and 22nd out of 35

## 2018 Safety Results

BLS statistics represent the average rates for wholesale, warehouse and distribution companies across the US. NAW statistics represent the survey average of member distribution companies with over \$1 billion in revenue.



companies in lowest RVIR. Since the end of 2015, the company has not experienced a job-related fatality. To enhance and continue our journey to “Zero” incidents and taking the next step in the development of our safety culture, we recently engaged DuPont Sustainable Solutions, which is considered the “Gold Standard” when it comes to safety, to conduct nine, two-day Safety Leadership workshops. These workshops included all levels of management from senior leadership to branch and warehouse managers.

### **A few ways we keep health and safety at the forefront:**

#### **You See It, You Own It**

The Safety Improvement Card is an online tool for reporting near misses, unsafe conditions, positive and “at risk” behaviors and safety suggestions. Any employee is empowered to submit ideas to create a safer work environment.

#### **Stop Work Authority**

Every employee has the authority and responsibility to stop any unsafe work practice and immediately notify management or correct the situation.

#### **Daily Safety Meetings & Quarterly Stand Downs**

Every day at an MRC Global operational facility begins with a safety talk. We also hold company-wide stand downs, where a specific topic is covered on a single day across the globe.

## **Stop Work Authority in Action**

*Every shift, employees at the La Porte Regional Distribution Center (RDC) begin their work with the promise that their safety is the most important focus for the day. The group of veteran and new team members listen to their leaders assure them that if they see an unsafe situation at any point, they have the power to stop work until the situation is resolved.*

*That’s exactly what happened when Roy Waller stepped up and used his Stop Work Authority.*

*Roy, an RDC associate at our largest distribution center in the world, has been with the company since 2002. He was unloading a truck in the distribution center when he noticed a trailer being loaded near the Valve & Engineering Center (VEC), which is housed inside the RDC. The trailer contained three large valves with eight-foot extensions. That wasn’t alarming on its own, until Roy noticed that the straps used to secure the valves were damaged.*

*“That morning we covered a safety alert on load securement and that heightened my awareness and was on my mind,” Roy said. “When I saw the damaged straps I thought, we just discussed this – I have to say something.”*

*Roy walked over and called a Stop Work to bring the unsafe condition to the attention of the VEC management.*

*“If I can maybe save a life in the process by being aware and alert to my surroundings and looking out for my coworkers and everyone in general, then it is worth the time it takes to call a Stop Work and make the situation safe,” Roy explained.*

*As a result of Roy’s actions, the team was able to come together and find a safer solution.*

## Safety Awards

Through its safety awards programs, MRC Global regularly recognizes individuals, teams, facilities and regions that have demonstrated an exceptional commitment to safety. The awards presented in 2018 are listed below:

- CEO Safety Leader Award
- CEO Safety Award
- President's Award
- SVP's Safety Leadership Award
- Safest Driving Award
- Most Improved Safety Performance Award
- RDC Safety Award
- Safety Champions

## Short Service Employee Program

Employees with less than six months of experience in a particular job have a much higher risk of being involved in a safety incident than a more tenured employee. To help remove this risk, these employees are paired with a more experienced team member who trains and coaches them on the safest way to perform their new role. To help shepherd our warehouse personnel through their training period, new employees wear distinctive safety gear and colors so that more experienced employees can train and monitor their progress in learning our safe-work processes.

## Life Protector Guides

As part of our commitment to improve our safety performance by learning from past experiences, we have developed a series of standards that are intended to deliver common work practices across our company, with a focus on preventing high consequence safety incidents.

These standards include:

- contractor management,
- electrical safety,
- emergency response plans,
- loading, restraint and transportation guidelines,
- risk management assessments,
- personal protective equipment guidelines,
- cranes and lifting operations guidelines,
- forklifts and powered industrial trucks guidelines,
- steel storage racking system guidelines,
- and pressure testing guidelines.

We routinely monitor and audit our compliance with these standards.

## Employee Assistance Program

This program gives employees access to immediate help with some of life's most stressful situations free of charge. This includes face-to-face sessions with a mental health professional, help in a crisis and discounts on many health and wellness products.



## Life Saving Moment

*A team of six first responders were named the MRC Global Safety Champions for 2018. Their heroic actions saved a coworker's life when he experienced a sudden cardiovascular event one morning in our office while walking into a meeting.*

*Immediately, trained MRC Global first responders took action. While other employees contacted 911 and coordinated with the office building to get access for emergency personnel quickly, MRC Global first responders performed CPR and used a defibrillator until help arrived.*

*Later, the employee's heart surgeon estimated that he had a one percent chance of surviving the event. In part due to the quick actions of MRC Global first responders, not only did their colleague survive, he recovered and was able to walk his daughter down the aisle at her wedding a few months later.*

# HUMAN RIGHTS

MRC Global is committed to conducting its worldwide business and operations in accordance with high standards of integrity in a legal, ethical and socially responsible manner. This includes a commitment to respecting human rights as a fundamental principle in our operations. We support the protection of internationally proclaimed human rights including the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, which enshrines the core principles of freedom of association; the effective recognition of collective bargaining; the elimination of all forms of forced and compulsory or child labor; and the elimination of discrimination in respect of employment and occupation.

MRC Global employees receive regular training on these core values, including specific training for anti-discrimination and anti-harassment. We encourage our suppliers to align their practices with the International Labor Organization's core principles and are committed to working in partnership with suppliers, customers and third parties to promote the furtherance of human rights. As part of our audit process of suppliers on our Approved Manufacturers List (AML), we consider these suppliers' performance regarding human rights and labor rights, including their conformance with our human rights and labor

rights policies. At this time we have not discovered any noncompliance by our suppliers with our policies, and if such noncompliance occurred, we would aim to track it as necessary. We encourage our stakeholders' involvement in the company's commitment to protect human rights and the implementation of our human rights policy by reporting any human rights violations or concerns related to our business through our Global Ethics Hotline.

For further information, see also our Human Rights Statement on our website.

## **Human Trafficking and Slavery**

MRC Global has a zero-tolerance approach to slavery. Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labor and human trafficking, all of which have in common, the deprivation of a person's liberty to exploit them for personal or commercial gain. We are committed to implementing and maintaining systems, controls and practices to prevent modern slavery from taking place within our global business or supply and logistics chains.

We hold both ourselves and our supply chain accountable for compliance with the applicable law

and we maintain internal accountability standards and processes for employees, contractors and members of our supply chain regarding this responsibility.

For further information, see also our Anti-Slavery and Anti-Human Trafficking Statement on our website.

## **Anti-Bribery and Anti-Corruption**

MRC Global is committed to complying with all applicable anti-bribery and anti-corruption laws and rules, including, but not limited to, the local laws of the countries in which we operate, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and any laws enacted pursuant to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Our employees receive training on anti-corruption and anti-bribery. Additionally, we actively monitor and audit our internal compliance with this policy and we expect our suppliers to fully comply with these laws and regulations.

For further information, see also our Anti-bribery and Anti-corruption Policy on our website.

## Conflict Minerals

As a distributor of products manufactured by other companies, MRC Global does not directly purchase any raw conflict minerals from any source and is many levels removed from the mines, smelters and refiners that produce the metals used in the products manufactured by our suppliers. However, we support the goal of the Dodd-Frank Act and related applicable 2012 U.S. Securities and Exchange Commission rules of preventing armed groups in the Democratic Republic of the Congo (DRC) from benefitting from the sourcing of conflict minerals. MRC Global works continually toward a conflict-free supply chain with ethical sourcing of materials and products. Our supply chain program strives to prevent purchased products from containing conflict minerals (tin,

tantalum, gold and tungsten) that directly or indirectly finance or benefit armed groups in the DRC or adjoining countries. We expect the suppliers and manufacturers of the products distributed by us to adopt the same policy for their businesses and comply with applicable legal standards and requirements.

For further information, see also our Conflict Minerals Policy on our website, and our annual Conflict Minerals Report filed as Form SD under the SEC Filings section of the Investor Relations page of the company's website.

# EMPLOYEE ENGAGEMENT

Our people are our greatest strength. We are a global team dedicated to our customers, our communities and each other. MRC Global employees regularly go out of their way to support each other in times of need, provide excellent service to our customers and uplift the communities where they live and work.

## Diversity

We are proud of the role we play in providing safe, productive and fulfilling jobs to our employees. As we operate in 22 countries and have an increasingly global and diverse customer base, we strive to have our team members reflect this diversity of cultures, backgrounds and approaches in our business. Diversity and inclusion are essential to MRC Global's success. We are committed to developing a harassment and discrimination-free workplace where

every employee feel safe, valued and encouraged to voice their opinions regardless of age, gender, race, religion, ethnicity, sexual orientation, veteran status, disabilities or backgrounds. We want every one of our employees to have the opportunity to grow his or her career.

We actively promote diversity in our workplace. While we do not maintain specific diversity quotas, our Vice President – Human Resources and our Human Resources department actively monitor our hiring and promotion processes so that diverse candidates are considered. In addition, as part of our succession planning process, we maintain a high potential employee list. Our Human Resources department monitors this list to so that diverse candidates are considered for promotions and developmental assignments.

## Talent Management

Employment at MRC Global comes with competitive compensation and, in the US, we offer a cost-effective, generous medical and health plan in addition to a matching 401(k) plan to help employees save for their retirement. While we align overall incentive payout with financial results, many employees are also incentivized on non-financial performance objectives and health, safety and environmental goals, set at the beginning of each year with their managers.

MRC Global also provides the environment, educational tools and development opportunities for employees to continually improve their talent and skills. We maintain a Training department of more than six employees who develop and present training along with other subject matter experts inside and outside of the company on topics such as: diversity,



**More than 3,600  
Employees**



**22  
Countries**



**26% Women  
Overall**



**44% Women in  
Corporate Functions**



**36% of Board from  
Diversity Groups**

As of December 31, 2018

inclusion and anti-discrimination/harassment, legal and policy compliance, safety, product knowledge, company processes, computer skills, managerial and leadership skills and company computer systems. Because our workforce is distributed over 300 locations in 22 countries, we also maintain a strong internet-delivered learning management system that has many modules on these topics that can be accessed throughout our company. Many of these training modules include interactive training modules so that trainees are engaged as they learn. We require employees to take certain modules on anti-harassment/discrimination, legal compliance, safety and computer security at regular intervals. We track all of our training, so that every employee has a training record.

Our on-boarding process for new employees provides a broad and accelerated understanding of MRC Global's business and culture. Additionally, all employees establish development goals at the beginning of the year, and we track the progress of these goals through periodic individual development reviews. Finally, we periodically assess our employees' satisfaction and engagement through regular individual development reviews as well as company-wide surveys.

## Employee Relations

At the end of 2018, we had over 3,600 employees, of which 105 belong to a union and are covered by collective bargaining agreements. At the end of 2018, we also had 173 employees that are not members of a union but are covered by union-negotiated collective bargaining agreements. We are committed to freedom of association and our employees' desires to bargain collectively.

In 2018, we conducted a global employee survey and asked our participating employees their opinions about work, the company, work-life balance, management, compensation and other matters. We provided the results of this survey to our Board. As a result of this survey, we addressed a number of employee concerns in various business units or locations, implemented an employee service recognition program to further validate the company's appreciation for the service of its employees and continued to improve communication with employees regarding company strategy, culture and direction. This communication is in addition to our routine company announcements to employees and our twice-yearly employee magazine, *Linked*.



In 2018, we instituted an employee service recognition program which included the presentation of a commemorative award, like the one pictured here, to employees who reached certain levels of service with our company.

# COMMUNITY INVOLVEMENT

We are dedicated to uplifting the communities where we live and work. MRC Global supports education, health and human services, the arts and humanities and civic projects through the MRC Global Foundation and MRC Global Cares initiatives. In 2018, the MRC Global Foundation donated more than \$119,000 to various charitable organizations and, in addition, MRC Global Inc. directly donated nearly \$150,000 to various charitable and community causes. MRC Global has not used corporate funds for political advocacy.

## **MRC Global Foundation**

The MRC Global Foundation makes grants to nonprofit organizations in our communities for charitable causes, including education, health and human services, arts and humanities and civic projects. The MRC Global Foundation's primary charities in 2018 included the American Red Cross, the American Heart Association, United Way, the La Porte Education Foundation and the American Cancer Society.

## **La Porte Education Foundation**

In 2018, we celebrated the grand opening of our flagship Houston Operations Complex at La Porte, Texas. In honor of the event, MRC Global presented the La Porte Education Foundation with \$75,000, which was then distributed to teachers and administrators throughout the district for the 2019-2020 school year funding innovative and creative instructional projects for students.

## **PVF Roundtable Scholarship Sponsorship**

As a leader in the PVF industry, we recognize the need to continue to invest in the next generation of industry professionals. That commitment led MRC Global to fund an annual scholarship with Texas A&M University for students in the industrial distribution field of study. The company also sponsors multiple events throughout the year, which raise money for additional scholarships at other industrial distribution programs and trade schools.

## **American Heart Association Houston Heart Walk**

MRC Global is a proud sponsor of the Houston Heart Walk. Our national support for the American Heart Association is deeply rooted in the loss of Lew Ketchum, the founder of one of our heritage companies, Red Man Pipe and Supply, in 1995 after a heart attack. We honor his legacy by standing with the American Heart Association in the fight against heart disease.

## MRC Global Cares in Action

*Our company and our employees are involved in many charitable, community and educational endeavors. Here are some examples of just a few:*

### Holiday Giving Across the Eastern US

To celebrate the 2018 holiday season, every location in our US Eastern region committed to supporting a local charity. Each of the 53 teams went into their community and made a difference for a wide variety of causes – some chose food banks, some sponsored Christmas for local children and others donated their time to serve as a group.



### Houston Heart Walk

More than 60 MRC Global employees and their loved ones gathered together to participate in the 2018 Houston Heart Walk. Team MRC Global donated nearly \$7,000 in addition to the \$25,000 from the MRC Global Foundation's sponsorship. "I'm here because of my uncle, Felton Joseph Jolivette, Jr., who passed away from heart disease this year," Monica Scott, Sales Support Specialist – La Porte, TX, explained why she and her family chose to attend the Heart Walk. "It is important to us to honor his legacy."



### Friday Dress Code – PINK

In early 2018, the Brisbane, AU warehouse team lost a coworker after a battle with cancer. When the staff discussed his passing, it soon became apparent that everyone had been touched by cancer in some way or another. When an opportunity to purchase pink high visibility gear and have a portion of the proceeds donated for cancer research arose, the team embraced it. On Fridays, the warehouse group now all proudly wears their pink attire in honor of their colleague and loved ones.



# CORPORATE GOVERNANCE



**2018 Board of Directors at the  
Houston Operations Complex at La Porte**

(L-R): Deborah Adams, H.B. Wehrle, John Perkins, Dr. Cornelis Linse,  
Rhys Best, Gerald Krans (retired 2018), Robert Wood, Craig Ketchum,  
Barbara Duganier, Leonard Anthony, Andrew Lane  
(Not Pictured): Henry Cornell

# CORPORATE GOVERNANCE

MRC Global is committed to adhering to sound principles of governance and has adopted corporate governance practices that promote the effective functioning of our Board, its committees and our company. The primary responsibility of our Board is to foster the long-term success of MRC Global, by promoting the interests of our stockholders. Our Board believes that strong corporate governance is critical to achieving our performance goals and to maintaining the trust and confidence of investors, employees, suppliers, business partners, regulatory agencies and other stakeholders.

## Corporate Governance Guidelines

The Board has adopted guidelines (Corporate Governance Guidelines) to help guide and promote our good corporate governance and responsible business practices. These guidelines provide a framework for the effective governance of MRC Global as a whole and also address the operation, structure and practice of the Board and its committees. The Governance Committee reviews these guidelines annually at a minimum.

The Corporate Governance Guidelines can be found on our website.

## Strategic Planning

During the year, the Board meets with management to discuss and approve our strategic plans, financial goals, capital spending and other factors critical to successful performance. The Board also conducts quarterly reviews of progress on objectives and strategies. During Board meetings, directors review key issues and financial performance. The Board expects to meet privately with the Chief Executive Officer (CEO) at least four times per year and meets in executive session without the CEO at each regular Board meeting and additionally as required. Further, the CEO communicates regularly with the Board on important business opportunities and developments.

## Board Membership

The directors of our company are elected by the stockholders annually. The Board currently consists of 11 members. Ten directors were elected by holders of our common stock and the 11th director was designated by the holder of the company's preferred stock. Each director's term of office expires when his or her successor is elected and qualified at the annual meeting of stockholders, or until their earlier retirement, removal or death. Under our Corporate Governance Guidelines, our retirement age for directors is 73.

Nominees for the Board are selected in accordance with procedures and criteria set forth in our Bylaws and Corporate Governance Guidelines. The Board strives to maintain an engaged, independent Board with broad and diverse experience and judgment that is committed to representing the long-term interests of our stockholders. The Board seeks a diverse group of candidates who possess the background, skills and expertise to make a significant contribution to the Board and MRC Global. When reviewing director candidates, the Board considers each candidate's qualifications for membership on the Board, including the enhanced independence, financial literacy and financial expertise standards that Audit Committee membership may require and assesses the performance of current directors who are proposed to be re-nominated to the Board. The Board considers qualified candidates for membership on the Board without regard to race, color, religion, sex, ancestry, sexual orientation, national origin or disability. While the Board does not have a formal policy on diversity, in assembling our Board, our objective is to have wide diversity in terms of business experiences, functional skills, gender, race, ethnicity and cultural backgrounds. Currently, 36% of our Board members are women or ethnically-diverse.

## **Board Leadership Structure**

Our independent non-executive chairman of the Board presides over all meetings of the Board and stockholders, reviews and approves meeting agendas, meeting schedules and other information, acts as a liaison between the outside directors and management, consults on stockholder engagement and governance matters and performs such other duties as the Board requires from time to time. Having an independent non-executive chairman allows management to deepen its focus on customers, gaining market share, cost control, operational excellence and delivering stockholder value. The Board believes that having an independent non-executive chairman:

- **increases the independent oversight of the company and enhances the Board's objective evaluation of our CEO;**
- **provides our CEO with an experienced sounding board in the Chairman; and**
- **provides an independent spokesperson for the company.**

Our Compensation, Audit and Governance Committees are currently comprised entirely of independent directors. The Board believes that having an independent, non-executive chairman of the Board and independent Compensation, Audit and Governance Committees provides a structure for strong independent oversight of our management.

Each committee chair presides over the chair's committee meetings and reviews and approves meeting agendas, schedules and other information for the committee.

## **Board and Committee Effectiveness and Annual Self-Assessment**

To increase the effectiveness of the Board and its committees to provide for the best interests of the company and its stockholders, the Board and each committee perform an annual self-assessment to evaluate its effectiveness in fulfilling its obligations. The Chair of the Governance Committee leads the Board in its review of the results of the annual self-assessments and takes further action as needed. In addition, each year, the Board reviews the background and qualifications of each of its members, as well as an assessment of the Board's and each of its committees' composition in light of their respective needs and objectives after considering issues of judgment, diversity, age, skills, background and experience.

## **Chief Executive Officer Evaluation and Management Succession**

The Board and the CEO annually discuss and collaborate to set the CEO's performance goals and objectives. The Board also meets at least annually in executive session to assess the CEO's performance. The Board maintains a process for planning orderly succession for the CEO and other executive officer positions and oversees executive officer development.

## **Communications with Directors**

Any stockholder or other interested person may communicate with our Board, individually or as a group, by contacting our Corporate Secretary or the Chairman of the Board. This contact information is maintained on the Investor Relations tab of our website.

## **The Board's Oversight of Risk Management**

The Board, as a whole, is responsible for overseeing our risk exposure, including (among others) ESG risks, as part of determining a business strategy that generates long-term stockholder value. The Board shapes our enterprise-wide risk policies, desire for risk taking and acceptable risk tolerance levels that provide the foundation for our overall business strategy. The Board recognizes that risk mitigation not only preserves value, but, when managed appropriately, can create value and opportunity for the company.

The Board recognizes that purposeful and appropriate risk-taking in certain areas is important for the company to be competitive and to achieve our long-term goals. Accordingly, the Board has established an enterprise risk management (ERM) framework through which the company regularly identifies key risks that face the company and carefully considers its appetite for each risk. This ERM framework is designed to identify, assess, prioritize, address, manage, monitor and communicate risks across the company's operations and foster a corporate culture of integrity and risk awareness.

As part of the company's strategic planning process, the company maintains a Risk Management Committee that assists the Board in identifying key risks. Our Risk Management Committee is comprised of our CEO, our executive vice presidents, our senior vice presidents, our vice presidents of human resources, information systems, internal audit, tax, and financial reporting and analysis, our vice president – controller and treasurer, our executive directors of finance - international, risk management, information security and investor relations and our assistant general counsel and assistant secretary. The principal responsibilities of the Risk Management Committee are to review, assess and monitor any material risks or exposures associated with the conduct of our business, the internal risk management processes and systems implemented to identify, mitigate, monitor or manage these risks or exposures and the company's policies and procedures for risk management.

Consistent with this approach, one of the Board's primary responsibilities is overseeing and interacting with senior management with respect to key aspects of the company's business, including risk assessment, monitoring, managing and risk mitigation of the company's top risks. Our Board meets with senior management at regular Board meetings and, if necessary, at other times to discuss the strategy and success in addressing our identified key risks along with any other risks that we may face.

In addition to the foregoing, the Board has tasked designated committees of the Board to assist with the oversight of certain categories of risk management

and the committees report to the Board regularly on these matters. All committees play significant roles in carrying out the risk oversight function that typically focuses in their areas of expertise. In general, the committees oversee the following risks:

- **Audit Committee:** reviews and assesses the guidelines and policies governing the company's financial and accounting risk management and oversight processes and assists with the Board's oversight of financial and accounting matters, including compliance with legal and regulatory requirements and the company's financial reporting and internal control systems.
- **Compensation Committee:** reviews the company's employee compensation policies and practices to assess whether such policies and practices encourage long-term focus, support the retention and development of executive talent and discourage excessive risk-taking behavior.
- **Governance Committee:** reviews and assesses enterprise risks that may be applicable to the company from time to time, including (among others) risks from cyber incidents, reputational risks and the risks set forth in our Annual Report on Form 10-K for the year ended December 31, 2018 that we filed with the SEC. The Board has tasked the Governance Committee with assisting the full Board in its oversight of the Company's ESG efforts.

Although these committees assist the full Board with risk oversight, ultimately the full Board oversees the company's enterprise risk management with regular presentation and discussion.

In addition, throughout the year, the Board and the relevant committees receive updates from management with respect to various enterprise risk management issues and dedicate a portion of their meetings to reviewing and discussing specific risk topics in greater detail. The company's senior management engages with and reports to the company's Board and the relevant committees on a regular basis to address high-priority risks.

The company believes that the Board's leadership structure supports the risk oversight function of the Board by providing for open communication between management and the Board. In addition, strong independent directors chair the various committees involved in assisting with risk oversight, and all directors are involved in the risk oversight function.

For further information, see also the Documents and Charters, Board of Directors, Corporate Leadership and Committee Composition sections of the Corporate Governance tab of our Investor Relations page of the company's website. Additionally, our proxy statement can be found in our Annual Reports & Proxies section of the SEC Filings tab of our Investor Relations page of the company's website. All of our filings can also be found under the Company Filings tab of [www.sec.gov](http://www.sec.gov) by searching the EDGAR system under the trading symbol "MRC."





**CORPORATE  
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