



HSEC Committee Charter

1 Overview

The Board of Terracom Limited ABN 35 143 533 537 (the **Company**) has established a HSEC Committee (the **Committee**) to consider specific matters and make recommendations to the Board in respect of non-financial risks arising from the activities of the Company and its subsidiaries (the **Group**).

The Group also has an Audit Committee to consider specific matters and make recommendations to the Board in respect of financial risks arising from the activities of the Group.

The Board may also delegate specific responsibilities to ad hoc committees from time to time. This Charter sets out the role, responsibilities, composition and structure of the Committee.

2 Role and Responsibilities

2.1 Role of the Committee

The primary role of the Committee is to assist the Board to carry out the following:

- (a) review and oversee its responsibilities with regard to the Group's risk management systems, policies, practices and plans, internal control and regulatory compliance, specific to non-financial related activities;
- (b) oversee the process for identifying significant non-financial risks facing the Group and implement appropriate control, monitoring and reporting mechanisms;
- (c) monitor the Group's culture and gauge how it is aligned with conduct consistent with sound and effective risk management; and
- (d) report the results of its activities to the Board.

Whilst the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct risk management activities.

It is the responsibility of the Committee to maintain free and open communication with management, as appropriate.

2.2 Responsibilities of the Committee

The responsibilities of the Committee are outlined below.

(a) Understanding the Business

The Committee will use reasonable endeavours to understand the Group's business and operations in order to assess whether the non-financial and operating risks faced by the Group have been identified and appropriate mitigation plans have been implemented.

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(b) Health and Safety

In assisting the Board (and without limiting its scope), the Committee will:

- review the systems in place so that safety is a priority of all of the Group's operational sites;
- review the systems in place which are designed to ensure compliance with all safety and occupational health related legal and regulatory requirements;
- review the operational and personnel related risk management systems to ensure all safety and occupational health risks are identified and that appropriate risk management systems are in place;
- monitor the adequacy of safety and occupational health reporting systems for actual or potential accidents, breaches and incidents; and
- monitor subsequent safety and occupational health investigations and remedial actions.

(c) Environment

In assisting the Board (and without limiting its scope), the Committee will:

- review the systems in place which are designed to ensure compliance with environmental related legal and regulatory requirements;
- review the environmental risk management systems within the Company to ensure environmental risks are identified and that appropriate risk management systems are in place;
- review the environmental related contingency planning systems within the Company which are designed so that environmental risks are identified and that appropriate contingency plans are in place;
- monitor the adequacy of environmental reporting systems for actual or potential accidents, breaches and incidents; and
- monitor subsequent investigations and remedial actions.

(d) Social and Community

In assisting the Board (and without limiting its scope), the Committee will:

- review the systems in place which are designed so that the Group manages community and social relationships;
- review the systems in place which are designed to promote community and social responsibility; and
- monitor relevant community and social perceptions of the Group and impacts of the Group's activities.

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(e) Internal Control and Risk Management

In assisting the Board (and without limiting its scope), the Committee, in conjunction with the Audit Committee, will:

- review and assess the performance, objectivity, independence and effectiveness of the Group's systems of risk management, internal compliance and control;
- review and assess the effectiveness and efficiency of the Group's risk management systems so that risks are identified and that appropriate risk management systems are in place;
- understand the processes management has implemented for managing insurable risks and, if applicable, self-insurance, including assessing the adequacy of insurance cover;
- review any periodic risk management reports prepared by the executive management and risk owners; and
- review the operational contingency planning systems within the Group to ensure risks and critical systems are identified and that appropriate contingency plans are in place.

(f) Risk Management System

Without limiting its scope, the Committee will ensure management has established and operates a risk management system which will:

- establish an overall profile of the risks of the Company;
- assess the potential consequences and likelihood of the risks;
- rank the risks in accordance with their likely impact;
- assess the acceptability of each identified risk;
- consider and agree upon actions to eliminate, reduce or manage material risk;
- assign responsibilities for risk management;
- establish a system for monitoring and reviewing the Company's risk profile, in particular when any of the Company's business circumstances change;
- present to the Board the overall results of this assessment and update this as required; and
- periodically review the effectiveness and suitability of the risk management system.

(g) Legal and Regulatory Compliance

Without limiting its scope, the Committee will, in conjunction with the Board and Audit Committee, use all reasonable endeavours to ensure the Group:

- complies with relevant statutory and regulatory obligations;

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- complies with internal policies and procedures; and reviews regular reports from management in relation to the Group's compliance with its statutory, regulatory and other key obligations and matters as they arise.

3 Committee Composition

3.1 Membership

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

The ASX Corporate Governance Council recommends that the Committee be structured as follows:

- (a) the committee has at least three members;
- (b) all members should be non-executive directors;
- (c) the majority of directors are to be independent; and
- (d) the Committee Chair is to be independent and not the Chair of the Board.

Adherence to point (b) above is not achieved as the Managing Director of the Company sits on the Committee. In addition, as the current Board comprises a majority of non-independent directors, the Committee composition does also not adhere to point (c) above. The Board will continue to assess the composition of the Committee with respect to any changes to the composition of 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.

3.2 Qualifications

Each Committee member should have appropriate skills, knowledge and experience of the Group's business.

The Committee, as a whole, should have an appropriate mix and balance of relevant skills, knowledge and experience.

3.3 Meetings

The Committee will meet as frequently as required in order to undertake its role effectively but must, at a minimum, meet four times a year. The Committee Chair will call a meeting of the Committee if requested by any member of the Committee, the external auditor or the Chairman of the Board. Special meetings may be convened as required.

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 Committee may invite other persons to its meetings as it deems necessary (e.g. the Chairman and other Board members, Managing Director, representatives of the external auditor and/or other external advisors).

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4 Access to information

4.1 Company 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.

4.2 Independent Professional Advice

If a director wishes to seek independent professional advice at the Company'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.

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

5 Review

The Company Secretary, in conjunction with the Committee, will conduct an annual review of this Charter to ensure that it continues to reflect the current processes and guidance utilised when assessing the integrity of the Group's risk management systems, policies, practices and plans.

The Board will approve any amendments to this Charter.

The Committee undertakes an annual self-assessment of its performance to confirm that all activities listed in the Charter have been addressed, and reports this information to the Board.

6 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.terraresources.com.

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