

Product name: Diversity Champions Equity Portfolio

Legal entity identifier: 254900LMHH969U3V5K84

Sustainable investment objective

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
●● <input checked="" type="checkbox"/> Yes	●○ <input type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective 80.00%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What is the sustainable investment objective of this financial product?

The Portfolio seeks to invest in issuers that AB believes offer attractive returns because, inter alia, they capture the benefits of Diversity, Equity and Inclusion (“DEI”). These issuers are leaders with respect to DEI policies and practices for attracting and retaining diverse talent and may provide products and/or services that seek to solve social DEI issues (“Diversity Champions”).

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

- **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

For the Portfolio, the attainment of the sustainable investment objective is measured through investee company’s alignment with the following UN SDGs with respect to DEI (Gender Equality, Decent Work and Economic Growth, and Reduced Inequalities) as well as through a proprietary DEI ecosystem evolution. This DEI ecosystem is a methodology that currently assesses each company on the following diversity metrics: issuer approach to diversity; recruiting practices; talent development; benefits and policies linked to DEI; culture; and leveraging diversity to increase productivity and innovation. For the foregoing DEI ecosystem, each investee company must score in the top 50% of each of the metrics.

More information on alignment can be found in the Portfolio’s Exclusion Policy www.alliancebernstein.com/go/DEIExclusionPolicy.

For EU Taxonomy-eligible activities, where relevant data is available, the proportion of EU Taxonomy alignment will be measured. More information on these indicators can be found in AB’s Sustainability-Related Disclosures www.alliancebernstein.com/go/DEIPwebdisclosures.

- **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

All securities held within the Portfolio must satisfy AB’s proprietary methodology that uses the principal adverse impact (“PAIs”) indicators to determine that a specific security meets the “Do No Significant Harm” principle outlined in SFDR (the “DNSH principle”). This methodology is comprised of a threshold-based scoring system, which uses a combination of internal and external data along with exclusions. This methodology, including the relevant data sources, may evolve over time as more data becomes available and tools evolve. The foregoing methodology is subject to, and dependent on, available data.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How have the indicators for adverse impacts on sustainability factors been taken into account?**

PAI indicators are assessed as part of AB's proprietary methodology to determine that a specific security meets the DNSH principle, as well as the Portfolio's Exclusion Policy. All mandatory indicators required by SFDR are taken into account. In addition, AB selected the indicator of Carbon Emission Reduction and Human Rights Policy as additional relevant indicators.

● **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

For any sustainable investment held by the Portfolio, alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is required as part of AB's proprietary methodology to determine that a security meets the DNSH principle.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the Portfolio complies with the SFDR requirements of considering all mandatory PAIs and has selected the following two additional PAIs:

- Carbon Emission Reduction
- Human Rights Policy

Specific PAI indicators that are taken into consideration may evolve over time once additional data becomes available.

As indicated above, PAIs indicators are considered as part of the Portfolio's Exclusion Policy and are also included in AB's proprietary methodology to determine that a specific security meets the DNSH principle as well as the Portfolio's Exclusion Policy.

Additional information on PAIs will be published in the Fund's annual report as required by SFDR Article 11(2).

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Portfolio invests in securities of issuers that AB believes capture the benefits of Diversity, Equity and Inclusion ("DEI"). These issuers are leaders with respect to DEI policies and practices for attracting and retaining diverse talent and may provide products and/or services that seek to solve social DEI issues ("Diversity Champions"). The Portfolio does not seek to have an investment bias towards any investment style, economic sector, country or capitalisation.

To identify Diversity Champions, the Investment Manager first, creates the investable universe of issuers that it believes align with UN Sustainable Development Goals (UN SDGs) with respect to DEI (e.g. Gender Equality, Decent Work and Economic Growth, and Reduced Inequalities) and then focuses on pillars such as: issuer approach to diversity, recruiting practices, talent development, benefits and policies linked to DEI, culture, and leveraging diversity to increase productivity and innovation.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Portfolio seeks to achieve its investment objective through investments in securities which are deemed to be sustainable investments. A security is deemed to be a sustainable investment if the following criteria are satisfied:

- AB believes the issuer aligns with the UN SDGs with respect to DEI (Gender Equality; Decent Work and Economic Growth), through its policies and practices, and it meets the minimum scoring threshold on each of the six pillars of AB's proprietary 'Diversity Champions' matrix.
- The security satisfies AB's proprietary methodology to determine that a specific security meets the DNSH principle outlined in SFDR;
- The issuer of the security follows good governance practices under AB's Good Governance Policy; and
- The Portfolio's investment exclusions are met.

● **What is the policy to assess good governance practices of the investee companies?**

AB has developed a proprietary Good Governance Policy using a combination of external and internal data sources along with assessments or scoring based on specific governance criteria, including sound management structures, employee relations, remuneration of staff and tax compliance. The specific governance indicators include UN Global Compact principles and controversies related to the governance criteria. The foregoing Good Governance Policy is subject to, and dependent on, available data.



What is the asset allocation and the minimum share of sustainable investments?

Minimum Sustainable: 80% (environmental: 0%, social: 80%), taxonomy aligned: 0%
Maximum Other: 20%



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Based on the Portfolio's net assets. All numbers are shown based on normal market conditions.

● How does the use of derivatives attain the sustainable investment objective?

The Portfolio may use derivatives for hedging, efficient portfolio management, and other investment purposes. For derivatives used for other investment purposes, exposure must be limited to securities that are deemed to be sustainable investments in accordance with the Portfolio's investment process described herein.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-alignment of investments including sovereign bonds: 0%

Taxonomy-alignment of investments excluding sovereign bonds: 0%

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

Yes:

In fossil gas In nuclear energy

No

There is currently no data to measure whether the Portfolio invests in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy. It may, as a result of the implementation of its specific investment strategy, hold investments having a marginal exposure to such activities, but until there is external vendor data enabling measurement of such exposure, the Portfolio does not commit to any minimum exposure.

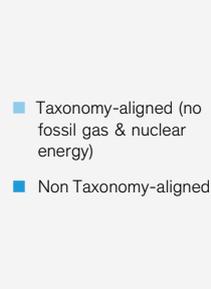
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Taxonomy-aligned activities are expressed as a share of:

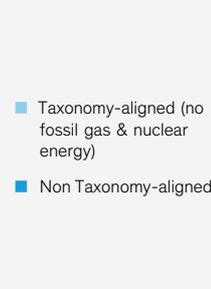
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in light blue the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures



What is the minimum share of sustainable investments with a social objective?

80% is the minimum share of sustainable investments with a social objective.

What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Cash and cash-equivalents are not sustainable investments and may be held for liquidity purposes. The Portfolio may also use derivatives for hedging, efficient portfolio management. More information can be found in the “Derivatives and EPM Techniques” section of the Prospectus . For these assets, there are no minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

The Portfolio does not use a designated reference benchmark for measuring sustainability or determining sustainable investments.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.alliancebernstein.com/go/DEIPwebdisclosures