



REMUNERATION COMMITTEE CHARTER

The Board of Gunns Limited (*the Company*) is responsible for the management, administration and overall corporate governance of the Company, including developing strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board of the Company has ultimate responsibility to set policy regarding the business and affairs of the Company and its subsidiaries for the benefit of the shareholders and other stakeholders of the Company. The Board is ultimately accountable to shareholders for the performance of the Company.

The Remuneration Committee (*the Committee*) is established by the Board to assist in aspects of the Board functions relating to implementing and reviewing remuneration policies for the Company, with a focus on the pursuit of long-term growth and recognition for contributions to improvements in company performance.

The Committee has all necessary access to internal and external resources, including access to advice from external consultants or specialists.

1. Composition

It is intended that the composition of the Committee be determined using the following principles:-

- a) The Committee must comprise at least three Directors (this number may be increased by the Board where it is felt that additional expertise is required)
- b) The Committee must comprise a majority of non-executive Directors, with at least 50% of the Committee being independent non-executive Directors
- c) The Chairman of the Committee must be an independent non-executive Director.

2. Role

The Committee must report to the Board on various aspects of its responsibility, which includes the following:-

- a) Review, determination and approval of remuneration arrangements for the Managing Director (including in relation to quantum and structuring of the package)
- b) Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management, remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group
- c) Review the senior management performance assessment processes and results as they reflect the capability of management to realise the business strategy
- d) Review and approve short term incentive strategy, performance targets and bonus payments for senior management

- e) Review and recommend to the Board major changes/developments to the long term incentive plan and approve allocation of equities within the delegated authority from the Board
- f) Review and recommend to the Board the remuneration arrangements for the non-executive directors of the Board
- g) Be satisfied that the Board and management have available to them sufficient information to ensure informed decision-making regarding remuneration
- h) Review and recommend to the Board the remuneration report prepared in accordance with the Corporations Act 2001 (Cth) for inclusion in the annual directors' report.

Whilst the Committee has access to the resources and information it requires to perform these functions, it must not allow individuals to be directly involved in determining their remuneration.

3. Administrative Matters

The Committee determines a schedule of meetings at the beginning of each year. Additional meetings are held as required to address specific issues.

The Company Secretary attends meetings of the Committee as minute secretary.

The quorum is at least 2 Committee members.

The Committee may invite others to attend Committee meetings (or parts of meetings) as it sees fit.

All minutes of the Committee meeting are signed by the Committee Chairman as a true and correct record of the Committee meeting, are entered into the minute book and will be open for inspection by any Director. A report of the actions of the Committee and a copy of the minutes of the Committee meeting will be included in the papers for the next full Board meeting after each Committee meeting.

All Directors and other attendees at Committee meetings are, as officers and/or fiduciaries, required to keep all information presented to (whether written or oral) or discussed at Committee meetings confidential.

4. Review

The Board of the Company will on an annual basis review the membership, processes and Charter of the Committee in order to determine the adequacy of these factors for current circumstances, continuing effectiveness and efficiency. The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.