



Response to ESG Questionnaire AllianceBernstein

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April 2024

Introduction

The issue of defining ESG and how individual companies express their specific values is now at the forefront of many of our clients' minds. We have researched SRI funds for many years now and have a separate rating category, but we acknowledge that this is now a mainstream strategy for an increasing number of investors and ESG issues are impacting all funds, not just those designated responsible or SRI.

In order to understand each company's stance on ESG factors at the corporate level, and how this is built into the investment managers' research and process we ask all our rated fund managers four questions:

- Please provide an overview of any Responsible Ownership/Stewardship strategy that your business follows.
- Please provide an overview of how ESG is integrated into your business.
- Does your business have a policy of excluding any companies or sectors from all strategies managed? If yes, please provide further details.
- What improvements (if any) have been made over the past 12 months within your business to the points highlighted in the previous questions?

The responses given by AllianceBernstein are shown here.

1. Please provide an overview of any Responsible Ownership/Stewardship strategy that your business follows.

At AllianceBernstein, we are committed to responsibility and stewardship, both as a firm and as investors for our clients. We take a three-pronged approach to Responsibility:

- **Being a Responsible Firm:** We have established best practices to ensure that responsibility pervades our operations; our internal corporate responsibility practices, measurements and evaluations help inform our approach. On environmental stewardship, we are working to reduce our impact on the global environment—rethinking our business operations to use less of Earth's resources. Socially, we are striving to become a more dynamic, diverse, and inclusive firm that engages employees, advances corporate social behaviour, and stays connected to our many communities. On corporate governance, our business model is built on a strong risk-aware culture, prudent risk-taking and a robust governance framework.
- **Being a Responsible Investor:** We seek to invest responsibly. We integrate financially material ESG and climate change factors at applicable steps of the investment process for most of our actively managed strategies. We believe ESG integration is about identifying and assessing financially material environmental, social and governance issues. We see it as an incremental lens to analyse and quantify potential financial risks and opportunities. We believe an improved assessment of risk and better

identification of opportunity provides additional information that our investment teams can leverage to enhance financial outcomes for our clients.

- **Managing “Portfolios with Purpose”:** We have developed a suite of Portfolios with Purpose, which aim to achieve financial objectives with a dedicated ESG focus. These Funds and Strategies seek to go beyond ESG and climate change integration and engagement, offering clients the opportunity to invest for financial returns with purpose. These solutions include our impact strategies, sustainable investment strategies that align with the United Nations Sustainable Development Goals (UN SDGs) and Responsible+ strategies, which include Climate Conscious strategies that target climate resilience, ESG Leaders that target best-in-class ESG practices and Change Catalysts that target positive change among issuers.
- **Firm-Level ESG Policies and Guidelines:** AllianceBernstein has had a Responsible Investing Policy for more than 10 years. Our Global Stewardship Statement and Report is an overview of AllianceBernstein’s activities in corporate responsibility, responsible investing, and stewardship. This Statement begins with our purpose and values, describing how our structure seeks to support responsible investing and effective stewardship. The Statement also describes how we set policy, seek to integrate financially material ESG and climate factors, and seek to serve as active stewards in the portfolios and funds that we manage for our clients.

Our Global Stewardship Statement and Report can be found in the corporate responsibility section of our public [website](#).

2. Please provide an overview of how ESG is integrated into your business.

At AllianceBernstein, our investment teams—analysts and portfolio managers—are at the heart of our integration and stewardship activities. Our Chief Investment Officers/Portfolio Managers are responsible for overseeing the integration of material ESG factors into applicable steps of our investment process for most actively managed equity and fixed income strategies, and for monitoring that potential material ESG issues are appropriately identified, raised, researched, and addressed. Our fundamental research analysts have primary responsibility for considering material ESG factors in the applicable steps of the research process. Our teams document and incorporate their ESG research and engagement findings and integrate financially material ESG and climate factors into their research and portfolio construction processes. The degree of integration may differ depending on the Strategy or Fund, but the objective remains the same: to achieve our client’s investment objective by integrating financially material ESG factors into our research and investment processes. We do note that while financially material ESG factors can be an important component of some of our fundamental research and decision-making, they are not the primary determinant in whether we buy, sell or hold a position.

The expertise of our investment teams is complemented by the RI-specific knowledge of our Responsibility Team. Our Responsibility Team may help portfolio managers and analysts consider and engage on material ESG issues holistically and consistently, challenging investment teams’ thinking and encouraging analysts to incorporate this perspective into their financial models and outlooks. Our Responsibility Team provides support to and may partner with our investment teams to conduct ESG and climate change-related research, develop frameworks, and prepare for and conduct engagements. Our Responsibility Team also develops strategy and thought leadership in partnership with our investment teams. We believe our approach helps our investment teams more effectively consider material ESG issues in applicable stages of the investment process. However, our Responsibility Team does not determine, nor is responsible for, any positions or risk exposures in any Funds, Strategies, or client accounts, including ESG-related exposures. All positions and risk exposures, including ESG-related exposures, are the sole responsibility of our investment teams.

3. Does your business have a policy of excluding any companies or sectors from all strategies managed? If yes, please provide further details.

AllianceBernstein may apply screening and exclusions related to ESG factors in different ways, depending on the investment strategy and vehicle, and on whether a screening request is client-driven or determined by regulation. Exclusions can differ based on the activity, ESG or climate risk in question. AllianceBernstein currently has the following exclusion and screening policies in place:

Firm-Wide Exclusions:

- *Sanctions-Related Issuers:* AllianceBernstein has developed and maintains policies and procedures intended to enable us to comply with the sanctions requirements of each of the countries in which AllianceBernstein or our subsidiaries are registered to conduct business. Additionally, when a country becomes subject to EU or UN financial sanctions, that country and its securities are removed from the permitted universe for our Funds. The exclusions are programmed into our various pre-trade compliance systems which then prevent our Funds and Accounts from transacting in those securities.
- *Cannabis-related Companies:* Outside of sanctions-related exclusions, AllianceBernstein currently implements one firm-wide exclusion: cannabis-related companies. We apply a revenue threshold of 25% for cannabis. In other words, if a company generates 25% or more of its revenue from cannabis, it is subject to exclusion. We do permit our investment professionals to sell short such companies.

Firm-Wide Screening Policies:

- *Private Prisons:* AllianceBernstein screens for companies that generate 20% or more of their revenue from private prisons. Any investment team wishing to initiate a long position in private prisons in any actively managed Strategy requires explicit written approval from our Controversial Investment Advisory Council before implementing the position. As of December 31, 2023, AllianceBernstein does not have any exposure to companies deriving significant revenue from private prisons.
- *International Norms Violators:* Within our Luxembourg-domiciled Funds, and in response to EU SFDR, AllianceBernstein developed a Good Governance Policy consisting of security-specific analysis and scoring based on specific governance criteria, including sound management structures, employee relations, remuneration of staff and tax compliance, using a combination of external and internal data sources. The specific governance indicators include compliance with UN Global Compact Principles. If at any point a security breaches the scoring threshold for any of the Good Governance indicators (including UNGC non-compliance), then the security is deemed to fail the criteria for inclusion in AllianceBernstein's Article 8 and 9 Portfolios. For a security that breaches the criteria to continue to be held, or purchased, AllianceBernstein's analysts must present research that refutes the findings of third-party data that has made the identification and explain why the security remains a reasonable investment. This research is subject to review by a separate internal Committee.
- *Controversial Weapons:* Across our Luxembourg-domiciled Funds Platform, AllianceBernstein (Luxembourg) S.à r.l., an AllianceBernstein affiliate, has decided to exclude both debt and equity securities issued by companies involved in the production of anti-personnel landmines, cluster munitions, munitions made with depleted uranium, chemical, biological, or incendiary weapons from the universe of potential investments in a range of funds for which it is a management company. AllianceBernstein (Luxembourg) S.à r.l. has engaged with a third-party service to provide the list of companies to be excluded.

4. What improvements (if any) have been made over the past 12 months within your business to the points highlighted in the previous questions?

AllianceBernstein is committed to evolving and improving our firm's approach to Responsible Investing and ESG. New initiatives and enhancements in 2023 and subsequently include:

Responsibility Infrastructure and Governance:

AllianceBernstein maintains a management infrastructure for Responsibility leadership to drive our RI strategy and instill a coordinated and consistent approach to these issues firmwide. We currently have 28 professionals dedicated to Responsibility within AllianceBernstein. Of these, 16 are members of our dedicated Responsibility Team, led by Erin Bigley, our Chief Responsibility Officer. During Q1 2023, the team added a Director of RI Data and Technology to manage our ESG data, technology and analytics across the firm. During Q4 2023, the team added a new Director of Corporate Governance to oversee our firm's corporate governance and proxy voting activities. In addition, the firm created a new position on the risk-management team—Director of Risk Management, Responsible Investing—to further strengthen our ESG risk and controls framework, including ESG services' operational processes and regulatory compliance approaches.

New ESG Policies and Statements:

- *2022 Responsibility Report:* In December 2023, AllianceBernstein published our Responsibility Report, which is our annual report on corporate responsibility and responsible investing. This report includes the latest updates on our corporate responsibility and responsible investing practices, including details on our purpose, three-pillared approach to Responsibility, responsible investing industry involvement, ESG integration and engagement, sell-side research, Portfolios with Purpose, and more. This can be found on our corporate website.
- *ESG Engagement Initiative Report:* In November 2023, we released the results of our latest ESG Engagement Initiative. The report includes the advancements we have made in our engagement and stewardship practices and the results from our action-focused engagements in 2022. The report is available on our website.
- *2022 Climate Change Statement & TCFD Report:* In July 2023, we published an update to our Climate Change Statement, shifting to a calendar year reporting period to meet regulatory requirements in the UK. The Statement covers the period of 1 January 2022 to 31 December 2022 and is written in alignment with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). This Statement represents our climate policy and provides an annual update on the progress that AllianceBernstein has made in responding to the risks and opportunities that climate change creates for our investments and operations. Our Statement can be found on our corporate website.
- *Global Stewardship Statement and 2022 Report:* In April 2023, we published our Global Stewardship Statement and 2022 Report, which is our formal policy and report on corporate responsibility, responsible investing, ESG integration, engagement, voting, and collaboration. This can be found on our corporate website.

New Reporting:

We continue to enhance the type of reporting we do. In the last 12 months:

- *2022 Principles for Responsible Investment (PRI) Assessment Report:* In Q4 2023, AllianceBernstein received its 2022 PRI Assessment. Based on star scores, five of our module scores were above the industry median, seven were in line with it, and four were below. We received four stars for the Policy, Governance and Strategy category and five stars for Confidence-Building Measures, the module focused on the governance and internal controls in place for our PRI Reporting. More details can be found in our 2022 PRI Assessment Report and our 2022 PRI Transparency Report.
- *2023 Proxy Review:* In October 2023, we published highlights of our 2023 Proxy season through 30 June 2023: 2023 US Proxy Season Review. AllianceBernstein continues to promote transparency in our proxy

voting records. In March 2023, we began to disclose our rationales for notable US shareholder proposal votes within one business day from the shareholder meeting date, on our website.

- *2023 US Proxy Season Preview*: In March 2023, we published an overview of expectations and trends in the US. This can be found on our corporate website: [2023 US Proxy Season Preview](#).
- *2022 APAC Governance Overview: China/Hong Kong, Japan and South Korea*: In March 2023, we published an inaugural piece that reviews governance trends in the Asia-Pacific region throughout 2022. This can be found on our corporate website: [2022 APAC Governance Overview](#).

Further Integration of ESG into our Investment Processes (Including Systems/Tools Used):

We continue to improve the rigor with which we integrate financially material ESG factors into applicable stages of our investment processes for most of our actively managed strategies. Initiatives related to this objective include:

- *New Tools and Frameworks: Social Regulations Tracker*: In April 2023 AllianceBernstein's Responsibility Team introduced a new proprietary tool to assist investment teams when evaluating social factors. Our social regulations tracker consolidates key social regulatory initiatives that are likely to impact business operations across jurisdictions.
- *National Hazards Index v2.0*: In April 2023, AllianceBernstein and the National Centre for Disaster Preparedness (NCDP) at the Columbia Climate School launched an enhanced version of the Natural Hazards Index map to examine physical climate hazard data in the US. For more details, please refer to the Columbia Climate School website.
- *Climate Transition Assessment and Engagement Framework*: In Q2 2023, AllianceBernstein began to roll out our Climate Transition Assessment and Engagement Framework to select investment teams. The framework will guide our engagement with high-impact issuers on material climate-related transition risks and opportunities.
- *Prism 3.0*: In Q4 2023, AllianceBernstein rolled out an enhanced version of our corporate ESG scoring framework. This enhanced methodology is more data-informed, made possible by the significant increase in the availability and quality of ESG data, including data on modern slavery.
- *Climate Transition Dashboard*: In Q4 2023, AllianceBernstein launched a proprietary dashboard that allows our investment teams to easily view, compare and explore current climate change-related data on 21,249 issuers and approximately 100 portfolios across our actively managed equities and fixed income strategies.
- *Sovereign ESG Scoring Framework*: In Q4 2023, AllianceBernstein enhanced its ESG assessment framework for sovereign issuers. We added subcomponents focused on both susceptibility and preparedness to respond to natural disasters as well as additional sustainability measures.

Collaborative Engagements:

AllianceBernstein is a member of Climate Action 100+ (CA100+) and has been an investor participant in collaborative engagements with emerging market companies. In Q1 2023, Petrobras committed to the UN-backed Oil and Gas Methane Partnership 2.0 (OGMP), which establishes a framework for reporting methane emissions and setting methane emissions reduction targets, a key step forward in managing climate risks for the company.

Training:

- *Climate Change and Investment Academy 2023*: In September 2023, in collaboration with Columbia Climate School, AllianceBernstein launched Climate Academy 2.0 for our clients and employees. The Climate Change and Investment Academy 2023 seeks to build on the success of the inaugural academy. In the 2023 Academy, expert speakers and panellists discussed their latest research findings and insights,

with topics ranging from global food security to China policy and from natural hazards to biodiversity. The program was structured over a seven-week period. Participants were able to engage with, and learn from, Columbia faculty members through a robust series of six modules and live Q&A sessions—with the goal of building stronger connections between climate science and investing.

- *Social Strategy*: In July 2023, AllianceBernstein conducted a full-day training session with eCornell, Cornell University's External Education Unit's professors, on the topic of evaluating social risks and opportunities in our investments. The session focused on three broad themes to help our investment teams make sense of the evolving "S" investment environment: a changing world, a just world and a healthy world.
- *Just Transition*: In May 2023, AllianceBernstein and staff from the Grantham Research Institute led a training session titled "If Net Zero is the What, a Just Transition is the How". The session focused on how our investment teams can incorporate Just Transition risks and opportunities into our investment processes.

New Memberships and Codes:

AllianceBernstein became involved with, or furthered our work with, these organizations and initiatives:

- *Access to Medicine*: In March 2023, AllianceBernstein joined Access to Medicine (AtM) as a Signatory Investor.
- *World Benchmarking Alliance (WBA)*: In March 2023, AllianceBernstein joined the World Benchmarking Alliance (WBA) as an Investor Ally.
- *UK Stewardship Code*: In August 2023, AllianceBernstein was accepted as a signatory to the UK Stewardship Code for the third consecutive year.
- *Taskforce on Nature-related Financial Disclosures (TNFD)*: In March 2024, AllianceBernstein became a member of the TNFD Forum.

New RI-Focused Products and Strategies:

AllianceBernstein continues to develop our suite of ESG-focused offerings. Recent additions include European Commercial Real Estate Debt, Merger Arbitrage and Event Driven. These three products have also been added to our range of SFDR classified Article 8 funds.

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We are providing the information in this Questionnaire in response to your specific questions. Please note that many of your questions, and therefore our responses, apply to AllianceBernstein broadly as a firm and may not be applicable to a particular Strategy or Fund. In particular, responses that discuss AllianceBernstein's firm-level Responsibility organization, policies, memberships, systems, tools, and approaches are not specific to any particular investment process or strategy. Some Strategies and Funds, given their specific investment purview and focus, may not utilize AllianceBernstein's firm-level ESG/Responsibility organization, approaches, systems, tools, and research to the same degree other AllianceBernstein Strategies or investment units do. Questions in this Questionnaire have been answered for AllianceBernstein broadly as a firm and may not apply to a particular Strategy, Fund, or investment process, unless explicitly noted.

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April 02, 2024