

ALLIANCE TRUST PLC
TERMS OF REFERENCE
REMUNERATION COMMITTEE
(April 2011)

1. Constitution

It is hereby resolved that the Remuneration Committee of the board formed by resolution of the directors on 12 December 2003 be continued on the following terms:

2. Membership

The Committee shall be appointed by the board from amongst the directors of the Company and shall consist of not less than 3 members all of whom shall be independent non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee.

The Chairman of the Committee shall be an independent non-executive director appointed by the board and will not have a second or casting vote in any matter to be determined by the Committee or recommended by the Committee to the board. The Chairman of the board shall not chair the Committee, nor shall they attend when matters relating to their own remuneration are being considered by the Committee.

3. Attendance

Only members of the Committee shall have the right to attend meetings. The following may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

- The Chief Executive
- The Head of HR
- External Advisers

4. Secretary

The Company Secretary or his nominee shall act as the Secretary of the Committee.

5. Quorum

A quorum shall be two members. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. Meetings

Meetings shall be held at least twice a year and otherwise at such times as the Committee consider necessary in fulfillment of its duties.

7. Notice of meetings

Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee chairman.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. Minutes of meetings

The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

Draft minutes of Committee meetings will be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.

9. Annual General Meeting

The Committee chairman should attend the annual general meeting to answer shareholder questions on the Committee's activities.

10. Duties

The Committee shall:

- a) determine and agree with the board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider and of any staff subject to the restrictions contained in the FSA Remuneration Code. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the board. No director or manager shall be involved in any decisions as to their own remuneration;
- b) in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and the achievement of investment objectives and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;

- c) review the ongoing appropriateness and relevance of the remuneration policy;
- d) approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- e) review the design of all share incentive plans for approval by the board and shareholders. For any such approved plans, determine each year in accordance with the rules of the plan whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
- f) determine the policy for, and scope of, pension arrangements for each Executive director and other senior executives;
- g) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- h) within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total individual remuneration package of each executive director and staff covered by the FSA Remuneration Code including bonuses, incentive payments and share options or other share awards;
- i) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code, the UK Listing Authority's Listing Rules, the FSA Remuneration Code and associated guidance. In particular the Committee will, for those members of staff to whom they are applicable, have regard for the principles enunciated in the FSA Remuneration Code;
- j) review and note annually the remuneration trends across the Company and Group;
- k) oversee any major changes in employee benefits structures throughout the Company or group;
- l) agree the policy for the reimbursement of the expenses of the Company's Chief Executive and Chairman;
- m) be exclusively responsible for establishing the selection criteria, selecting, Appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- n) 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 fulfill its obligations.

11. Reporting

The Committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report having regard to the provisions for disclosure and ensure each year that it is put to shareholders for approval at the AGM.

12. Other matters

The Committee shall:

- a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- c) give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, the FSA Remuneration Code and any other applicable Rules, as appropriate; and
- d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

13. Authority

The Committee is authorised to seek any information it requires directly or otherwise from any employee of the Company in order to perform its duties.

The Committee is authorised to obtain, at the Company's expense, outside legal or independent professional advice on any matters within its terms of reference.