PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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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	✓	n/a							✓
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	✓	Private							✓
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							✓

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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	✓	Public	✓						
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		✓				✓	

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PRI Principles for Responsible Investment

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	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

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Reported Information

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Organisational Overview

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PRI Principles for Responsible Investment

Basic Information

OO 01	Mandatory	Gateway/Peering	General

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 bank
- ○ Reserve - sovereign or government controlled fund
- ◉ Other, specify

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

OO 02	Mandatory	Peering	General

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

246

OO 03	Mandatory	Descriptive	General

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

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PRI Principles for Responsible Investment

OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	015	600	000
Currency	GBP				
Assets in USD		7	811	787	699

OO 04.3 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

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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**

OO 07.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% of externally managed assets
Segregated mandate(s)	◉ 0% ○ <10% ○ 10-50% ○ >50 %
Pooled fund(s)	○ 0% ◉ <10% ○ 10-50% ○ >50 %
Total externally managed assets	*100%*

OO 07.2 Indicate the proportion of your externally managed assets in fund-of-funds.

	% of externally managed assets
Fund-of-funds	◉ 0% ○ <10% ○ 10-50% ○ >50 %

OO 08 | **Mandatory to Report Voluntary to Disclose** | **Peering** | **General**

OO 08.1 Indicate the breakdown of your organisation's AUM by market.

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Market breakdown	% of AUM
Developed Markets	○ 0% ○ <10% ○ 10-50% ◉ >50 %
Emerging, Frontier and Other Markets	○ 0% ◉ <10% ○ 10-50% ○ >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. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always 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

☑ Listed Equity incorporation

Direct - Listed Equity active ownership

☑ Engagements

☑ (Proxy) voting

Direct - Fixed Income

☐ Fixed Income - Corporate

☐ Fixed Income - Government

Direct - Other asset classes with dedicated modules

☐ Private Equity

☐ Property

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

☐ Private Equity

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

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

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.alliancetrustinvestments.com/global/documents/6076/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.

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Policy or document name	URL
Global equities investment process	http://www.alliancetrustinvestments.com/global/documents/11714/Global-equities-investment-process
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

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach ☑ (Proxy) voting policy ☑ Engagement/active ownership policy ☑ Specific guidelines on corporate governance ☑ Specific guidelines on environmental issues ☑ Specific guidelines on social issues ☐ Asset class-specific guidelines ☑ Screening/exclusion policy ☐ Other, specify ☐ Other, specify	◉ Applicable policies cover all AUM ○ Applicable policies cover a majority of AUM ○ 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]

The customised responsible investment approaches of the global equities team and the SRI (Sustainable and Responsible Investment) team are reflected in their respective investment policies. Within the range of funds managed by the SRI team, additional screening criteria apply to the UK ethical fund as described in the fund literature.

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OA 04	Mandatory	Core Assessed	General

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

OA 04.2 Describe 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

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OA 05.4	Additional information. [Optional]

Objectives for responsible investment were the responsibility of the individual investment teams in 2013, and in 2014 the organisation will set objectives for responsible investment which it will review annually. A new stewardship group chaired by the chief executive officer will set the objectives for responsible investment. The group will meet quarterly and will review performance against the objectives annually.

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

☐ Add responsible investment objective 2

☐ Add responsible investment objective 3

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.

☑ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	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

☑ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	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

☑ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Draft and use a statement of ESG engagement priorities
Key performance indicators	Existence and use of a statement of ESG engagement priorities

Governance and human resources

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OA 07	Voluntary	Descriptive	General

OA 07.1 Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Oversight of the organisation's responsible investment activities reaches the highest level of the company, with the chief executive officer chairing a new stewardship group in 2014 to develop and oversee the organisation's responsible investment activities. The chief executive officer selected the seven members of the stewardship group from the global, fixed income, alternative investments, and sustainable and responsible investment teams. The stewardship group will meet at least quarterly in 2014.

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

The investment teams have day-to-day responsibility for their respective responsible investment activities, aiming to integrate these in their respective investment decision making processes.

From 2014, responsible investment performance will be assessed and reviewed with reference to the targets set by the stewardship group.

☐ 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

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.

	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

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☑ 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]

	Number

7

OA 09	Voluntary	Additional Assessed	General

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

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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.

☐ 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

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☑ 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

OA 09.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

For 2014, the investment team will have a proportion of variable annual compensation linked to responsible investment objectives.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2	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.

Select all that apply

☐ 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)

☑ Basic

☐ Moderate

☐ Advanced

☐ CDP Forests

☑ CDP Water

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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

☑ Principles for Responsible Investment

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

☐ Basic

☐ Moderate

☑ Advanced

☑ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

UKSIF

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	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)

☐ United Nations Global Compact

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

○ No

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

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OA 11.3	Additional information. [Optional]

In October 2013, the SRI team delivered a responsible investment programme in 28 locations throughout the UK to over 200 potential clients entitled Sense in Sustainability.

Alliance Trust was a lead sponsor of the World Forum on Natural Capital in November 2013. Alliance Trust's chief executive officer and members of the SRI team gave speeches and presented case studies at the event.

Alliance Trust's chief executive officer spoke about the links between investors and the environment on CNBC (http://video.cnbc.com/gallery/?video=3000216859&play=1).

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

The group's website includes full holdings lists for the trust and the SRI team's 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).

The SRI team publicised its transparency on full holdings lists in the international media to encourage better transparency from others in the industry (http://www.theguardian.com/business/2013/jul/26/wonga-private-equity-firms-backers and http://citywire.co.uk/new-model-adviser/peter-michaelis-do-you-know-what-you-own/a700666)

The SRI team launched the SRI hub (www.alliancetrustinvestments.com/sri-hub) to publish the team's views and research papers on responsible investment.

Alliance Trust has joined the World Business Council for Sustainable Development in 2014.

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

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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

	provide URL

http://www.aldersgategroup.org.uk/asset/download/1083/Decarb%20target%20letter.pdf

○ 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

OA 13.2	Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

Two of the investment themes pursued by the global equities team - demographics and global realignment - are given special consideration concerning geographical asset allocation.

○ 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

0.25

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.

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Area

☑ Clean technology

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
☐ Other area, specify

○ No

Innovation

OA 18	Voluntary	Descriptive	General

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OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

The SRI team reported on the carbon intensity of the Sustainable Future UK, European, and Global Growth funds compared to their respective benchmarks showing that, on average, the funds emitted less than half the carbon dioxide than their benchmarks for the three years from 2009-2011 (http://www.alliancetrustinvestments.com/sri-hub/archive/posts/2013/August/carbon-intensity-of-our-funds).

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

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Alliance Trust PLC

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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Overview

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

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

- ○ <10%
- ○ 10-50%
- ◉ >50%

LEI 02	Voluntary	Descriptive	PRI 1

LEI 02.1 Provide a brief overview of how you incorporate ESG issues in listed equity investments.

The global and SRI teams both believe that a combination of screening, thematic, and integration ESG incorporation strategies is the best way to apply their respective investment philosophies. The combinations are different for the two teams. Within the range of funds managed by the SRI team, the combinations are also different. For example, there is a greater degree of screening in the SRI team's UK ethical fund.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1

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)

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☐ 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 (estimate +/- 10%)	% 100

☐ No incorporation strategies applied

Total actively managed listed equities

100%

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

The global and SRI (Sustainable and Responsible Investment) teams both believe that a combination of screening, thematic, and integration ESG incorporation strategies is the best way to apply their respective investment philosophies. The combinations are different for the two teams. Within the range of funds managed by the SRI team, the combinations are also different. For example, there is a greater degree of screening in the SRI team's UK ethical fund.

LEI 04 | **Voluntary** | **Additional Assessed** | **PRI 1**

LEI 04.1 Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

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

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☑ ESG research provider

☐ Sell-side

☐ In-house – specialised ESG analyst or team

☐ In-house – analyst or portfolio manager

☐ Sector-related analysis or ratings

☐ 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

☑ 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

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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 teams have 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 SRI team also screens to exclude the following businesses from its 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

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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 SRI 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 SRI 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 global team's focus on structural themes assists it in analysing and forecasting long-term corporate development and financial performance. Five frameworks are at the heart of the thematic approach - demographics, innovation, environment, income and global realignment. Within each of these frameworks the team identifies multiple themes which it believes will underpin investments with a superior or more sustainable return profile.

The SRI 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.

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Integration

MSCI provides ESG scores along with supporting documentation and ratings, and the global team captures the ESG scores within its investment process. The ESG scores are reviewed for the companies that the global team invests in or considers investing in.

The SRI team analyses how a company's ESG issues 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 SRI 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 SRI 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 SRI team's portfolios, it must rank C3 or higher on the matrix.

The SRI 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, Governance Metrics International, 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

LEI 05	Voluntary	Additional Assessed	PRI 1

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LEI 05.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

☑ Engagement

- ◉ We have a systematic process to ensure the information is made available.
- ○ We occasionally make this information available.
- ○ We do not make this information available.

☑ (Proxy) voting

- ◉ We have a systematic process to ensure the information is made available.
- ○ We occasionally make this information available.
- ○ We do not make this information available.

LEI 05.2	Additional information. [Optional]

Engagement and proxy voting are conducted by the investment personnel in an integrated manner. Accordingly, the information derived from these activities informs the investment decision-making process.

(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

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Description

The global equities team and the SRI (Sustainable and Responsible Investment) team exclude companies which manufacture cluster munitions or landmines.

The SRI team also screens to exclude the following businesses from its 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 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

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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 SRI 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 SRI 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

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Description

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

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 SRI team screens to exclude the following businesses from its 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 SRI 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.

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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.

The global equities team reviews its screening criteria when it assesses its investment process. Any material change to the investment process for Alliance Trust plc may require prior shareholder approval. Any material change to the investment process for the global thematic opportunities fund may require prior client and/or beneficiary approval.

The SRI team reviews its screening criteria in collaboration with its independent external advisory committee. Any change to the screening criteria is notified to clients and/or beneficiaries via the SRI hub website. If the SRI 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

LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

☑ 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]

The SRI 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

☐ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:

☐ 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.

The SRI team has up to six months to sell securities if they breach any fund screening criteria. The SRI 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

LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.

☐ Environmentally themed funds

☐ Socially themed funds

☑ Combination of themes

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LEI 09.2	Describe your organisation's processes for sustainability thematic funds. [Optional]

The global team's focus on structural themes assists it in analysing and forecasting long-term corporate development and financial performance. Five frameworks are at the heart of the thematic approach - demographics, innovation, environment, income and global realignment. Within each of these frameworks the team identifies multiple themes which it believes will underpin investments with a superior or more sustainable return profile.

The SRI 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.

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1

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LEI 10.1	Describe how you integrate ESG factors into investment decision making processes.

Alliance Trust offers a variety of equity products across different geographical regions and investment styles, reflecting the group's broader investment philosophy shaped by 125 years of investing across a range of asset classes. Each product has a distinct investment process and philosophy but the teams share 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.

MSCI provides ESG scores along with supporting documentation and ratings, and the global team captures the ESG scores within its investment process. The ESG scores are reviewed for the companies that the global team invests in or considers investing in.

The SRI team analyses how a company's ESG issues 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 SRI 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 SRI 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 SRI team's portfolios, it must rank C3 or higher on the matrix.

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.

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ESG issues	Coverage/extent of review on these issues
Environmental	◉ We systematically review the potential significance of environmental issues and investigate them accordingly ○ We occasionally review the potential significance of environmental issues and investigate them accordingly ○ We do not review environmental issues
Social	◉ We systematically review the potential significance of social issues and investigate them accordingly ○ We occasionally review the potential significance of social issues and investigate them accordingly ○ We do not review social issues
Corporate Governance	◉ We systematically review the potential significance of corporate governance issues and investigate them accordingly ○ We occasionally review the potential significance of corporate governance issues and investigate them accordingly ○ We do not review corporate governance issues

LEI 11.2 Additional information. [Optional]

MSCI provides ESG scores along with supporting documentation and ratings, and the global team captures the ESG scores within its investment process. The ESG scores are reviewed for the companies that the global team invests in or considers investing in.

The SRI team analyses how a company's ESG issues 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 SRI 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 SRI 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 SRI team's portfolios, it must rank C3 or higher on the matrix.

LEI 12	Voluntary	Descriptive	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.

☑ 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	Voluntary	Additional 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

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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

☐ 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 SRI team's screening criteria mentioned in response to LEI 04.2 screens out about half of the respective markets for the SRI team's 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

LEI 16	Voluntary	Descriptive	PRI 1

LEI 16.1	Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.

	a) Impacted funds' financial performance

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Screening	Thematic	Integration of ESG issues	
◉ Yes ○ No	◉ Yes ○ No	◉ Yes ○ No	

b) Reduced funds' risk or volatility

Screening	Thematic	Integration of ESG issues	
◉ Yes ○ No	◉ Yes ○ No	◉ Yes ○ No	

c) Improved funds' ESG performance

Screening	Thematic	Integration of ESG issues	
◉ Yes ○ No	◉ Yes ○ No	◉ Yes ○ No	

LEI 16.2 Describe how you are able to determine these outcomes and your actual performance.

The SRI 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 three years from 2009 to 2011. 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/2013/August/carbon-intensity-of-our-funds).

LEI 17	Voluntary	Descriptive	PRI 1

LEI 17.1 Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☑ ESG issue 1

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ESG issue and explanation

The global equities team identified a perceived governance issue regarding an American industrial conglomerate's merger strategy. The team disagreed with commentators' views that the merger would be too complicated or disruptive to ongoing operations.

ESG incorporation strategy applied

☐ Screening

☐ Thematic

☑ Integration

☐ Combination of ESG incorporation strategies

Impact on investment decision or performance

The team feels that management's strategy to pursue the merger providing scope to grow high quality earnings per share has played out well so far. This core American holding provided strong performance.

☑ ESG issue 2

ESG issue and explanation

The global equities team combined its favourable thematic view of the Mexican economy, with an analysis of governance at a Mexican banking group, focusing on the bank's balance sheet strategy, at a time when commentators' attention was on shorter-term issues.

ESG incorporation strategy applied

☐ Screening

☐ Thematic

☐ Integration

☑ Combination of ESG incorporation strategies

Impact on investment decision or performance

The team took the opportunity of weakness in the market to buy the bank's shares to benefit from its perception of a strengthened balance sheet, improved loan book quality and the favourable prospects for the Mexican economy.

☑ ESG issue 3

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ESG issue and explanation

The SRI team often encounters the belief that its combination of ESG incorporation strategies reduces the available returns to its funds by reducing the number of businesses in which it can invest.

ESG incorporation strategy applied

☐ Screening

☐ Thematic

☐ Integration

☑ Combination of ESG incorporation strategies

Impact on investment decision or performance

By adhering to its combination of ESG incorporation strategies, all of the SRI team's funds are above the median performance of their peers (including non-SRI funds) over the three years to 31 December 2013. Three of the team's five benchmarked funds outperformed their conventional (ie non-SRI) benchmarks over the same time period, including after having deducted annual management charges and any performance fees. These statistics seem like a good starting point for countering the belief held in some quarters that ESG incorporation strategies reduce the available returns to funds by reducing the number of businesses in which they can invest.

☐ ESG issue 4

☐ ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

◉ We disclose it publicly

Provide URL

http://www.alliancetrustinvestments.com/global/documents/11714/Global-equities-investment-process

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

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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 18.5 Additional information. [Optional]

The SRI team's SRI hub website is used to disclose the team's approach to ESG incorporation to the public and clients/beneficiaries.

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Alliance Trust PLC

Reported Information

Public version

Direct - Listed Equity Active Ownership

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PRI Principles for Responsible Investment

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2

LEA 01.1	Provide a brief overview of your organisation's approach to engagement.

The investment teams aim 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 SRI 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.

LEA 02	Mandatory	Gateway	PRI 1,2,3

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

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

Process

Process for engagements run internally

LEA 03 | Mandatory | Core Assessed | PRI 2

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

◉ Yes

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LEA 03.2	Describe how you identify and prioritise engagements.

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

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

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LEA 04.3	Describe how you monitor and evaluate the progress of your engagement activities.

Following an engagement with a London-quoted pharmaceutical company about allegations of bribery and corruption made by the Chinese authorities against the company, and concerns regarding mis-selling drugs in the United States, the SRI (Sustainable and Responsible Investment) team reviewed its sustainability matrix rating for the company. The sustainability matrix rating determines the company's eligibility for inclusion in the team's funds. 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 SRI 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 SRI 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. Please see http://www.alliancetrustinvestments.com/sri-hub/archive/posts/2013/July/Why-we-hold-GSK for further information.

Company meeting notes record engagement activities.

○ 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.

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

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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 June 2013, Alliance Trust lent its support to a global coalition asking companies to sign the Bangladesh Accord on Fire and Building Safety, established as a direct result of the collapse of the Rana Plaza in April 2013. In September 2013, letters urging them to sign the accord were sent to 21 companies. In October 2013, Adidas, a portfolio company in several of Alliance Trust's funds, joined a number of global retailers in signing the Accord.

- ( ) No

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

LEA 07	Mandatory	Core Assessed	PRI 2,4

LEA 07.1 Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- (●) Yes

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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.

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Type of engagement	Insights shared
Individual/Internal staff engagements	○ Yes, systematically ◉ Yes, occasionally ○ No
Collaborative engagements	○ Yes, systematically ◉ Yes, occasionally ○ No
Service provider engagements	◉ Yes, systematically ○ Yes, occasionally ○ No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2

LEA 10.1 Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	○ Yes, we track the number of our engagements in full ○ Yes, we partially track the number of our engagements ◉ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements
Collaborative engagements	○ Yes, we track the number of our engagements in full ◉ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements
Service provider engagements	○ Yes, we track the number of our engagements in full ○ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ◉ 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

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	2
Collaborative engagements	1

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	○ > 50% ○ 10-50% ○ <10% ◉ None
Collaborative engagements	○ >50% ○ 10-50% ○ <10% ◉ None

LEA 11.3	Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	◉ >50% ○ 10-50% ○ <10% ○ 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.

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Type of engagement	Coverage
Individual / Internal staff engagements	☐ Environmental ☑ Social ☑ Corporate Governance ☐ We do not track this information
Collaborative engagements	☐ Environmental ☑ Social ☑ Corporate Governance ☐ We do not track this information
Service provider engagements	☐ Environmental ☐ Social ☑ Corporate Governance ☐ We do not track this information

LEA 12.2 Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Overlapping ESG issues

100

100%

Collaborative engagements

% Overlapping ESG issues

100

100%

Service provider engagements

% Corporate Governance only

100

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.

◉ 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.

	Number of company changes or commitments to change
Individual / Internal staff engagements	
Collaborative engagements	1
Service provider engagements	

○ No

LEA 13.3	Additional information.

In June 2013, Alliance Trust lent its support to a global coalition asking companies to sign the Bangladesh Accord on Fire and Building Safety, established as a direct result of the collapse of the Rana Plaza in April 2013. In September 2013, letters urging them to sign the accord were sent to 21 companies. In October 2013, Adidas, a portfolio company in several of Alliance Trust's funds, joined a number of global retailers in signing the Accord.

LEA 14	Voluntary	Descriptive	PRI 2

LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.

☑ Add Example 1

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Topic or ESG issue	Fair business practices with good patient outcomes
Conducted by	☑ Individual / Internal ☐ Collaborative ☐ Service provider
Objectives	The objective of the SRI team's engagement was to encourage a London-quoted 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 SRI team engaged with the company about allegations of bribery and corruption made by the Chinese authorities against the company, and concerns regarding mis-selling drugs in the United States. The SRI team continues to monitor the company since it is a key holding in the team's funds given its exposure to unmet medical needs.
Outcomes	Following the engagement, the SRI team reviewed its sustainability matrix rating for the company. The rating determines the company's eligibility for inclusion in the team's funds. The company is still eligible for inclusion in the SRI 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. Please see http://www.alliancetrustinvestments.com/sri-hub/archive/posts/2013/July/Why-we-hold-GSK for further information.

☑ Add Example 2

Topic or ESG issue	Balance sheet management
Conducted by	☑ Individual / Internal ☐ Collaborative ☐ Service provider
Objectives	The objective of the global team's engagement was to encourage a Paris-quoted industrial company to fund an acquisition entirely through borrowings rather than part-funding it via an equity issue.
Scope and Process	The global team sent a letter to the company seeking an explanation of why the company felt that part-funding the acquisition via an equity issue was appropriate.
Outcomes	The company explained its rationale on a call in response to the letter.

☑ Add Example 3

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Topic or ESG issue	Health and safety
Conducted by	☐ Individual / Internal ☑ Collaborative ☐ Service provider
Objectives	Have 21 companies sign the Bangladesh Accord on Fire and Building Safety following the collapse of the Rana Plaza in April 2013.
Scope and Process	In June 2013, Alliance Trust lent its support to a global coalition asking companies to sign the Bangladesh Accord on Fire and Building Safety, established as a direct result of the collapse of the Rana Plaza in April 2013. In September 2013, letters urging them to sign the accord were sent to 21 companies.
Outcomes	In October 2013, Adidas, a portfolio company in several of Alliance Trust's funds, joined a number of global retailers in signing the Accord.

☐ Add Example 4

☐ Add Example 5

☐ Add Example 6

☐ Add Example 7

☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

Communication

LEA 15 | **Mandatory** | **Core Assessed** | **PRI 2,6**

LEA 15.1 Indicate whether your organisation proactively discloses information on its engagements.

◉ We disclose it publicly

please provide URL

http://www.alliancetrustinvestments.com/sri-hub/archive/posts/2013/July/Why-we-hold-GSK

please provide URL

http://www.alliancetrustinvestments.com/sri-hub/archive/posts/2013/49390/Adidas-Bangladesh-Accord

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LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

◉ Yes

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

	Engagement information disclosed

☐ 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.

○ Disclosed continuously (prior and post engagements)

○ Disclosed quarterly

○ Disclosed annually

○ Disclosed every two years or less

◉ Other, specify

The SRI (Sustainable and Responsible Investment) team reports on topical engagements on the SRI hub (http://www.alliancetrustinvestments.com/sri-hub/)

○ No

○ 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

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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 teams expect 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

◉ 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 19	Voluntary	Descriptive	PRI 2

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

☐ Obtain confirmation that votes have been lodged:

☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation

☑ None of the above

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LEA 20	Voluntary	Additional Assessed	PRI 2

LEA 20.1 Indicate if your organisation has a securities lending programme.

- ○ Yes
- ◉ No

LEA 21	Mandatory	Core Assessed	PRI 2

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.

- ○ 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]

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

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.

- ◉ We do track or collect this information

	Votes cast (to the nearest 1%)
	%
	97

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	Specify the basis on which this percentage is calculated

◉ 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]

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 clients' best interests.

In some cases votes were not cast when the associated shares were being sold during the voting period.

○ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2

LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

◉ 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:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	% 89
Against (opposing) management proposals	% 9
Abstentions	% 2

100%

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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.

We subscribe to proxy voting research from Institutional Shareholder Services (ISS) to complement our investment managers' knowledge of investee companies in deciding how we will vote at company AGMs and EGMs. The ISS recommendations for the funds managed by the SRI team are customised to meet the more stringent focus on environmental, social and governance issues of their mandates.

○ No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2

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

LEA 25	Voluntary	Descriptive	PRI 2

LEA 25.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☑ Add Example 1

Topic or ESG issue	Executive remuneration
Decision made by	☑ Internal staff ☐ Service provider
Objectives	To encourage executive remuneration to be aligned with shareholder interests
Scope and Process	Voted against the proposed equity awards, retention and clawback arrangements for the executive board of a number of large banks, an Italian consumer business, French and US industrial businesses, and a US technology company
Outcomes	The Italian consumer business did not respond to a request for further details

☑ Add Example 2

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Topic or ESG issue	Combined CEO and Chairman
Decision made by	☑ Internal staff ☐ Service provider
Objectives	To reduce conflicts of interest for the chairman when evaluating and reviewing executive directors' performance, it is recommended that the chairman should not also be the CEO
Scope and Process	Voted against proposals to: re-elect combined CEO and Chairmen; and combine the CEO and Chairman roles
Outcomes	

☑ Add Example 3

Topic or ESG issue	Fair lending
Decision made by	☑ Internal staff ☐ Service provider
Objectives	To encourage disclosure regarding a US bank's fair lending policies and oversight mechanisms
Scope and Process	Voted in favour of a shareholder resolution requiring the bank to provide additional information on its fair lending policies and oversight mechanisms - a resolution which management of the bank recommended voting against
Outcomes	

☑ Add Example 4

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Topic or ESG issue	Pre-emption rights
Decision made by	☑ Internal staff ☐ Service provider
Objectives	Preserve pre-emption rights of shareholders
Scope and Process	Voted against a Hong Kong quoted industrial company's resolution to authorise re-issuance of repurchased shares, because the resolution did not specify the maximum discount level for the issuance of the shares without requiring a pre-emptive offer
Outcomes	

☑ Add Example 5

Topic or ESG issue	Statutory auditor independence
Decision made by	☑ Internal staff ☐ Service provider
Objectives	Avoid potential conflicts for statutory auditors
Scope and Process	Voted against the proposed appointment of a statutory auditor of a Japanese bank because the individual was also the chairman of one of the largest shareholders of the bank, and might therefore have faced conflicts of interest
Outcomes	

☑ Add Example 6

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Topic or ESG issue	Political donations and trade association memberships
Decision made by	☑ Internal staff ☐ Service provider
Objectives	To discourage political donations by investee companies and seek disclosures regarding any such donations and trade association memberships
Scope and Process	The SRI (Sustainable and Responsible Investment) team voted against resolutions to allow political donations by companies based in a number of different countries, and voted in favour of a resolution requiring greater disclosure of political donations and trade association memberships from a US technology company
Outcomes	

☑ Add Example 7

Topic or ESG issue	Auditor independence
Decision made by	☑ Internal staff ☐ Service provider
Objectives	To avoid potential conflicts of interest for auditors arising because the auditors receive significant fees for other services, such as consultancy, from the company they are engaged to audit
Scope and Process	The SRI team abstained from resolutions regarding auditors where the auditors received non-audit fees exceeding 25% of their audit fees from the company they are engaged to audit
Outcomes	

☑ Add Example 8

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Topic or ESG issue	Board composition and independence
Decision made by	☑ Internal staff ☐ Service provider
Objectives	To promote effective challenge of executive directors by encouraging best practice board composition and independence
Scope and Process	The SRI team voted against resolutions incongruent with best practice board composition and independence, for example: against the appointment of directors representing major shareholders who would be over-represented on a board; against the appointment of directors where independent directors would be under-represented on a board; against the appointment of directors if their other directorships and commitments could preclude them from effective performance on the board; against the appointment of directors who attended too few meetings in the previous year without adequate explanation; and against non-executive directors receiving company performance related awards.
Outcomes	

☐ Add Example 9

☐ Add Example 10

Communication

LEA 26 | **Mandatory** | **Core Assessed** | **PRI 2,6**

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

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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

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