



TERRACOM LIMITED

**MODERN SLAVERY STATEMENT
2022**

Introduction

TerraCom Limited (**TerraCom**) recognises modern slavery can occur in many different forms and includes coercion, threats or deception to exploit victims and undermine their freedom, forced labour, debt bondage and human trafficking. We acknowledge our role in supporting socially responsible operational, supply chain and community engagement practices. At TerraCom, we are committed to continuously improving our approach and response to identify and mitigate modern slavery and ethical sourcing risks.

TerraCom is opposed to modern slavery occurring within our operations and supply chain and expects our employees, contractors, partners and suppliers will not tolerate any instances of adverse human rights impacts, including modern slavery.

Our business

TerraCom Limited (ASX: TER) is an Australian based mining resources company with a global footprint, comprising a large portfolio of operating assets in Australia and South Africa within the coal sectors. We are a renowned low-cost producer focused on delivering exceptional outcomes from our high yielding diversified asset portfolio for its investors.

Vision and Values

Our Vision

To be recognised as a reliable global resources company that delivers sustainable returns to shareholders and partners.

Our Purpose

To operate assets in the resources and energy sector and create long term value for shareholders by being dynamic and innovative, building on our unique internal and external relationships, caring for and investing in our people and the community and operating with integrity and respect.

Our Values

			
PEOPLE	PERFORMANCE	PASSION	PARTNERSHIPS
We value safety and have an inclusive and respectful culture	We always deliver and do what we say	Our innovation delivers a future for the industry	We are proactive with all stakeholders
We achieve the greatest outcomes through collaboration and teamwork	We are accountable to all stakeholders	We continually find new ways to be leaders in sustainability of the mining sector	We have dynamic alliances to ensure a skilled workforce and sustainable industry
We are a respected employer within our industry	We strive for continuous improvement every day	We are focused on maximising value for shareholders and the community	Our strategic partnerships within the industry provide opportunities to benefit both shareholders and the community

Our Operations

Australia

TerraCom acquired its flagship Blair Athol Coal Mine, located in Clermont Queensland, in 2017. Since the acquisition, the Company has successfully restarted operations and now exports approximately 2.2 million tonnes per annum of high-quality thermal coal. Rehabilitation at the site is progressive and forms part of the ongoing mining operations.



Environment, Rehabilitation & Community

The mine life extension (announced August 2021) saw the transitioning to a revised Life of Mine (LOM) landform model. The LOM plan defines the available areas for rehabilitation and with an aligned progressive dump strategy, has resulted in a reduction in the bulk movement required to rehabilitate the mine following cessation of coal mining activities.

The Company is committed to meeting end user expectations upon closure and given this, the LOM plan remains the centre piece of the progressive rehabilitation and closure plan (PRCP) for the operation.

The PRCP establishes detailed rehabilitation requirements including landform, flora and fauna and water management criteria, which will be used for success criteria upon mine closure.

Blair Athol is an integral part of the Clermont community. In addition to providing community group support, the Company has completed the onboarding of 16 local traineeships and is launching an apprenticeship program providing careers in mining and skills pathways to further support the future of Clermont and the wider central highlands region.

FY2022 Key Highlights ¹

Record Operating EBITDA	A\$350m
Total ROM Production	2.8Mt
Total Coal Sales	2.3Mt
Record Coal Price	A\$250

Key Statistics, Safety & Sales

- Low-Cost Producer with proven track record
- Open Cut operation, owner operator model
- Premium Thermal Product (5500 NAR)
 - High Energy
 - Low Ash
 - Low Sulphur
- TRIFR of 1.7 and LTIFR of 0.6
- Annual Coal Sales of 2.3Mt

Personnel

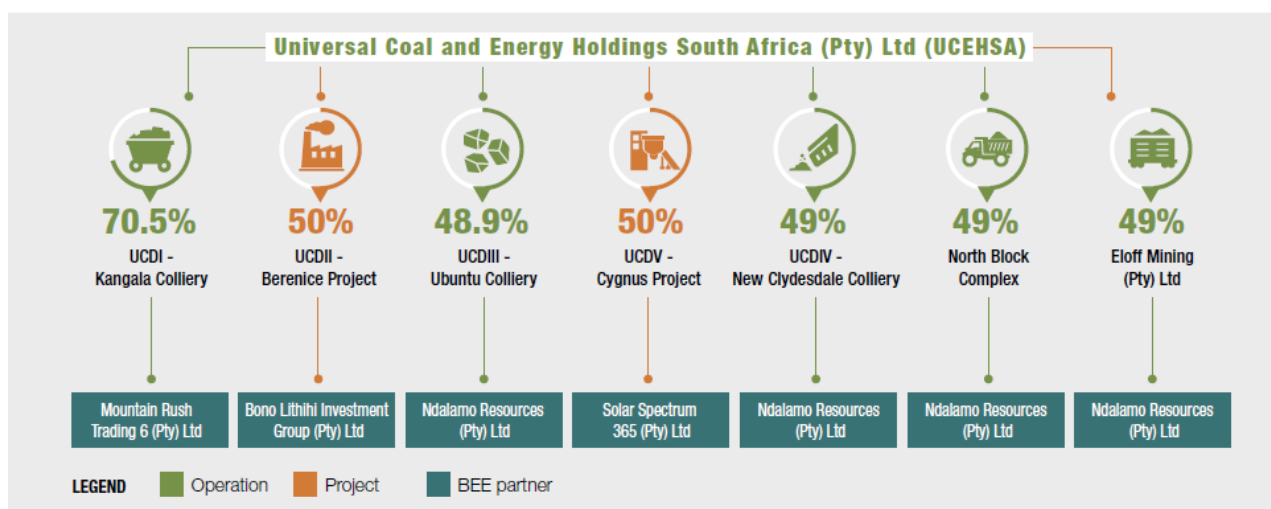
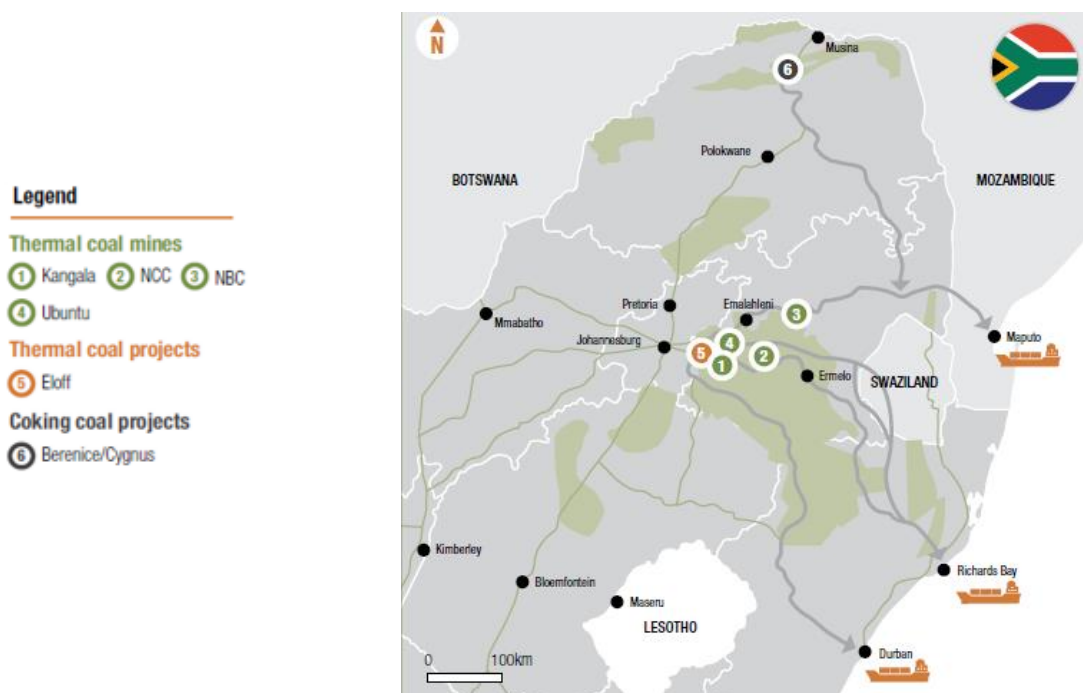
~ 200 personnel employed at Blair Athol as at 30 June 2022

¹ Non IFRS measure. Based on management accounts. The data represented does not include the results from the South African Business unit or TerraCom corporate costs.

South Africa

TerraCom, via its 100% ownership of Universal Coal Plc (**Universal**), holds an interest in a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

The South African operations provide domestic quality coal to Eskom (South Africa's government owned power utility) as well as export coal to customers via the Richards Bay and Maputo coal terminals.



Sustainability

Universal Coal takes a proactive approach towards environmental management. We aim to minimise and limit any negative environmental impacts that may arise from the mining activity and promote efficient use of resources. Prior to mining activities, all environmental impacts are identified, and environmental management plans developed.

Universal's approach to socio-economic development is about empowering previously disadvantaged members of our host communities with resources, support, and skills so they can become economically active and ultimately lead better lives.

FY2022 Key Highlights ¹

Record Operating EBITDA	\$50m
Total ROM Production	9.8Mt
Total Coal Sales	6.7Mt

Personnel

~ 3,500 personnel employed across all South African operations as at 30 June 2022

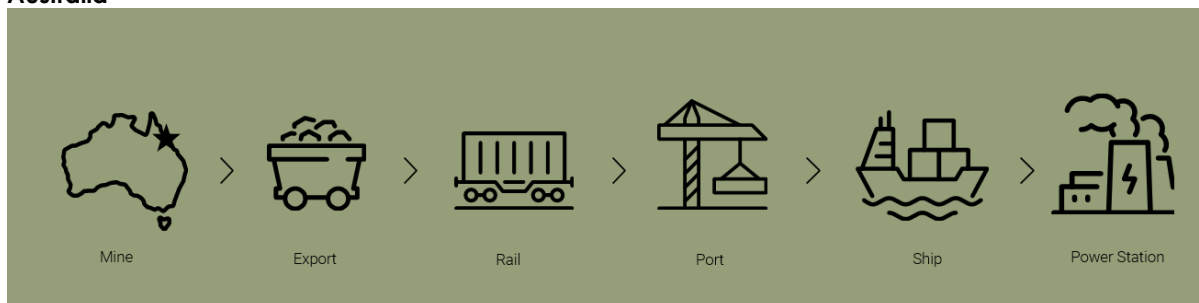
¹ Non IFRS measure. Based on management accounts. The data represented does not include the results from the Australian Business unit or TerraCom corporate costs.

Our Supply Chain

Supply Chain Overview

TerraCom and its subsidiaries transport product from mine to customer by rail, train, truck and ship. Business partners that provide our supply chain services are well established, reputable businesses in the industry.

Australia



South Africa



Our Business

Our supply chain supports the business through acquisition of the goods and services which are required to operate, and we are focused on ensuring the benefits of our operations are seen and felt locally.

Our commitment to all our stakeholders is that modern slavery is profoundly unacceptable within our operations and supply chains and combatting it is an important element of our overall approach to business.

Through focusing on initiatives and improvements in our response to modern slavery risks across TerraCom, our aim is to minimise the risks of modern slavery in our supply chains and operations and demonstrate our values in creating a better tomorrow.

Our preference is to work with local suppliers; as a result, this promotes local community growth and supports the availability of skilled labour, goods, and services from stakeholders near our operations in Australia and South Africa.

Identifying and addressing the risks of modern slavery

TerraCom is committed to identifying and addressing modern slavery risks within our operations and supply chains.

We currently assess our effectiveness in identifying the potential for TerraCom to cause, contribute to or be directly linked to modern slavery by tracking our actions and outcomes, engaging with suppliers, and undertaking internal governance checks. To build on activities undertaken to date, we are working on implementing a range of initiatives during FY23 to reflect potential risks as outlined below:

- ✓ Identify and assess parts of the business which may be subject to modern slavery risks
- ✓ Conduct appropriate due diligence on suppliers and assess risks, with a focus on top level suppliers by spend value
- ✓ Create and distribute anti-modern slavery training packages to applicable employees
- ✓ Update website to include modern slavery information
- ✓ Addition of modern slavery clauses in all new supplier contracts

TerraCom requires all our suppliers to operate in an ethical, responsible, open and transparent manner and be compliant with all applicable laws and regulations. Through our supply chain we recognise the potential to contribute to, or be directly linked to, the risk of modern slavery and human trafficking. To understand our potential exposure, we follow a risk-based approach to identify the types of suppliers that may have a higher risk of modern slavery practices. Suppliers who meet certain criteria that are considered potentially high-risk by TerraCom are subject to further review.

Actions

We consider all reasonable measures have been implemented across our operations to identify, prevent and mitigate the risks of modern slavery, and our key recruitment and labour management processes include:

- Undertaking checks before TerraCom enters into an employment contract i.e. requesting copies of identification (such as passports and driver licences) to confirm age and identity.
- Undertaking a Visa Entitlement Verification Online (VEVO) check on all non-Australian citizens to ensure appropriate rights to work in Australia are in place.
- Providing all workers with a written employment contract with employment terms clearly described.
- Ensuring all workers are free to lawfully resign their employment without any penalties or restrictions.
- Paying all workers their legal pay entitlements on time and providing all employees with payslips that define wage payments, leave entitlements and deductions.
- Providing safe accommodation at our mine site or within close proximity to the mine site and ensure all workers are free to leave at will.
- Ensuring all TerraCom employees have access to the Company's Code of Conduct and other related policies and procedures which are located at www.terracomresources.com.
- Promoting safe and respectful behaviours and ensuring our message on the need for safe and respectful behaviours is cascaded through our workplaces.

Consultation with Subsidiaries

TerraCom's Financial Statements incorporate the assets, liabilities and financial performance of material subsidiaries (Note 41 of the 2022 Financial Statements available at www.terracomresources.com), in accordance with its accounting policies. As such, this statement is a joint statement of TerraCom on its own behalf and on behalf of its subsidiaries, in accordance with section 14 of the *Modern Slavery Act 2018* (Cth).

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) and was published in December 2022.

Reporting Period

This report covers the period from 1 July 2021 - 30 June 2022 unless otherwise stated.