

TerraCom

Remuneration Committee Charter

1 Overview

The Board of TerraCom Limited ABN 35 143533 537 (the **Company**) has established a Remuneration Committee (the **Committee**) to focus on appropriate procedures and guidelines in relation to the remuneration of key management personnel of the Company and its subsidiaries (the **Group**). Key management personnel (**KMP**) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group and other designated senior executives.

For the Company, KMP comprise the Managing Director (**MD**), the MD's direct executive management reports (collectively the **executive KMP**) and the non-executive directors of the Company.

This Charter sets out the role, responsibilities, composition and structure of the Committee.

2 Role and Responsibilities

The Board recognises that the principle of fair, responsible and transparent remuneration practices is imperative to its overall corporate governance structure. To assist in carrying out its responsibilities in this area, the Board has delegated certain responsibilities to the Committee.

The primary purpose of the Committee is to represent the Board and to assist the Board to perform its functions in relation to all executive KMP remuneration issues and the Company's human resources strategy, generally.

The Committee is primarily responsible for:

- monitoring the effectiveness of the overall remuneration structure of the Group;
- reviewing and approving the remuneration arrangements for the Managing Director and other executive KMP;
- reviewing and approving the terms and conditions of short-term incentives and long-term incentives for the Managing Director and other executive KMP (including setting short-term incentives);
- assisting the Board with review of the performance of the Managing Director;
- reviewing and recommending to the Board the remuneration to be paid to non-executive Directors, including the process by which any pool of directors' fees approved by shareholders is allocated to directors;
- reviewing and recommending to the board the remuneration to be paid to board members of any subsidiaries of the Group;

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- reviewing and making recommendations to the Board on remuneration;
- approving the appointment of remunerations consultants for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**);
- reviewing senior executive succession and key staff succession plans;
- reviewing and recommending to the Board the remuneration report prepared in accordance with the Corporations Act for inclusion in the annual directors' report;
- reviewing and facilitating shareholder and other stakeholders' engagement in relation to the Company's remuneration policies and practices; and
- to ensure any termination benefits are justified and appropriate.

The objective is to ensure that the remuneration policies and structures adopted by the Group are fair and competitive and aligned with the long-term interest of the Group. In doing this, the Committee may seek advice from independent expert remuneration consultants where applicable.

3 General principles

The Charter has been implemented by the Board to ensure the Group's remuneration guiding principle is to align remuneration with the creation of value for shareholders by:

- attracting and retaining appropriately qualified and experienced employees who will contribute to the Group's success, and motivating them to achieve outstanding performance against the Group's business objectives;
- promoting positive remuneration outcomes; and
- promoting an ethical culture, from both an individual level and organisational level.

This guiding principle applies to employees at all levels, including non-executive directors and executive KMP.

3.1 Executive KMP Remuneration Policy

The Committee is to ensure that:

- executive KMP remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives which align with the Group's circumstances and objectives;
- a proportion of executive KMP remuneration is structured in a manner designed to link reward to corporate and individual performances;
- consider, adjust and approve the quantum of bonuses to be paid to executive KMP; and
- remuneration packages positively promote the achievement of the annual budget for the relevant period.

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3.2 Non-Executive Directors Remuneration Policy

The Committee is to ensure that fees paid to non-executive directors are within the aggregate directors' fee pool limit, as approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting. Fees paid to non-executive directors are to be reviewed annually by the Committee.

3.3 Extra Duties and Expenses

From time to time, the Board may ask individual directors to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive payment for this work if agreed by Board resolution. Directors are also to be reimbursed for all Group business related expenses, including travel on Group business, as may be incurred in the discharge of their duties.

4 Incentive plans and benefits programs

The Committee will:

- review and approve incentive compensation plans, including the use of share options and other equity-based plans. The Committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;
- ensure that incentive plans have appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- review and if necessary recommend improvements to any existing benefit programs established for employees.

5 Communicating the Company's remuneration practices

The remuneration report contained within the Company's Annual Report will contain remuneration information for each KMP, as required by the Corporations Act.

6 Committee Composition

6.1 Membership

The members of the Committee and the Committee chair are appointed by the Board.

The secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board or the Committee from time to time.

If a Committee member retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint any successor.

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6.2 Meetings

The Committee will meet as frequently as required in order to undertake its role effectively but must, at a minimum, meet twice a year. Special meetings may be convened as required.

A quorum is three members (of which two are non-executives) or any greater number determined by the Board.

Proceedings of all meetings will be minuted and kept by the Company Secretary. The minutes shall be signed by the Committee chair, and distributed to all Committee members and tabled at the next Board meeting for noting.

The Managing Director may attend Committee meetings. The Managing Director will not be present when issues relating to the Managing Director are discussed. Non-executive directors who are not Committee members may also attend Committee meetings.

The Committee may invite other persons to its meetings as it deems necessary.

7 Access to information

7.1 Group Information and Personnel

The Committee is granted unrestricted access to all information of the Group and shall have right of access to:

- all records;
- all levels of management; and
- the external auditors.

Any Committee member may communicate directly with employees of the Group but such communications are to be conducted with regard to the efficient operation of the Group and the need to preserve and maintain an effective chain of command and confidentiality in respect of the deliberations of the Board. All communications of a material or sensitive nature must be facilitated by the Committee Chair.

7.2 Independent Professional Advice

If a director wishes to seek independent professional advice at the Group's expense, they must obtain the permission of the Chairman. When doing so, the director should provide the Chairman with:

- the reason for seeking the advice;
- the name of the person from whom the advice will be sought; and
- a quote from that person for the provision of the advice contemplated.

Upon receipt of the required information, the Chairman:

- must not unreasonably withhold permission to obtain the advice; and
- must inform the Board of the request as soon as possible.

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Advice obtained at the Group's expense under these provisions must be made available to the Group.

8 Review

The Company Secretary, in conjunction with the Committee, will conduct an annual review of the Charter to ensure that it continues to reflect the current processes and guidance utilised when assessing the appropriate remuneration of non-executive directors and executive KMP.

The Board will approve any amendments to this Charter.

9 Publication of the Charter

This Charter is made available to all directors and staff of the Group and published on the Group's website www.terracomresources.com.

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