

Product name: Merger Arbitrage

Legal entity identifier: 5493002Z4NC4L2LY8311

Environmental and/or social characteristics

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?	
☒ Yes	☒ No
☐ It will make a minimum of sustainable investments with an environmental objective : ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ It will make a minimum of sustainable investments with a social objective ___%	☐ 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 ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective ☒ It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics ("E/S Characteristics") promoted by the Portfolio include:

- ESG-related screens and exclusions.

The Portfolio utilises the below investment exclusions on both the long and the short positions:

- MSCI ESG Rating - CCC rated
- UN Global Compact Compliance - All non-compliant
- Controversial Weapons
- Tobacco / E-cigarette Producers
- Firearms
- Nuclear Weapons
- Private Prisons
- Oil Sands
- Shale Oil/Gas
- Arctic Gas
- Unconventional Oil & Gas
- Thermal Coal
- Cannabis

More information on these characteristics can be found in AB's Sustainability-Related Disclosures www.alliancebernstein.com/go/MergerArbwebdisclosures

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

AB measures the attainment of E/S Characteristics promoted by systematically ensuring pre-trade compliance with ESG-related screens and exclusions as well as on-going monitoring of the ESG-related screens and exclusions.

More information on these indicators can be found in AB's Sustainability-Related Disclosures www.alliancebernstein.com/go/MergerArbwebdisclosures

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

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

N/A

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

N/A

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do not significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

☒ Yes, the Portfolio considers the following PAI:

- Exposure to controversial weapons (#14)

For PAI 14, the Portfolio excludes controversial weapons.

The specific PAI indicators that are taken into consideration may evolve over time. 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?

As outlined in the Prospectus, the Portfolio is actively managed and the Investment Manager uses a rules-based approach to systematically capture merger arbitrage risk premia. This approach focuses on investing in deals that have the highest likelihood of completing or closing rather than focusing on the direction of the equity markets, corporate earnings, or other macroeconomic factors. In addition to the implementation of the rules-based approach, the Investment Manager identifies the investible universe by applying a series of ESG-related exclusions.

The Investment Manager identifies environmental social and governance ESG considerations through the application of a variety of ESG-related screens and "tilts to or away from" ESG factors.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Portfolio promotes E/S Characteristics by employing ESG-related screens and exclusions when identifying the investible universe as further detailed in the question "What environmental and/or social characteristics are promoted by this financial product?" above. All securities held by the Portfolio are subject to these screens and exclusions including direct investment and indirect investment through derivatives, both long and short exposures.

Additionally, the issuer of a security held will follow good governance practices according to AB's Good Governance Policy

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.

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

More information can be found in AB's Sustainability-Related Disclosures www.alliancebernstein.com/go/MergerArbwebdisclosures. More information on exclusions used by the Portfolio can be found in the Prospectus. More information on AB's Good Governance Policy can be found below.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

N/A

- **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 includes UN Global Compact principles and controversies related to the governance criteria. The foregoing Good Governance Policy is subject to, and dependent on, available data.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



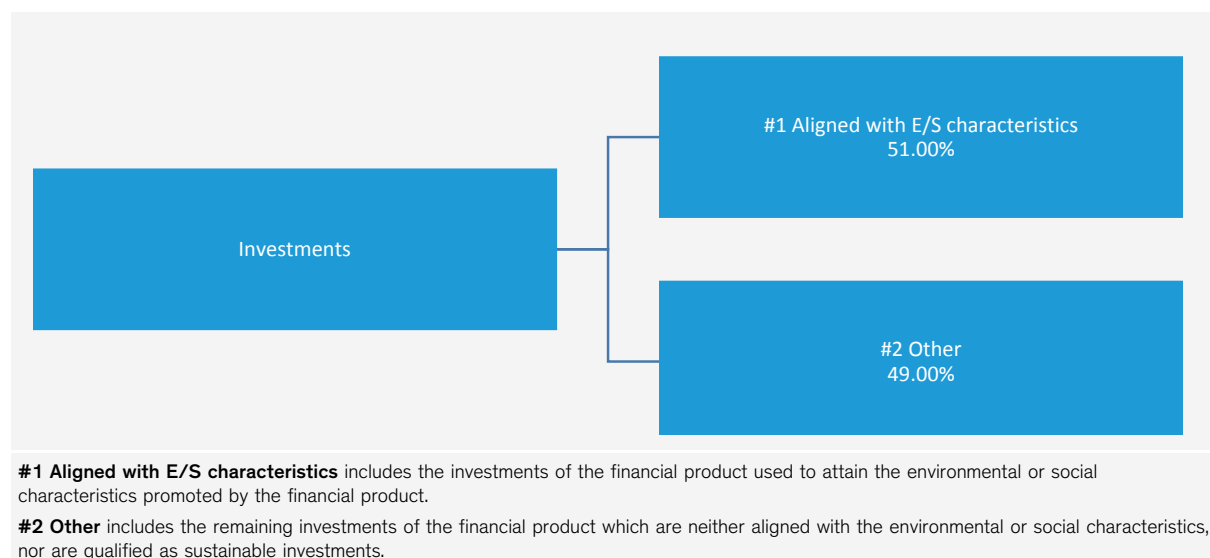
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

#1 Minimum Aligned with E/S: 51%

This number includes all securities that satisfy all ESG-related screens and exclusions, including cash equivalents.

#2 Maximum Other: 49%



Based on the Portfolio's gross assets.

The Portfolio will publish information regarding the percentage that promotes E/S Characteristics in the Fund's annual report.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Portfolio may use derivatives for hedging, efficient portfolio management, and other investment purposes. For derivatives used for other investment purposes, exposure to securities must satisfy all ESG-related screens and exclusions.



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

N/A

- **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

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:

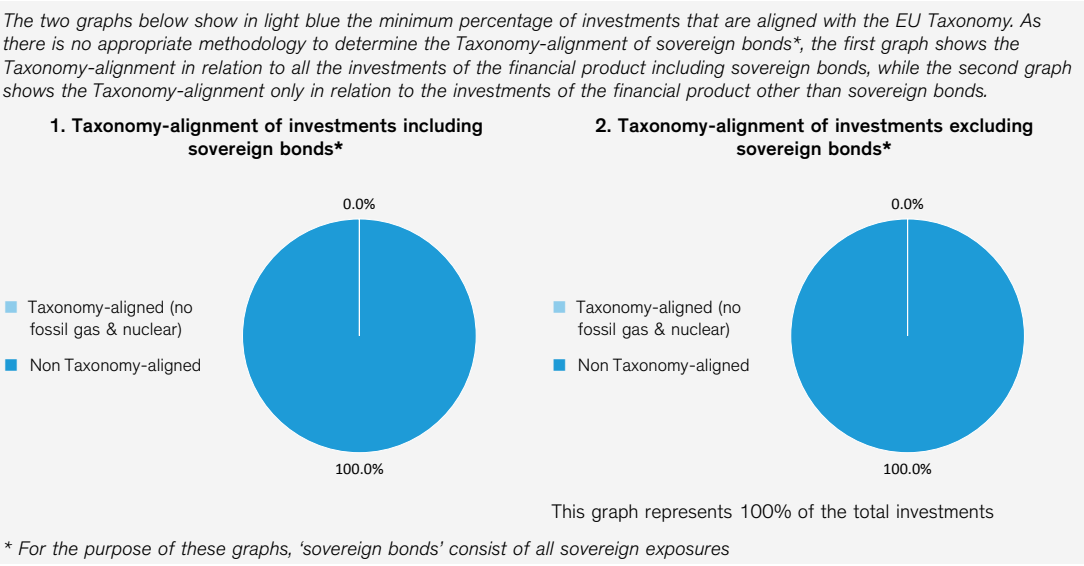
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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.



● **What is the minimum share of investments in transitional and enabling activities?**
N/A

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**
N/A

 **What is the minimum share of socially sustainable investments?**
N/A



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

This includes:

- Any securities or derivatives that do not satisfy all ESG-related screens and exclusions.
- Cash held for liquidity, risk management purposes, or collateral management purposes.

For these assets, there are no minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Portfolio does not use a designated reference benchmark for measuring sustainability or determining E/S Characteristics.

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/MergerArbwebdisclosures