

# Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985 incorporating the Directors' Remuneration Report Regulations 2002. An ordinary resolution for the approval of the report will be put to stockholders at the AGM on 27 January 2006.

## Remuneration Committee

The company has a remuneration committee whose terms of reference include setting the fees of the directors. The full terms of reference are posted on the company's website. The committee is chaired by Hamish Leslie Melville and the other members are Douglas McDougall and Hamish Buchan.

The remuneration committee met on 27 May 2005 and considered the level of directors' fees. Although these are below the level recommended by external consultants in 2003, the committee has proposed that no increase in fees be sought at the present time.

## Policy on Directors' Fees

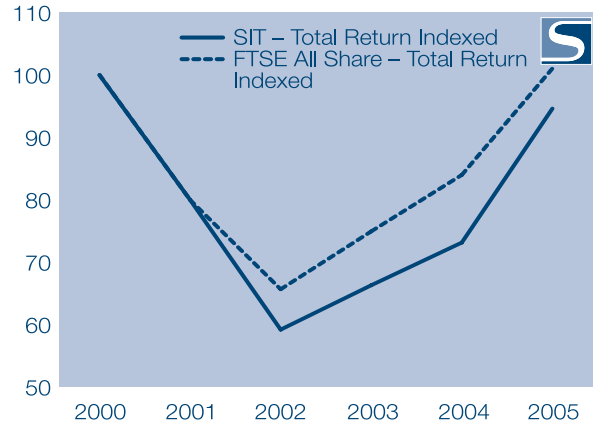
At the year end the board consisted of six directors, all of whom are non-executive. Directors' fees are set with a view to attracting individuals of appropriate calibre and experience, taking into account the time commitment required and the level of fees paid by similar investment trusts. It is intended that this policy shall apply for the year to 31 October 2006 and to subsequent years. The directors do not receive bonuses, share options, long-term incentives, pension or other benefits.

## Service Contracts

The directors do not have service contracts as such. They have letters of appointment for fixed terms of not more than three years which can be renewed but there is no notice period and no compensation is payable on early termination. All directors are subject to retirement by rotation and re-election subject to stockholders' approval at intervals of not more than three years.

## Company Performance

The graph below shows the company's five year total return compared to the notional return on the FTSE All-Share Index over the same period. This index has been chosen as it is a common performance comparator for companies like SIT.



## Directors' Emoluments for the Year to 31 October 2005 (audited)

Fees	2005 £	2004 £
Douglas McDougall	35,000	35,000
Sir George Mathewson	20,000	20,000
Francis Finlay	20,000	20,000
Hamish Leslie Melville	20,000	20,000
Hamish Buchan	20,000	19,130
Jim MacLeod	3,333	–
Sir Paul Nicholson	5,000	20,000
	123,333	134,130

Fees in respect of Mr Hamish Leslie Melville were paid to Credit Suisse First Boston. The other directors receive their fees personally.

## Approval

The directors' remuneration report was approved by the board on 5 December 2005 and signed on its behalf by the chairman of the remuneration committee.

Hamish Leslie Melville

12 December 2005