




The image shows two overlapping forms from the PRI LEA (Leadership Engagement) toolkit. The top form is LEA 02, titled 'Disruptive Mandatory', and the bottom form is LEA 03, titled 'Gateway'. Both forms are designed for recording engagement activities and reasons for interaction.

Type of engagement	Reason for interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff

RI TRANSPARENCY REPORT

2014/15

Alliance Trust PLC



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	-	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	-	n/a	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	⚙	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Alliance Trust PLC

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the category which best represents your primary activity.

- ☐ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☐ Insurance company
- ☐ Foundation or endowment
- ☐ Development finance institution
- ☐ Reserve - sovereign or government controlled fund
- ☒ Other, specify

Alliance Trust plc is one of the largest generalist self-managed investment trusts by market capitalisation in the United Kingdom.

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☒ 1
- ☐ 2-5
- ☐ 6-10
- ☐ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

278

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes
- ☒ No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		4	909	427	207
Currency	GBP				
Assets in USD		8	118	164	601

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06**Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income – corporate	<10%	0
Fixed income – government	<10%	0
Fixed income – other	<10%	0
Private debt	0	0
Private equity	<10%	<10%
Property	<10%	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2	Indicate the proportion of your externally managed assets in fund-of-funds.
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	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1

Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

Gateway asset class implementation indicators**OO 10****Mandatory****Gateway****General****OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 11**Mandatory****Gateway****General****OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☒ Private equity
- ☒ Property
- ☒ Cash
- ☐ None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☒ Private equity
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below.
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This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
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- ☐ Fixed Income - Corporate
- ☐ Fixed Income - Government

	Direct - Other asset classes with dedicated modules
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- ☐ Private Equity
- ☐ Property

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers
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- ☐ Private Equity

Closing module

- ☒ Closing module

Alliance Trust PLC

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- ☒ Yes
☐ No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- ☒ Yes
☐ No

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- ☒ Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

http://www.alliancetrust.co.uk/pdfs/stewardship_policy_statement.pdf

- ☐ No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- ☒ Yes
☐ Yes, all
☒ Yes, some

OA 02.4 List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Sustainable Future fund range	http://www.alliancetrustinvestments.com/global/documents/3301/A-Guide-to-SRI
SRI sustainability and ethical position	http://www.alliancetrustinvestments.com/global/documents/6076/2013/36468/SRI-position-on-sustainability.pdf

☐ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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Within the range of funds managed by the team, additional screening criteria apply to the UK ethical fund as described in the fund literature.

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

OA 04.2Describe your policy on managing potential conflicts of interest in the investment process.
[Optional]

Alliance Trust is committed to maintaining appropriate arrangements to identify, manage, and mitigate actual and potential conflicts of interest, with the objective of ensuring that our shareholders and clients are not adversely affected. It is our duty to act in the best interests of our shareholders and clients in the conduct of our investment business, including when engaging with investee companies and exercising our rights as shareholders. A detailed conflicts of interest procedure document covers all group companies and aims to ensure that any conflicts of interest that may arise are identified, managed, and mitigated.

☐ No

Objectives and strategies

OA 05**Mandatory****Gateway/Core Assessed****General****OA 05.1**

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
- ☐ Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
- ☒ Biannually
- ☐ Annually
- ☐ Every two years or less
- ☐ It is not reviewed

☐ No

OA 06**Voluntary****Descriptive****General****OA 06.1**

List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☒ Add responsible investment objective 1

Objective 1	Increase the proportion of the investment team whose personal performance objectives are directly linked with achieving targets for integrated stewardship activities
Key performance indicators	Proportion of the investment team whose personal performance objectives are directly linked with achieving targets for integrated stewardship activities
Describe the progress achieved	The whole investment team's personal performance objectives are linked with achieving the responsible investment strategy of the business

☒ Add responsible investment objective 2

Objective 2	Collate more written evidence of ESG analysis being integrated in the investment process and linked to profit and value enhancement
Key performance indicators	Number of written examples of ESG analysis being integrated in the investment process and linked to profit and value enhancement
Describe the progress achieved	Examples of ESG analysis being integrated in the investment process are described in section LEI17

☒ Add responsible investment objective 3

Objective 3	Draft and use a statement of ESG engagement priorities
Key performance indicators	Existence and use of a statement of ESG engagement priorities
Describe the progress achieved	The team's 2014 ESG engagement priorities were: fair treatment of workers, valuing natural capital, and transparency in the financial system (further details in LEA14)

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Conduct engagement in three priority areas of responsible finance, human rights, and natural capital
Key performance indicators	Number and outcome of engagements compared to targets

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Active voting of shares
Key performance indicators	Percentage of votes cast based on the total number of items on which we could have voted

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Quantify more of the good that our investee companies do by developing an approach to social impact measurement
Key performance indicators	Existence and use of an approach to social impact measurement

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.
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Oversight of the organisation's responsible investment activities reaches the highest level of the company, with the chief executive chairing a new stewardship group in 2014 to develop and oversee the organisation's responsible investment activities. The stewardship group met quarterly in 2014.

The investment team benefits from an independent external advisory committee (<http://www.alliancetrustinvestments.com/global/documents/6076/2013/36468/SRI-Newsletter-Feb-2013>).

The investment team has day-to-day responsibility for its responsible investment activities, and integrating these in the investment decision making processes.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
 - Heads of desk**
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
 - ☒ Portfolio managers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
 - ☒ Investment analysts
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
 - ☒ Dedicated responsible investment staff
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
 - ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☒ No oversight/accountability or implementation responsibility for responsible investment
 - ☐ Other role, specify
 - ☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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Number

14

OA 09	Voluntary	Additional Assessed	General
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OA 09.1

Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Board members/Board of trustees

- ☒ Responsible investment included in personal development and/or training plan

OA 09.2

Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

The board received a presentation from the executive management team regarding sustainability (including responsible investment) elements of the group's proposed 2020 strategy.

The Chairman participated in a meeting with the investment team and the independent external advisory committee on sustainability.

The board received a presentation from the head of equities about the investment team's responsible investment plans for 2015, including major planned engagement, active voting of shares, and quantifying the good that portfolio companies do.

- ☐ None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Other C-level staff or head of department

Heads of desk

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Portfolio managers

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Investment analysts

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Dedicated responsible investment staff

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

- ☒ Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
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- ☐ Basic
- ☐ Moderate
- ☒ Advanced
- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

	Your organisation's role in the initiative during the reporting period (see definitions)
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- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ CDP Forests
- ☒ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☒ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
UKSIF and Eurosif

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Shareholder Association for Research and Education (Share)
- ☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

☒ Other collaborative organisation/initiative, specify

World Business Council on Sustainable Development

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

☒ Other collaborative organisation/initiative, specify

United Nations Conference on Trade and Development

Your organisation's role in the initiative during the reporting year (see definitions)

- ☒ Basic
☐ Moderate
☐ Advanced

☒ Other collaborative organisation/initiative, specify

Scottish Forum on Natural Capital

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

☒ Other collaborative organisation/initiative, specify

World Economic Forum

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☐ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

OA 11.3

Additional information. [Optional]

The Chief Executive gave the keynote speech on Finance as a Force for Good for Tomorrow's Finance (<http://www.alliancetrustinvestments.com/global/documents/6076/2014/July/Finance-as-a-Force-for-Good.pdf>).

The Alliance Trust Sustainable Future Hub (<http://www.alliancetrustinvestments.com/sri-hub>) publishes some of the team's views and research papers on responsible investment.

Alliance Trust was a contributing sponsor of the Natural Capital Initiative's Valuing Our Life Support Systems summit in November 2014.

The Chief Executive published an article in The Guardian entitled "Economic growth at risk when natural assets are degraded or depleted" (<http://www.theguardian.com/sustainable-business/blog/economic-growth-natural-capital-environment>).

In October 2014, Alliance Trust supported Good Money Week, a campaign to raise awareness of sustainable, responsible, and ethical finance.

External private equity fund managers were asked for their views on adopting the PRI.

The group's website includes full holdings lists for the funds (<http://investor.alliancetrust.co.uk/ati/investorrelations/list-of-stock-holdings.htm> and <http://www.alliancetrustinvestments.com/sri-hub/archive/posts/2013/July/do-you-know-what-you-own>).

OA 12**Voluntary****Additional Assessed****PRI 4,5,6****OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

☒ Yes

- ☐ Yes, individually
- ☒ Yes, in collaboration with others

OA 12.2

Select the methods you have used.

- ☒ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☐ Drafted your own written submissions to governments, regulators or standard-setters
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

OA 12.3

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

☐ Yes, publicly available☒ No☐ No**ESG issues in asset allocation****OA 13****Voluntary****Descriptive****PRI 1****OA 13.1**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

☐ Yes☒ No**OA 14****Voluntary****Descriptive****PRI 1****OA 14.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☒ Yes**OA 14.2**

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

0.35

OA 14.3

Please specify which thematic area(s) you invest in and provide a brief description.

Area

☒ Clean technology (including renewable energy)

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☒ Private equity
- ☐ Property
- ☐ Cash

Brief description of investment

Climate Change Capital private equity, a European resource efficiency fund, and Impax New Energy Investors, a European solar and wind power fund

- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☒ Other area, specify

Financial inclusion in Asia and Africa

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☒ Private equity
- ☐ Property
- ☐ Cash

Brief description of investment

LeapFrog Financial Inclusion Fund II, a financial inclusion fund investing in the high growth area of financial services in certain Asian and African countries, with a particular focus on the insurance sector

☐ No

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☒ Yes

OA 18.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

The Alliance Trust Sustainable Future risk profiled fund range won the 2014 Award for Innovation at the Investment Week Sustainable Investment Awards.

☐ No

Assurance of responses

OA 19**Voluntary****Additional Assessed****General****OA 19.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

☒ Yes

OA 19.2

Indicate who has reviewed, validated and/or assured your reported information.

☒ Reviewed by Board, CEO, CIO or Investment Committee

☒ Validated by internal audit or compliance function

☐ Assured by an external independent provider, specify name

☐ No

Alliance Trust PLC

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active – fundamental and other active strategies

	% of internally managed listed equities
<input type="radio"/> <10%	
<input type="radio"/> 10-50%	
<input checked="" type="radio"/> >50%	

LEI 02	Voluntary	Descriptive	PRI 1
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LEI 02.1

Provide a brief overview of how you incorporate ESG issues into listed equity investments.

The investment team believes that a combination of screening, thematic, and integration ESG incorporation strategies is the best way to apply their investment philosophy. Within the range of funds managed by the team, the combinations are different. For example, there is a greater degree of screening in the team's UK ethical fund.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☒ All three strategies combined

Percentage of actively managed listed equities to which each strategy or combination of strategies is applied - you may (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> 100
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- ☐ No incorporation strategies applied

	Total actively managed listed equities
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100%

LEI 03.2 Describe your primary reasons for choosing a particular ESG incorporation strategy.

The investment team believes that a combination of screening, thematic, and integration ESG incorporation strategies is the best way to apply their investment philosophy. Within the range of funds managed by the team, the combinations are different. For example, there is a greater degree of screening in the team's UK ethical fund.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Country-related analysis or ratings
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 04.2

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

Screening

The investment team has access to a list of companies which manufacture cluster munitions or landmines so that they can exclude these companies from their list of potential investments.

The investment team also screens to exclude the following businesses from its Sustainable Future fund portfolios:

- companies that do not have policies and practices to address responsible marketing, consumption and sale of alcoholic products;
- companies that derive >10% of turnover from the provision of animal testing services;
- companies that derive >10% of turnover from the manufacture of cosmetics or cosmetic intermediates that are tested on animals;
- companies that derive >10% of turnover from the retail sale of own-brand cosmetics that are tested on animals;
- companies that derive >10% of turnover from the manufacture of household products that are tested on animals unless the company policies and programmes to minimise testing are considered good practice;
- companies that derive >10% of turnover from airports, airlines or cars powered by the internal combustion engine;

- oil and gas companies whose reserves are typically under 70% natural gas, or which have more than 10% of reserves in oil sands, or are drilling offshore in the Arctic;
- companies that derive >10% of turnover from the production of energy intensive materials and other high impact activities, unless management have introduced substantive steps to minimise greenhouse gas emissions;
- forestry and paper companies that do not have policies and practices in place to ensure that forests are managed in a sustainable way;
- companies that are involved in the deforestation of primary or virgin forest or illegal logging practices;
- companies that derive >10% of turnover from the management or ownership of gambling facilities;
- companies involved in the uncontrolled release of genetically engineered organisms into the environment;
- companies judged not to be addressing serious allegations (narrowly interpreted) of violations of international human rights laws and standards including the OECD Guidelines for Multi-National Enterprises (2000) and the UN Global Compact (2000), among others;
- companies that are directly involved in the construction of large dam projects in developing countries if those projects have not met best practice standards;
- companies involved in the building of large scale infrastructure projects such as roads, airports or dams unless they are viewed as leaders within their sector with respect to stakeholder dialogue, environmental management and social and environmental impact assessment;
- companies that derive >10% of turnover from intensive meat and fish farming;
- companies that derive >10% of turnover from the manufacture of chemical pesticides;
- companies that derive >10% of turnover from the fur trade;
- companies judged not to be addressing serious allegations (narrowly interpreted) of breaches of labour standards such as those on child labour, forced labour, discrimination, union rights, working hours and health& safety;
- companies that derive >10% of turnover from owning or operating nuclear power stations, unless the company has made significant investment (>10% generation capacity) in renewable energy and does not have the option to divest their nuclear capacity (for example, owing to regulatory constraints that require utilities to operate nuclear facilities);
- companies that derive >10% of turnover from uranium mining or reprocessing of nuclear fuel;
- companies that derive >10% turnover from the development or manufacture of non-safety related products for nuclear power plants;
- companies that derive >10% of turnover from the manufacture or sale of ozone depleting substances;
- companies that derive >10% of turnover from the production or distribution of pornographic material;
- companies that derive >10% of turnover from owning or operating adult establishments;
- companies that derive >10% of turnover from the manufacture or sale of tobacco products; and
- companies that are major producers of full weapons systems or critical components of weapon systems. Major producers are defined as having >10% of turnover and/or >£100m revenue from offensive weapons systems.

The team's UK ethical fund also:

- excludes all companies that derive >10% of turnover from the production, distribution and/ or sale of alcohol products; and
- avoids investing in any company involved with animal testing.

Occasionally, positive benefits may be considered to outweigh the negative activities outlined in the team's screening criteria. In these cases, a balanced judgement is made on the recommendation of the sector specialist with oversight from the independent external advisory committee.

Thematic

The team looks at four key sustainability themes that cover ESG issues and how businesses will be affected by these trends. The team identifies companies that are set to benefit from these longer-term changes and invests if, following fundamental analysis, the team believes they are undervalued. The four themes are:

Climate change & energy efficiency - the team closely follows developments in political support and technological development, to identify firms that will thrive through providing solutions which will mitigate climate change and also help in adapting to the consequences of climate change. These range from companies developing renewable energy technologies to building insulation manufacturers;

Quality of life - focus on companies whose products and services deliver real improvements in well-being. These businesses will be supported and encouraged by society and include healthcare providers, particularly in life-saving drugs as well as education, healthy eating and healthy lifestyles;

Sustainable consumption - covers technologies that enable us to use resources more efficiently. This includes the treatment of water and waste and environmental technologies. In short, those companies helping us do more while using fewer resources; and

Resilience - companies that have leading environmental and social management. This theme also includes company leaders in their sectors which are set to benefit from their proactive management of issues and companies that help others manage their business risks, such as auditors of supply chains, which ensure child labour is not used.

Integration

The team analyses how a company's ESG factors affect its valuation. For example, the team assesses relevant factors like pollution incidents, staff satisfaction and carbon emissions. Companies which have integrated these issues have higher quality management and therefore they are more likely to prosper from a business perspective.

The team uses a sustainability matrix based on product sustainability (A-E) and management quality (1-5). For product sustainability, the team assesses how a company's product or area of business helps or harms society and/or the environment. For example, an 'A' rating could be awarded to a company involved in renewable energy or education. An 'E' rating would be assigned to a firm that conflicts with the principles of sustainable development, for example, a tobacco company. For management quality, the team assesses a company's practices, policies and structure relating to its environmental impact as well as social and governance related factors. A firm with excellent practices would be graded 1, whilst one with poor management practices would be a 5. For a company to be considered for inclusion in the Sustainable Future funds, it must rank C3 or higher on the matrix.

The team consults an independent external advisory committee, and draws on data from company meetings, broker research, academia, non-governmental organisations, and from providers including MSCI, ISS, and Ethical Screening.

LEI 04.3

Indicate if you incentivise brokers to provide ESG research.

☒ Yes

LEI 04.4

Describe how you incentivise brokers.

Alliance Trust collaborated on a report entitled, "Broken Models? Economics and ecosystem services" with Schroders and Newton Investment Management about the level of consideration of ESG issues by economists engaged by brokers.

☐ No

(A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
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The team excludes companies which manufacture cluster munitions or landmines.

The team also screens to exclude the following businesses from its Sustainable Future funds:

- companies that do not have policies and practices to address responsible marketing, consumption and sale of alcoholic products;
- companies that derive >10% of turnover from the provision of animal testing services;
- companies that derive >10% of turnover from the manufacture of cosmetics or cosmetic intermediates that are tested on animals;
- companies that derive >10% of turnover from the retail sale of own-brand cosmetics that are tested on animals;
- companies that derive >10% of turnover from the manufacture of household products that are tested on animals unless the company policies and programmes to minimise testing are considered good practice;
- companies that derive >10% of turnover from airports, airlines or cars powered by the internal combustion engine;
- oil and gas companies whose reserves are typically under 70% natural gas, or which have more than 10% of reserves in oil sands, or are drilling offshore in the Arctic;
- companies that derive >10% of turnover from the production of energy intensive materials and other high impact activities, unless management have introduced substantive steps to minimise greenhouse gas emissions;
- forestry and paper companies that do not have policies and practices in place to ensure that forests are managed in a sustainable way;
- companies that are involved in the deforestation of primary or virgin forest or illegal logging practices;
- companies that derive >10% of turnover from the management or ownership of gambling facilities;
- companies involved in the uncontrolled release of genetically engineered organisms into the environment;
- companies judged not to be addressing serious allegations (narrowly interpreted) of violations of international human rights laws and standards including the OECD Guidelines for Multi-National Enterprises (2000) and the UN Global Compact (2000), among others;
- companies that derive >10% of turnover from intensive meat and fish farming;
- companies that derive >10% of turnover from the manufacture of chemical pesticides;
- companies that derive >10% of turnover from the fur trade;
- companies judged not to be addressing serious allegations (narrowly interpreted) of breaches of labour standards such as those on child labour, forced labour, discrimination, union rights, working hours and health& safety;

- companies that derive >10% of turnover from owning or operating nuclear power stations, unless the company has made significant investment (>10% generation capacity) in renewable energy and does not have the option to divest their nuclear capacity (for example, owing to regulatory constraints that require utilities to operate nuclear facilities);
- companies that derive >10% of turnover from uranium mining or reprocessing of nuclear fuel;
- companies that derive >10% turnover from the development or manufacture of non-safety related products for nuclear power plants;
- companies that derive >10% of turnover from the manufacture or sale of ozone depleting substances;
- companies that derive >10% of turnover from the production or distribution of pornographic material;
- companies that derive >10% of turnover from owning or operating adult establishments;
- companies that derive >10% of turnover from the manufacture or sale of tobacco products; and
- companies that are major producers of full weapons systems or critical components of weapon systems. Major producers are defined as having >10% of turnover and/or >£100m revenue from offensive weapons systems.

The team's UK ethical fund also:

- excludes all companies that derive >10% of turnover from the production, distribution and/ or sale of alcohol products; and
- avoids investing in any company involved with animal testing.

Occasionally, positive benefits may be considered to outweigh the negative activities outlined in the team's screening criteria. In these cases, a balanced judgement is made on the recommendation of the sector specialist with oversight from the independent external advisory committee.

☒ Positive/best-in-class screening

Screened by

- ☐ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

	Description
--	-------------

The team screens to exclude the following businesses from its Sustainable Future funds:

companies that are directly involved in the construction of large dam projects in developing countries if those projects have not met best practice standards; and

companies involved in the building of large scale infrastructure projects such as roads, airports or dams unless they are viewed as leaders within their sector with respect to stakeholder dialogue, environmental management and social and environmental impact assessment.

☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
--	-------------

The team screens to exclude the following businesses from its Sustainable Future portfolios:

- companies judged not to be addressing serious allegations (narrowly interpreted) of violations of international human rights laws and standards including the OECD Guidelines for Multi-National Enterprises (2000) and the UN Global Compact (2000), among others; and
- companies judged not to be addressing serious allegations (narrowly interpreted) of breaches of labour standards such as those on child labour, forced labour, discrimination, union rights, working hours and health& safety.

Occasionally, positive benefits may be considered to outweigh the negative activities outlined in the team's screening criteria. In these cases, a balanced judgement is made on the recommendation of the sector specialist with oversight from the independent external advisory committee.

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Any material change to the investment process for Alliance Trust plc may require prior shareholder approval.

The team reviews its screening criteria for the Sustainable Future funds in collaboration with its independent external advisory committee. Any change to the screening criteria is notified to clients and/or beneficiaries via the Sustainable Future Hub website (<http://www.alliancetrustinvestments.com/sri-hub>). If the team needs to adjust its portfolios owing to a change to its screening criteria, it has six months from the change to sell the relevant securities.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 07.2	Additional information. [Optional]
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The team has an independent external advisory committee which the team consults regarding its screening practices.

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:

☒ Systematic

☐ Occasional

☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.

☒ Audits of fund holdings are undertaken regularly by internal audit function

☒ Other, specify

The named fund managers, supported by the investment analysts, check to ensure that stocks meet the funds' screening criteria.

☐ None of the above

LEI 08.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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The team has up to six months to sell securities if they breach any fund screening criteria. The team consults its independent external advisory committee before buying a new security to reduce the possibility that it buys a security that should have been excluded.

(B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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☐ Environmentally themed funds

☐ Socially themed funds

☒ Combination of themes

LEI 09.2	Describe your organisation's processes for sustainability themed funds. [Optional]
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The team looks at four key sustainability themes that cover ESG factors and how businesses will be affected by these trends. The team identifies companies that are set to benefit from these longer-term changes and invests if, following fundamental analysis, the team believes they are undervalued. The four themes are:

- Climate change& energy efficiency - the team closely follows developments in political support and technological development, to identify firms that will thrive through providing solutions which will mitigate climate change and also help in adapting to the consequences of climate change. These range from companies developing renewable energy technologies to building insulation manufacturers;

- Quality of life - focus on companies whose products and services deliver real improvements in well-being. These businesses will be supported and encouraged by society and include healthcare providers, particularly in life-saving drugs as well as education, healthy eating and healthy lifestyles;
- Sustainable consumption - covers technologies that enable us to use resources more efficiently. This includes the treatment of water and waste and environmental technologies. In short, those companies helping us do more while using fewer resources; and
- Resilience - companies that have leading environmental and social management. This theme also includes company leaders in their sectors which are set to benefit from their proactive management of issues and companies that help others manage their business risks, such as auditors of supply chains, which ensure child labour is not used.

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
LEI 10.1	Describe how you integrate ESG factors into investment decision making processes.		
<p>Alliance Trust offers a variety of equity products across different geographical regions and investment styles, reflecting the group's broader investment philosophy shaped by investing across a range of asset classes since 1888. Each product has a distinct investment process and philosophy but the team shares a broad focus on fundamental analysis building bottom-up assessments of sustainable corporate development and financial performance. Taking an integrated approach to responsible investment - rather than via separate investment and ESG teams - the fund managers and investment analysts assess a range of issues they believe might result in future material opportunities or risks for investee companies, including financial and ESG factors.</p> <p>The team analyses how a company's ESG factors affect its valuation. For example, the team assesses relevant factors like pollution incidents, staff satisfaction and carbon emissions. Companies which have integrated these issues, have higher quality management and therefore, they are more likely to prosper from a business perspective.</p> <p>The team uses a sustainability matrix based on product sustainability (A-E) and management quality (1-5). For product sustainability, the team assesses how a company's product or area of business helps or harms society and/or the environment. For example, an 'A' rating could be awarded to a company involved in renewable energy or education. An 'E' rating would be assigned to a firm that conflicts with the principles of sustainable development, for example, a tobacco company. For management quality, the team assesses a company's practices, policies and structure relating to its environmental impact as well as social and governance related factors. A firm with excellent practices would be graded 1, whilst one with poor management practices would be a 5. For a company to be considered for inclusion in the Sustainable Future funds, it must rank C3 or higher on the matrix.</p>			
LEI 11	Mandatory	Core Assessed	PRI 1
LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.		

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 11.2	Additional information. [Optional]
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The team analyses how a company's ESG factors affect its valuation. For example, the team assesses relevant factors like pollution incidents, staff satisfaction and carbon emissions. Companies which have integrated these issues, have higher quality management and therefore, they are more likely to prosper from a business perspective.

The team uses a sustainability matrix based on product sustainability (A-E) and management quality (1-5). For product sustainability, the team assesses how a company's product or area of business helps or harms society and/or the environment. For example, an 'A' rating could be awarded to a company involved in renewable energy or education. An 'E' rating would be assigned to a firm that conflicts with the principles of sustainable development, for example, a tobacco company. For management quality, the team assesses a company's practices, policies and structure relating to its environmental impact as well as social and governance related issues. A firm with excellent practices would be graded 1, whilst one with poor management practices would be a 5. For a company to be considered for inclusion in the Sustainable Future funds, it must rank C3 or higher on the matrix.

LEI 12	Voluntary	Additional Assessed	PRI 1
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LEI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 12.2

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

LEI 13**Mandatory to Report Voluntary to Disclose****Core Assessed****PRI 1****LEI 13.1**

Indicate into which aspects of investment analysis you integrate ESG information.

- ☒ (Macro) economic analysis
 - ☐ Systematically
 - ☒ Occasionally
- ☒ Industry analysis
 - ☐ Systematically
 - ☒ Occasionally
- ☒ Analysis of company strategy and quality of management
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Idea generation
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Portfolio construction
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Fair value/fundamental analysis
 - ☒ Systematically
 - ☐ Occasionally

LEI 13.2

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- ☒ Adjustments to income forecasts (sales, earnings, cash flows)
- ☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☒ Other adjustments to fair value projections, specify
Adjustment to valuation multiples
- ☐ Other, specify

Outputs and outcomes**LEI 15****Voluntary****Descriptive****PRI 1**

LEI 15.1

Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

☒ Screening

Describe any reduction in your starting investment universe or other effects.

The policy to exclude companies which directly manufacture cluster munitions or landmines removes companies representing about 0.3% of the weight of the MSCI All Country World Index from consideration for investment.

The team's screening criteria mentioned in response to LEI 04.2 screens out about half of the respective markets for the Sustainable Future funds.

☐ Thematic

☒ Integration of ESG issues

Select which of these effects followed your ESG integration:

- ☒ Reduce or prioritise the investment universe
- ☒ Overweight/underweight at sector level
- ☒ Overweight/underweight at stock level
- ☒ Buy/sell decisions
- ☐ Other, specify
- ☐ None of the above

LEI 16**Voluntary****Additional Assessed****PRI 1****LEI 16.1**

Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance.

☒ We measure whether our approach to ESG issues impacts funds' financial performance

Describe the impact on:	Impact	Strategies considered
Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

☒ We measure whether our approach to ESG issues impacts funds' risk or volatility

Describe the impact on:	Impact	Strategies considered
Funds' risk or volatility	<input checked="" type="radio"/> Reduced risk or volatility <input type="radio"/> Increased risk or volatility <input type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

☒ We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Impact	Strategies considered
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

☐ None of the above

LEI 16.2	Describe how you are able to determine these outcomes.
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Over the 3-year period to the end of 2014, 7 of the 8 Sustainable Future funds' financial performance was above the median of their peers. The 2 Sustainable Future funds launched in 2014 have achieved top decile performance against their peers since inception.

In each of the 3 years from 2012 to 2014, many of the Sustainable Future funds exhibited lower levels of risk than their benchmarks.

The team analysed how much carbon dioxide is emitted from a unit of investment in its Sustainable Future UK Growth, European, and Global Growth funds compared to their respective benchmarks the FTSE All-Share, the FTSE Europe Developed ex-UK, and the MSCI World for the four years from 2009 to 2012. On average the funds emitted less than half the carbon dioxide than the benchmarks. This should result in a lower risk profile for the funds in a carbon constrained environment (for example, the funds should be less exposed to the costs associated with further carbon regulation). Further details of the analysis are available at (<http://www.alliancetrustinvestments.com/sri-hub/archive/posts/51638/august/carbon-intensity-of-our-funds>).

LEI 17	Voluntary	Descriptive	PRI 1
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LEI 17.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
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☒ ESG issue 1

	ESG issue and explanation
Climate change and air pollution are significant environmental issues in China. In our view, which is shaped by our focus on the value of natural capital, the need to find alternative sources of energy in order to move away from an over-reliance on coal is paramount for the Chinese government.	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Combination of ESG incorporation strategies	
	Impact on investment decision or performance
We invested in a company that helps tackle climate change and air pollution in China by providing renewable energy solutions such as development of green architecture as a building contractor of integrated photovoltaic technology and rooftop and ground mounted solar systems.	

☒ ESG issue 2

	ESG issue and explanation
Consumers are becoming increasingly conscious about the impact that food has on our health and wellbeing, in terms of diabetes, heart diseases and other weight related issues. A number of industries are responding to the change in eating habits and are enabling people to eat healthier.	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Combination of ESG incorporation strategies	
	Impact on investment decision or performance
<p>We conducted thematic research looking at the global obesity epidemic. The research highlighted the impact of unhealthy eating, the causes and the industries and sectors which are providing solutions.</p> <p>As a result, we invested in three companies we think will benefit from the change in eating habits. We felt that the market underestimated the momentum behind healthy eating habits and we upgraded our revenue estimates between 1% and 3.5% above consensus for 2015-2017 depending on the individual company exposure to the trend.</p>	

☒ ESG issue 3

	ESG issue and explanation
<p>In a world with a rising population and an ever increasing demand for new products with short life spans, waste management is becoming an integral part of maintaining a healthy environment and valuing our natural capital.</p> <p>The impetus for the change in the UK comes from the EU Directives on waste, which have given European Countries until 2020 to meet strict targets on waste recycling and landfill diversion. This will lead to the development of waste treatment infrastructure, improved technologies for extracting value from waste streams, and most interestingly very successful businesses which use "waste" as a primary input.</p>	
	ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p> <p><input checked="" type="checkbox"/> Combination of ESG incorporation strategies</p>	
	Impact on investment decision or performance
<p>We continue to hold two companies in particular that operate in waste management. The first is a UK listed company that derives around 60% of its revenues from waste management and recycling facilities, with the remainder of its revenues generated from water treatment and distribution.</p> <p>The second company's subsidiary business models are based on the fact that natural resources are finite. The French company focuses on recycling and energy recovery and on treating and using water effectively in both industrial and residential contexts.</p>	

☒ ESG issue 4

ESG issue and explanation
<p>A failure of governance in our financial system tacitly authorised a perverse culture of risk taking and disconnected remuneration.</p> <p>We believe it is essential to invest in and encourage financial institutions which have robust governance and oversight over operations, as we engage with the others to improve. This engagement was conducted as part of our transparency in the financial system engagement priority for 2014.</p>
ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p> <p><input checked="" type="checkbox"/> Combination of ESG incorporation strategies</p>
Impact on investment decision or performance
<p>We met with the culture and values team of an international bank headquartered in the UK to understand what went wrong with governance and culture. We were initially impressed by the investment and effort the bank was making to improve governance and culture throughout the group.</p> <p>However, we had a follow up meeting with a senior member of the bank who sat outside of the culture and values team. He had little awareness of the changes going on and could not confirm whether these changes were being rolled out in the bank. As a result, our decision was to continue to rate the bank as uninvestable for the SF Funds.</p>

☐ ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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☒ We disclose it publicly

Provide URL

http://www.alliancetrust.co.uk/pdfs/stewardship_policy_statement.pdf

Provide URL

<http://www.alliancetrustinvestments.com/global/documents/6076/2013/36468/SRI-position-on-sustainability.pdf>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- ☒ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 18.7

Additional information. [Optional]

The Sustainable Future Hub website is used to disclose the team's approach to ESG incorporation to the public and clients/beneficiaries (<http://www.alliancetrustinvestments.com/sri-hub/>).

Alliance Trust PLC

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1 Provide a brief overview of your organisation's approach to engagement.

The investment team aims to build relationships with senior management of companies and understand their strategy. This goal includes an aim to meet with the management of companies in the funds on a regular basis.

Portfolio managers and investment analysts are expected to take steps to monitor any high risks relating to an investee company's strategy, performance, governance or attitude to social or environmental risk. Such steps may include making representations to a company or exercising our rights as shareholders.

The team recognises that as an institutional investor it has the ability to influence corporate performance regarding environmental impact and climate change, as well as help shape the policy debate. This recognition is reflected in one of our engagement priorities for 2014 of valuing natural capital.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1 Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA 03.2 Describe how you identify and prioritise engagements.

In consultation with the investment team's independent external advisory committee, the team's stewardship group identifies 3 engagement priorities for the year. The team recognises that further engagement priorities may arise during the course of the year, a limited number of which can be added to the 3 principal priorities at the team's discretion.

A rigorous and consistent system measures and monitors the risk profile of the funds. As part of the risk management process, investment managers are expected to report any high risks relating to an investee company's strategy or performance, governance or attitude to social or environmental risk. Investment managers are expected to take steps to monitor those risks, which may include making representations to a company or exercising shareholder rights.

In the event of financial, social, environmental, governance or legal circumstances with the potential to materially affect a portfolio company, public action and/or collective action in collaboration with other shareholders or a representative body can be appropriate.

☐ No

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1 Indicate if you define specific objectives for your engagement activities.

☒ Yes

- ☐ Yes, for all engagement activities
- ☒ Yes, for the majority of engagement activities
- ☐ Yes, for a minority of engagement activities

☐ No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

☒ Yes

- ☐ Yes, in all cases
- ☒ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

One of the team's screening criteria is to exclude companies which are known to directly manufacture cluster munitions or landmines, as defined by the Convention on Cluster Munitions and/or the Mine Ban Treaty. We began to have concerns over a US-quoted company's involvement in such controversial weaponry following an acquisition by the company, which prompted us to engage with the company.

The objective of the engagement was to obtain confirmation regarding involvement in such controversial weapons and improve the disclosure of the level of involvement to the wider community. Although our engagement did not result in either a confirmation nor a denial from the company regarding involvement, we received a report from one of our service providers indicating involvement. Based on an absence of evidence from the company, a seeming reluctance to provide any evidence, and a report with indications of involvement, we made the decision to divest from the holding.

As a result of this, we have further strengthened our relationship with the service provider which specialises in controversial weapons analysis.

Regular dialogue with a London-quoted pharmaceutical company followed allegations of bribery and corruption made by the Chinese authorities against the company, and concerns regarding mis-selling drugs in the United States. The objective of the team's engagement was to encourage the company to position its behaviour to ensure it maintains a licence to operate as well as a reputation for conducting fair business with good patient outcomes. The team continues to monitor the company since it is a key holding in the team's funds given its exposure to unmet medical needs. The company is still eligible for inclusion in the funds given its robust and industry-leading response to these problems. Its change of senior management in the United States, as well as altering how drugs are now sold, a massive increase in staff training on these issues, and a proactive stance in making drug trial data publically available, all place the company among the most proactive in addressing some of the negative impacts of its industry. The company has implemented changes to the way drugs are sold to include patient outcomes as opposed to simply sales volumes which is where mis-selling and bribery is most likely to happen. The Chinese authorities are satisfied with the company's response and sales of the company's drugs in China are improving as a result. In other areas the company continues to expand its vaccines business, which is a cost effective preventative method of improving the quality of life. Thanks to our continued engagement with the company, including a recent meeting with its chairman and company secretary, we remain convinced that the company is leading the pharmaceutical industry in fixing the incumbent business model and improving how it operates, and is tackling the issues head on.

☐ No

Process for engagements conducted via collaborations

LEA 05**Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

LEA 05.2

Describe how you identify and prioritise collaborative engagements.

The team prioritises collaborative engagements where these fit with the team's engagement priorities, and where the team is more likely to succeed with the engagement objective through collaboration.

In the event of financial, social, environmental, governance or legal circumstances with the potential to materially affect a portfolio company, public action and/or collective action in collaboration with other shareholders or a representative body can be appropriate.

☐ No

LEA 06**Mandatory****Core Assessed****PRI 2**

LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

- ☒ Yes
 - ☐ Yes, for all collaborative engagement activities
 - ☒ Yes, for the majority of collaborative engagement activities
 - ☐ Yes, for a minority of collaborative engagement activities
- ☐ No

LEA 06.2 Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
 - ☐ Yes, in all cases
 - ☒ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases

LEA 06.3 Describe how you monitor and evaluate the progress of your collaborative engagement activities.

In line with our engagement priority of fair treatment of supply chain workers, and as a follow-up to the collaborative engagement on Rana Plaza in 2013, we wanted to ensure that human rights issues were a top priority for both the garment industry in Bangladesh and investors. We escalated our engagement in order to increase the awareness and disclosure of human rights issues and to integrate human rights issues into investment decisions.

We worked closely with another SRI research team and several apparel brands to host a total of eight global investors on a fact finding tour across three factories in Bangladesh. We emphasised the need to meet as many different stakeholders as possible from workers and union representatives to non-governmental organisations, representatives of the Bangladesh Accord on Fire and Building Safety, the Alliance for Bangladesh Worker Safety, the International Labour Organization, worker training organisations, the British High Commission, apparel brands and factory owners. After the visit, we held company meetings to discuss human rights and integration into investment decisions, but also to raise awareness and disclosure.

By having a pre-announced trip accompanied by global investors to factory sites, we understood that we would have a clear idea of best practice. The human rights violations that had a considerable impact on the Rana Plaza collapse have been recognised. In 2014, we saw a tangible increase in awareness and disclosure of human rights issues among both the garment industry in Bangladesh and the investor community. We heard that factory owners had cut their staff turnover rates and improved working conditions visibly. Finally, we also began to advise a company directly on reporting on these issues.

- ☐ No

Process for engagements conducted with/on your behalf by service providers

LEA 07	Mandatory	Core Assessed	PRI 2,4
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LEA 07.1 Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- ☒ Yes

LEA 07.2

Indicate what role you play in engagements that your service provider conducts on your behalf.

- ☐ Specify the issues for the engagement
- ☐ Specify the objectives for the engagement
- ☐ Select the companies to be engaged with
- ☐ Participate directly in the engagements with your service provider
- ☒ Actively monitor and review the activities of the service provider
- ☐ Other, specify

☐ No

LEA 08**Mandatory****Core Assessed****PRI 2,6****LEA 08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☒ The rationale for engagement
- ☒ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☒ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

General processes for all three groups of engagers

LEA 09**Voluntary****Additional Assessed****PRI 1,2****LEA 09.1**

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1	Indicate if you track the number of engagements your organisation participates in.
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Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Service provider engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input checked="" type="radio"/> No, we do not track and cannot estimate our engagements

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
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	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	10
Collaborative engagements	18

LEA 11.2

Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None

LEA 11.3

Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 12
Voluntary
Additional Assessed
PRI 2
LEA 12.1

Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Service provider engagements	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

LEA 12.2

Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Social only

20

% Corporate Governance only

10

% Overlapping ESG issues

70

100%

Collaborative engagements

% Overlapping ESG issues

100

100%

Service provider engagements

	% Social only
--	---------------

10

	% Corporate Governance only
--	-----------------------------

90

100%

LEA 13	Voluntary	Descriptive	PRI 2
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LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
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☒ Yes

LEA 13.2	Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities.
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	Number of company changes or commitments to change
Individual / Internal staff engagements	2
Collaborative engagements	1
Service provider engagements	

☐ No

LEA 14	Voluntary	Descriptive	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Fair business practices with good patient outcomes
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	The objective of the team's engagement was to encourage a London-listed pharmaceutical company to position its behaviour to ensure that it maintains a licence to operate as well as a reputation for conducting fair business with good patient outcomes.
Scope and Process	The team met with the chairman and the company secretary to discuss bribery and corruption in China.
Outcomes	The company has implemented changes to the way drugs are sold to include patient outcomes as opposed to simply sales volumes which is where mis-selling and bribery is most likely to happen. The Chinese authorities are satisfied with the company's response and sales of its drugs in China are improving as a result. In other areas the company has been very proactive in disclosing all drug trial data and continues to expand its vaccines business, which is a cost effective preventative method of improving the quality of life. The team remains convinced that the company is leading the pharmaceutical industry in fixing the incumbent business model and improving how it operates, and is tackling the issues head on.

☒ Add Example 2

Topic or ESG issue	Cluster munitions and/or landmine manufacturing
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	<p>We began to have concerns over a US-quoted company's involvement in controversial weaponry following an acquisition by the company, which prompted us to engage with the company.</p> <p>The objectives of the engagement were to obtain confirmation regarding involvement in such controversial weapons and improve the disclosure of the level of involvement to the wider community.</p>
Scope and Process	We met and corresponded with members of the investor relations team.
Outcomes	<p>Although our engagement did not result in either a confirmation nor a denial from the company regarding involvement, we received a report from one of our service providers indicating involvement. Based on an absence of evidence from the company, a seeming reluctance to provide any evidence, and a report with indications of involvement, we made the decision to divest from the holding.</p> <p>As a result of this, we have further strengthened our relationship with the service provider which specialises in controversial weapons analysis.</p>

☒ Add Example 3

Topic or ESG issue	Human rights in the supply chain
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To discuss our concerns regarding the labour standards of fishing boat operators used in the supply chain by a Thai-based agribusiness
Scope and Process	We discussed with investor relations the importance of managing human rights issues in the company's supply chain.
Outcomes	It was confirmed that the company that it regularly commissions an independent non-governmental organisation audit of all fishing boat operators in its supply chain. The company instructs that boats have to certify their practices to conform to international standards. In addition, the company offers a premium to fishing boat operators that conform and certify to the new standards of good practice, which we believe will help rebuild the reputation of the company.

☒ Add Example 4

Topic or ESG issue	Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To provide feedback on our voting rationale at annual general meetings.
Scope and Process	<p>We met with the Chairman and other members of the Remuneration Committee of two UK-listed companies to discuss why we voted against their remuneration report and policy. We commented that the companies' executive remuneration seems excessive, and we discussed their long-term incentive plans and the importance of linking remuneration to health and safety metrics.</p> <p>We also explained our vote against the re-election of a board member. Finally, we emphasised the importance of management succession plans and diversity at management and board level.</p>
Outcomes	

☒ Add Example 5

Topic or ESG issue	Mis-selling
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To discuss efforts by a Netherlands headquartered insurance group to minimise mis-selling.
Scope and Process	We met with the Head of Sustainability and Investor Relations to discuss corporate and sustainability strategy. We discussed the training and development schemes for sales focused employees. In addition, we examined how the company decides what products to launch and how they are priced.
Outcomes	We were satisfied that the company is doing sufficient to protect its clients and provide valuable products to its customers. The training and development schemes for sales focused employees are continuous and ongoing. Also our engagement helped us understand how the company uses customer panels and surveys to determine products that have customer value.

☒ Add Example 6

Topic or ESG issue	Healthy eating and sustainable sourcing
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To discuss our thematic work on healthy eating and sustainable sourcing with a London-listed company.
Scope and Process	We discussed the group's management of these social and environmental factors with its investor relations representative.
Outcomes	We gained a better understanding of the company's management of these social and environmental factors. However, we felt they could do more to measure and implement healthy eating initiatives. We also noted that the company's sustainability performance indicators were often reported as only "percentage change", thus leaving the absolute targets and the baseline indistinct.

☒ Add Example 7

Topic or ESG issue	Responsible banking
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To discuss the progress of two London-listed banks' responsible banking transformations following the financial crisis.
Scope and Process	We met with the banks to discuss and better understand the recent transformations from the financial crisis and payment-protection-insurance fines. What we aimed to see from the engagement was a transformation back to the basics of banking.
Outcomes	Our engagement helped us understand one of the bank's incentives for all employees including the CEO, which are now well-aligned with customer service as opposed to the prior method of using sales figures.

☒ Add Example 8

Topic or ESG issue	Tax arrangements
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To investigate the tax arrangements of a London-listed telecommunications company.
Scope and Process	We met with members of the investor relations team to discuss the company's tax arrangements.
Outcomes	Our engagement with the company confirmed that, although the group has Luxembourg as a tax domicile, it has significant operations and procurement in Luxembourg.

☒ Add Example 9

Topic or ESG issue	Privacy and ethical business practices
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	With the significant increase in the volume of cloud services provided, we wanted to discuss a London-listed telecommunications company's privacy policy, and internal procedures for dealing with controversial customers.
Scope and Process	<p>We met with the chief privacy officer to discuss data privacy. We discussed the issue of data requests by national governments and the benefits of transparency reports issued by telecommunication companies.</p> <p>We also discussed internal procedures for dealing with controversial customers.</p>
Outcomes	The company reviewed its privacy policy and has a goal to improve the effectiveness of communication around data and privacy to its customers.

☒ Add Example 10

Topic or ESG issue	Human rights in the supply chain
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	<p>In line with our engagement priority of fair treatment of supply chain workers, and as a follow-up to the collaborative engagement on Rana Plaza in 2013, we wanted to ensure that human rights issues were a top priority for both the garment industry in Bangladesh and investors.</p> <p>As shareholders we have concerns that failure to manage human rights issues in increasingly complex supply chains may pose significant risks to business, and welcome moves which help increase transparency around supply chain management.</p>
Scope and Process	<p>We escalated our engagement in order to increase the awareness and disclosure of human rights issues and to integrate human rights issues into investment decisions.</p> <p>We worked closely with another SRI research team and several apparel brands to host a total of eight global investors on a fact finding tour across three factories in Bangladesh. We emphasised the need to meet as many different stakeholders as possible from workers and union representatives to non-governmental organisations, representatives of the Bangladesh Accord on Fire and Building Safety, the Alliance for Bangladesh Worker Safety, the International Labour Organization, worker training organisations, the British High Commission, apparel brands and factory owners. After the visit, we held company meetings to discuss human rights and integration into investment decisions, but also to raise awareness and disclosure.</p> <p>In addition, we co-signed a letter calling for the inclusion of a Transparency in Supply Chains clause in the Modern Slavery Bill 2014.</p>
Outcomes	<p>By having a pre-announced trip accompanied by global investors to factory sites, we understood that we would have a clear idea of best practice. The human rights violations that had a considerable impact to the Rana Plaza collapse have been recognised. In 2014, we saw a tangible increase in awareness and disclosure of human rights issues among both the garment industry in Bangladesh and the investor community. We heard that factory owners had cut their staff turnover rates and improved working conditions visibly. Finally, we also began to advise a company directly on reporting on these issues.</p>

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1 | Indicate whether your organisation proactively discloses information on its engagements.

☉ We disclose it publicly

provide URL

<http://www.alliancetrustinvestments.com/sri-hub/archive/posts/51638/July/Bangladesh-Investor-Trip>

LEA 15.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

LEA 15.3

Indicate what engagement information your organisation proactively discloses to the public.

- ☐ Details of the selections, priorities and specific goals of engagement
- ☐ Number of engagements
- ☐ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 15.4

Indicate how frequently you typically report engagements information to the public.

- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly
- ☐ Disclosed annually
- ☐ Disclosed every two years or less
- ☒ Other, specify

The team discloses topical engagements to the public on the Sustainable Future Hub website.

LEA 15.5

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

- ☐ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☐ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 15.6

Indicate how frequently you typically report engagements information to clients/beneficiaries.

- ☐ Disclosed continuously (prior to and post engagements)
- ☒ Disclosed quarterly
- ☐ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).		

The aim is to vote on all resolutions at all investee company shareholder meetings following considered review of internal and external research. External advice is used but each resolution must be reviewed internally and the investment managers hold responsibility for voting decisions. Votes can be split across investment teams or clients should they wish to vote separately. Only a portion of votes are cast in share blocking markets in order to retain sufficient flexibility to trade, because whilst this regrettable situation persists, partial voting is considered in the best interests of our clients.

The investment team expects to consider the appropriateness of public action, and/or collective action in collaboration with other shareholders or a representative body, in the event of financial, social, environmental, governance or legal circumstances with the potential to materially affect the company.

Process

LEA 17	Mandatory	Descriptive	PRI 2
LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.		

Approach

- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

	Based primarily on
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- ☒ the service provider voting policy signed off by us
- ☐ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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We subscribe to proxy voting research from Institutional Shareholder Services (ISS) to complement our investment team's knowledge of investee companies in deciding how we will vote at company meetings.

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- ☐ Obtain confirmation that votes have been received by the company:
- ☒ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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- ☐ Yes
- ☒ No

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
 - ☐ votes in selected markets
 - ☐ votes on certain issues (all markets)
 - ☒ votes for significant shareholdings (all markets)
 - ☐ other, explain
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
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Where we abstain or vote against an investee company's recommendation and have a significant voting interest in the company, where practicable we endeavour to discuss the reasons for our decision with the investee company ahead of the meeting at which we cast our vote.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

97

	Specify the basis on which this percentage is calculated
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- ☒ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
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Only a portion of votes are cast in share blocking markets in order to retain sufficient flexibility to trade, because whilst this regrettable situation persists, partial voting is considered in the best interests of our clients. 3%

- ☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
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- ☒ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
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Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> 85
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 11
Abstentions	<div> <div></div> <div>%</div> </div> 4

100%

LEA 23.3 For the reporting year, describe your approach towards voting on shareholder resolutions.

We favour working with management through any issues and would therefore aim to be able to support them at general meetings but we will abstain or vote against recommendations which we do not consider to be in the interests of beneficial shareholders.

☐ No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2
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LEA 24.1 Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

☐ Yes

☒ No

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

☒ We disclose it publicly

provide URL

<http://investor.alliancetrust.co.uk/ati/investorrelations/stewardship.htm>

provide URL

<http://www.alliancetrustinvestments.com/institutional/about-us/corporate-governance/stewardship-code>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☒ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☒ Only explain abstentions and votes against management
- ☐ No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☒ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries