

Statement on Responsible Investment

December 2019

1. Introduction

Alliance Trust PLC is an investment company with net assets over £2.7 billion. We aim to be a core investment for investors seeking increasing value over the long term. We believe that effective stewardship and the integration of environmental, social and governance ('ESG') factors into the Trust's investment process can help protect and grow the value of the Trust's investments.

We therefore aim to be a **responsible investor**. We take the obligations of ownership seriously: we recognise that overall returns and risk will be optimised if we take into account the external impact of investee companies on the environment, their practices' social acceptability, and their good governance.

2. How we undertake responsible investment

Our day-to-day responsible investment activities are undertaken by our Investment Manager, Willis Towers Watson ('WTW') and the equity managers (each a 'Stock Picker' or 'Manager') that WTW has selected to manage the Trust's assets. WTW and our Managers have discretion as to how they undertake these activities subject to any policies or guidelines that we have decided to apply or any specific instructions we may give.

Details on WTW's approach to investment and stewardship can be found on its website: <https://www.willistowerswatson.com/en-GB/Solutions/services/sustainable-investment>.

We have also engaged Hermes Equity Ownership Services ('Hermes EOS') to assist us in meeting our responsibilities as a long-term shareholder. Hermes EOS provides voting recommendations to our Managers and undertakes engagement activities on our behalf. Hermes EOS is one of the founding signatories of the United Nations Principles for Responsible Investment ('UNPRI') of which WTW and six of our Manager are also signatories.

We will periodically review our approach to responsible investment and how it is being executed by WTW, our Managers and Hermes EOS to ensure that it remains appropriate, effective and consistent with our policies, guidelines and instructions.

3. The scope of our responsible investment strategy

While our investment objective and policy permit investment in other asset classes, we currently invest only in global equities across a wide range of different sectors and industries. As at 31 December 2019, our investment portfolio comprised [100%] global equities. Our responsible investment activities are applicable to global equities in all sectors, industries and markets in which we invest.

4. The factors that are considered

The factors that WTW and our Stock Pickers may consider include, but are not limited to, the following:

- Bribery and corruption risk management
- Executive remuneration
- Climate change
- Consumer and public health

- Environmental performance management
- Reputational risk
- Health and safety
- Research and development
- Transparency and disclosure
- Corporate governance
- Customer satisfaction
- Stakeholder relations
- Human rights
- Succession planning

5. How we implement our approach

Our activities as a responsible investor fall into three main areas:

A. Integration

The primary objective when our Stock Pickers invest for the Trust's portfolio is to achieve the best investment return while allowing for an acceptable degree of risk. In pursuing this objective, our Stock Pickers assess various factors. Our Stock Pickers' assessment is expected to include financially material ESG factors where they may influence investment risk and return. We also expect such factors to be integrated into the portfolio risk management undertaken by WTW.

While each Stock Picker invests in accordance with their own investment philosophy, considering the factors that they believe may have meaningful impact on the performance of an investee company, each Stock Picker is expected to have a demonstrable process in place that identifies and assesses material ESG factors.

WTW assesses and monitors how existing or potential managers integrate ESG factors into their investment decisions as well as how they address stewardship (both voting and engagement) in the context of what WTW considers to be best practice.

WTW also assesses and monitors ESG related factors through a sustainability scorecard framework which analyses the resilience of the Trust's portfolio to sustainability-related risks and opportunities.

B. Stewardship

We believe that as a long-term investor, we have an obligation to actively engage with the companies in which we invest, influencing and promoting good ESG practices.

Through our Managers, we therefore seek to promote generally acceptable standards of good governance, engaging where appropriate (and in accordance with their own investment philosophies) with the management of the companies in which they have invested, on issues of shareholder value, including ESG factors. We exercise our voting rights through our Managers.

We also engage with investee companies through Hermes EOS which, on behalf of its clients, undertakes company specific engagements where the main objectives are to seek both beneficial and sustainable change.

Our Statement on Stewardship can be found on our website, www.alliancetrust.co.uk. In this, we explain more about our engagement, voting and stewardship activities.

C. Market transformation activities

While the performance of the Trust's portfolio is primarily driven by the stocks invested in by our Managers, as an investor with a globally diversified portfolio, our performance is also impacted by the returns of the wider economy.

Whilst we cannot influence macroeconomic policy, through WTW and our Managers and Hermes EOS we seek to engage with policy-makers and regulators across global markets, to raise important systemic issues that concern long-term investors.

6. The guidelines that are applied

Subject to any policies or guidelines that we have decided to apply or any specific instructions we may give, WTW and our Managers have discretion as to how the portfolio is invested in order to comply with achieve the Trust's Investment Objective and Policy.

A. Screening

We believe effective stewardship enables us to guide companies towards better practices. By excluding companies, we cannot influence their activities.

With the exception of armaments made illegal under international law via the Inhuman Weapons Convention, and those weapons covered by standalone conventions, we do not currently place any ethical or value-based restrictions on the types of companies that can be invested in for the Trust's portfolio.

This means that the Trust may invest in companies that may not accord with the collective preferences of the Trust's Board or of individual Directors. Where that happens, we seek an explanation of the factors that have influenced a Manager's decision to invest and we may decide to add a new restriction or amend our policies and guidelines.

B. Engagement and Voting

Our Managers engage with investee companies and exercise our voting rights in accordance with their own investment philosophies, policies and procedures.

Hermes EOS provides voting advice and recommendations to help our Managers make better informed decisions. Our Managers do not have to vote in accordance with the recommendations they receive from Hermes EOS, but they do have to explain why they have not done so.

7. Oversight of our responsible investment activities

Overall, the Trust's Board is responsible for the oversight of the Trust's responsible investment activities. WTW oversees those activities day-to-day and reports on the activities that it, the Managers and Hermes EOS have undertaken to the Board.

WTW's assessment of how each Manager has integrated ESG factors into its investment process and of it has addressed stewardship, feeds into WTW's overall view of a Manager's competitive advantage and overall rating. WTW's analysis is reviewed annually and is enhanced by an in-depth sustainability report and scoring of ESG integration and stewardship, to help track the evolution of a Manager's responsible investment practices. If a Manager falls short in any way, WTW will engage with the Manager to drive change and, if necessary, downgrade them if they fail to respond.

WTW's analysis of the overall portfolio's resilience to sustainability-related risks and opportunities focuses on the portfolio's total exposure to a wide range of sustainability issues. WTW's analysis is done at multiple levels –the overall portfolio, underlying securities and by Manager strategy.

8. Oversight of our responsible investment strategy

The Board will review the approach that the Trust is taking to responsible investment at least annually to ensure that it remains appropriate for the Trust and that it does not contravene any of

the Trust's other policies and legal obligations. The Trust will report on its responsible investment strategy to shareholders at least annually in the Trust's Annual Report.