

Stewardship Policy Statement

1. Introduction

Alliance Trust PLC is a self-managed investment company with investment trust status. Our focus is to generate superior returns for shareholders over the medium to long term through a combination of capital growth and income. We invest in a wide range of asset classes, including quoted equities, throughout the world to achieve our objective.

Our wholly-owned subsidiary, Alliance Trust Asset Management provides a range of core, long-term investment funds. All are managed by the highly experienced, tight-knit Alliance Trust investment teams and leverage the existing, successful strategies within Alliance Trust.

The Financial Reporting Council published the UK Stewardship Code in July 2010. The Code promotes dialogue between shareholders and the boards of their investee companies, and transparency about how investors oversee those companies.

We welcome the introduction of the Code. Alliance Trust as an investment company, and Alliance Trust Asset Management as institutional investor, are both committed to a long-term investment strategy and to maintaining effective relationships with the companies to which we commit our shareholders' and clients' capital. We do this through the application of our investment philosophy, regular engagement with the management of those companies and considered use of our voting rights.

This Policy Statement sets out how we discharge our stewardship responsibilities as an integral part of our investment philosophy.

2. Our investment philosophy

Alliance Trust's investment philosophy is shaped by over 120 years of investing. Equity investment is our core competency. The Alliance Trust core equity portfolio is run on a regional basis, investing in the UK, North America, Europe, Pan-Asia and Emerging Markets. We also have a Global equity portfolio which draws on the "best ideas" within the regional portfolios.

Alliance Trust Asset Management offer a variety of funds across different geographical regions and asset classes.

Each regional equity team follows a rigorous process in building and managing its portfolio, based on a combination of idea generation, research, internal discussion, portfolio construction and monitoring. Our high conviction approach aims to construct portfolios which meet all of our investment criteria and are both benchmark and risk aware.

3. How we monitor investee companies

Our firm belief is that genuine long-term and conviction investing will lead to long-term outperformance. This philosophy makes us genuine long term owners of companies, not traders of paper. Strong management is one of the key attributes that we look for in a company and we regard this as a prerequisite for long term investing.

We pay particular attention to building relationships with senior management of companies and understanding their medium to long-term strategy. We would expect to maintain personal contact with the management of each company in the portfolio on a regular basis through a series of private meetings and/or telephone calls.

Our investment and review decisions may be driven by developments or events affecting the company and not solely by performance against valuation targets. Our investment managers have access to research tools including software providing independent research into the environmental, social and governance performance of companies within its global research universe.

The combination of this ongoing active dialogue with investee companies and the use of research tools enables us to ascertain how the companies meet their objectives and the governance arrangements in place, particularly those relating to board structures and composition. We will consider carefully explanations given for departures from the UK Corporate Governance Code as part of this process.

Following an assessment of the situation we would expect to take action which may include voting against company proposals which appear to carry significant governance risks or which otherwise appear not to be in shareholders' interests.

Records are kept of all meetings with company management and of significant events or developments arising from our ongoing reviews of portfolio companies. We also make considered use of our shareholder voting rights. Our voting decisions, together with votes cast and the reasons for any decisions to vote against company management recommendations, are subject to review and recorded. Our voting decisions are disclosed in the Alliance Trust Annual Report and on our websites.

4. Our strategy on intervention and collective engagement

The investment aim of Alliance Trust is to manage the allocation of its capital among the asset classes and within the risk parameters, policies and other limits and guidelines approved by the Board from time to time, in order to protect and enhance shareholder value.

The investment aim of Alliance Trust Asset Management is to manage the allocation of the capital of its funds in accordance with their investment objectives and in order to protect and enhance their value.

We maintain a rigorous and consistent system to measure and monitor the risk profile of the investment portfolio and the funds that we manage. As part of our risk management process we expect our investment managers to report any high risks relating to an investee company's strategy or performance, governance or attitude to social or environmental risk. We also expect our managers to take steps to manage those risks, which may include, but are not limited to, making representations to a company or exercising our rights as shareholders.

We would 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 extreme financial, social, environmental or legal circumstances with the potential to affect the immediate or longer term viability of the company. Any decision to intervene would be made after consideration of the individual circumstances of the case in consultation with our Chief Investment Officer.

5. How stewardship is integrated with the wider investment process

We aim to promote a high-performance investment-led culture, with a stable team of experienced investment managers at its core. Supported by a range of research tools and internal resources, our investment managers are responsible for making and implementing decisions at all stages of the investment process. The analysis and ongoing monitoring and review of investee companies' management plans and strategies, events and developments affecting the companies and Environmental, Social and Governance considerations, and the exercise of voting rights and buy/sell decisions are all integral parts of the investment management process.

6. Our policy on voting and disclosure of voting activity

As part of our continuous engagement with the companies we invest in we seek to vote our shares (or to abstain where it is appropriate to do so) on all resolutions put to us as shareholders, wherever possible. The investment managers have a responsibility to make considered use of their votes and they also make the primary voting decisions. In most cases we would expect to vote in line with management recommendations but we would abstain or vote against recommendations which we do not consider to be in the interests of shareholders, predominantly in the area of corporate governance.

Where we abstain or vote against a resolution we endeavour to explain the reasons for our decision to the investee company in a timely manner.

We use a proxy voting service to receive and transmit our proxy votes. However, we do not use a voting advisory service, as voting decisions are made by our investment managers as part of the overall management of their portfolios.

We publish our voting decisions in the Alliance Trust Annual Report and on our websites.

7. Our policy on managing conflicts of interest in relation to stewardship

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 the companies in which we invest and exercising our rights as shareholders. As Alliance Trust PLC does not manage assets for third parties, the situations in which it may face a conflict will be rare. However we maintain a detailed Conflicts of Interest Procedure which covers all group companies including Alliance Trust Asset Management and Alliance Trust, and which aims to ensure that we are able to identify, monitor and manage any and all conflicts of interest that may arise.

8. How we report on our stewardship and voting activities

We report to our shareholders and clients, at least annually, in the Corporate Responsibility section of the Alliance Trust Annual Report, on how we have engaged with our investee companies during the period, including both quantitative and qualitative information on how we have exercised our voting rights.

We do not currently consider that it is appropriate to obtain an independent audit opinion on our engagement and voting processes. However, this decision will be reviewed periodically.