

## REMUNERATION COMMITTEE

### 1. Terms of reference.

N.B. The Committee shall consult the Chairman or Managing Director of the Company about its proposals relating to the remuneration of other executive directors.

- 1.1 To determine and agree with the Board a broad policy for the remuneration of the executive directors and members of the executive committee; to establish and maintain a formal and transparent procedure for developing the policy and for fixing the remuneration packages of individual executive directors and members of the executive committee.
- 1.2 To consider at the invitation of the Board any request made by a director of the Company to accept an outside directorship or other outside interest and make recommendations thereon to the Board.
- 1.3 To decide upon any proposals for the payment of any pension or annuity to an Executive Director or past Executive Director of St Ives plc.
- 1.4 To decide upon any proposals for the payment of additional company's contributions to any pension, annuity or life assurance policy in respect of an Executive Director of St Ives plc or his spouse, partner, ex-spouse, children or step-children.
- 1.5 To decide upon any proposals for the funding or granting of any service credit for the benefit of an Executive Director's pension arrangement.
- 1.6 Within the terms of the agreed policy, and in consultation with the chairman, determine Executive Directors' commencement salaries and perquisites, including bonuses, incentive payments and share options and proposals for any subsequent changes thereto.
- 1.7 In determining such packages and arrangements, to give due regard to the contents of the Combined Code and the UK Listing Authority's Listing Rules and associated guidance and any other factors it deems necessary.

- 1.8 To determine formulae for calculating Executive Directors' performance-related remuneration.
  - 1.9 To agree a policy for authorising claims for expenses from the Managing Director and the Chairman.
  - 1.10 To collect together comparative remuneration data within and without the Group to enable the Committee to carry out the above functions and to establish terms of reference for any recruitment or remuneration consultants who advise the Committee.
  - 1.11 To approve terms of Executive Directors' draft Service Agreements, including any compensation payments specified therein, ensuring that the duty to mitigate loss is appropriately recognised.
  - 1.12 To decide upon the granting of options to Executive Directors and members of the executive committee under the Company's Discretionary Share Option Schemes and Long Term Incentive Plans and to set appropriate performance conditions which are to be satisfied prior to the exercise by participants of any options or similar benefits so granted.
  - 1.13 To consider any other matters from time to time delegated to it by the Board.
2. To establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
  3. The Committee shall not be authorised to ratify any act which these terms of reference require it formally to consider, nor shall it be authorised to delegate its powers.
  4. The Committee shall meet at least two times in each year. In addition, any member of the Committee, the Board in full meeting, or the Company Secretary, shall be authorised to convene a meeting of the Committee. Notice of any meeting so convened shall be communicated, by telephone and letter, to all committee members in good time to allow each member the opportunity to attend and, in any event, at least 48 hours' notice shall be given.

5. The Committee may, as it decides, obtain advice from or invite any other Director, Executive, Consultant or Professional Adviser to attend meeting(s) of the Committee. In the event the Committee decides to incur expenditure in obtaining advice, the Chief Executive shall be advised in advance and the Company Secretary shall be consulted and shall assist in preparing instructions and settling the basis for calculating advisors' fees.
6. The Committee shall be made up of at least three serving Independent Non-executive Directors.
7. The quorum shall be two.
8. Proceedings of Committee meetings shall in all other respects be governed by the Company's Articles of Association.

June 2005