Responsible Investing at AB

AB Managed Volatility Equities Fund (Managed Fund)–MVE Class

At AB, we're invested in being a responsible firm—both in how we act and how we invest on behalf of our clients.

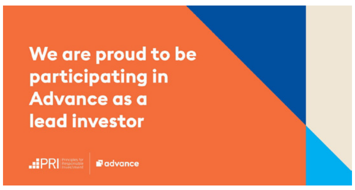
It is our vision to become a recognised leader in responsible investing, offering certain approaches that seek to combine strong financial outcomes with excellence in ESG research, integration and product design.

We believe that ESG research, engagement and integration help us better assess risks and identify opportunities, ultimately leading to enhanced decision-making and better client outcomes.

AB's Collaborative Initiative

Principles for Responsible Investment–Advance

As a firm, AB is a lead investor in this initiative. Advance is a stewardship initiative where institutional investors work together to take action on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and society.



The Critical Role of Responsibility at AB

We believe that being a responsible investor begins with being a responsible company, and in recent years we have taken great strides to invest in our own corporate responsibility practices and our responsible investing efforts.

To further our vision of being a leader in responsible investing, we're investing in the following key initiatives at a firm level.

ESG Thought Leadership

We are continuing to partner with Columbia Climate School on climate change and investing. Through a first-of-its-kind climate change curriculum, we're working to harness climate and investing science—improving outcomes for investors and the planet.

ESG Integration

We are deepening our ESG integration capabilities through our investor-driven ESG integration model. This has resulted in our combined ESG and fundamental analysts conducting joint research to develop and enhance proprietary frameworks and tools that can improve investment decisions for our actively managed strategies that integrate ESG.

Corporate Responsibility Practices

We are continually advancing our policies and behaviours to reflect the same standards of strong governance, positive social impact and thoughtful environmental stewardship that we expect from investee companies. Recently we've updated a number of our corporate responsibility-related policies and enhanced our emphasis on modern slavery, and diversity and inclusion considerations.

Net Zero Commitment

We have pledged to achieve net zero emissions at the firm level and we will work to align our business operations and a range of investment strategies with a 1.5-degree Celsius pathway by 2050, in support of the Paris Agreement. Climate science research suggests that by limiting the global temperature increase to 1.5-degree Celsius we can help the planet avoid the more catastrophic impacts of climate change.

AB Managed Volatility Equities Fund (Managed Fund)—MVE Class

ESG Engagement & Integration

AB has long recognised that ESG issues can affect the performance of investment portfolios. We joined the Principles for Responsible Investment (PRI) in 2011 and have been an active member, formalising our approach to ESG and responsible investing based on the organisation's principles.

Today, ESG factors continue to play a critical role in our actively managed AB Managed Volatility Equities Fund (Managed Fund)–MVE Class (MVE) strategy.

Similarly, engagement has always been a vital part of our process for the MVE portfolio.

Each year, our Australian Equities portfolio managers and analysts engage with a diverse set of representatives (including senior management and boards of directors) of companies held in the MVE portfolio. They engage on a range of financial and ESG issues, including corporate governance practices, executive compensation and adoption of climate-risk goals.

Following are some key examples of engagement and integration of E, S and G factors into MVE:

E: Environmental

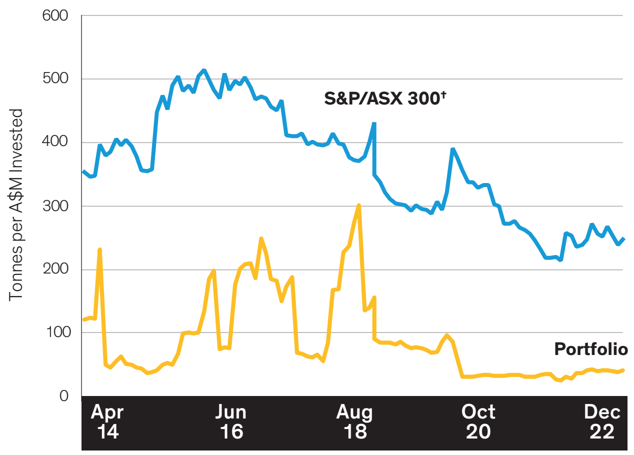
Climate change is causing disruption and discontinuity, which can have investment implications. Our Australian Equities team has conducted research into climate investing and recently released the Climate Change Scenario Analysis–A Practical Guide for Equity Investors, which details our four-step approach that, we believe, can help investors meet the climate investing challenge.

We regularly track Scope 1, Scope 2 and Scope F carbon emissions of the MVE portfolio against the index. Interestingly, we have identified a correlation between low volatility and low carbon at a security level and, as a result, have found the net greenhouse gas (GHG) emissions associated with MVE's holdings since inception have been significantly lower than the S&P/ASX 300 index *(Display)*.

CARBON EMISSIONS OF PORTFOLIO AND S&P/ASX 300*

March 31, 2014 to December 31, 2022

Figures represent the net GHG emissions associated with the portfolio's holdings and the index



AB Managed Volatilities Equities—MVE Class is a unit class of the AllianceBernstein Managed Volatility Equities Fund ARSN 09 739 447

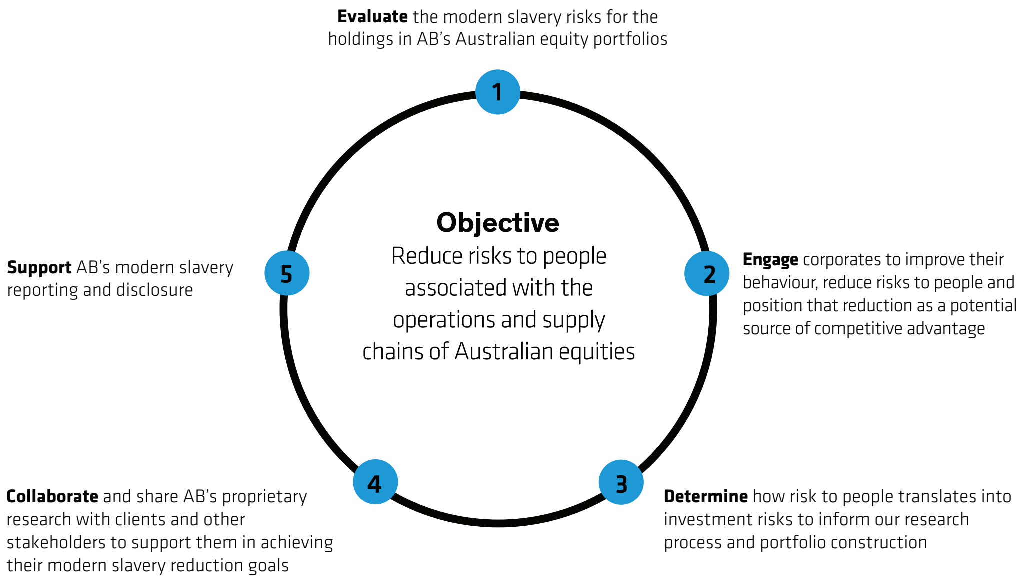
Tonnes per A$M Invested	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Since Inception‡
S&P/ASX 300	214	235	272	267	248	363
MVE	**25**	**37**	**42**	**42**	**41**	**90**
Reduction	89%	84%	85%	84%	84%	**75%**

There is no guarantee that the solution to the need will be realised.
Based on a representative Managed Volatility Equities account.
*Scope 1 emissions per annum are released directly into the atmosphere through the combustion of fossil fuels (e.g., coal or transport fuels) as well as fugitive or process emissions from industrial and agricultural processes (e.g., cement production). Scope 2 emissions per annum are from the consumption of energy such as electricity or steam (e.g., the electricity consumed by an aluminum smelter). Scope F emissions per annum are released by the future combustion of fossil fuels that have been produced and instead of being consumed are sold to a third party for them to combust (e.g., the coal extracted and then sold by a coal miner).
† The benchmark is the S&P/ASX 200 from inception to November 2018; after this date is the S&P/ASX 300.
‡ Since inception averages for portfolio and index.
As of December 31, 2022 | **Source:** S&P Dow Jones and AB

S: Social

We have developed a five-step approach that goes beyond the assessment of risks to people; it also actively helps to reduce the risks while potentially delivering better investment insights for our clients.

These five key steps serve as a framework for our research process.



> Modern slavery is a pervasive social evil that encroaches upon our every day lives in Australia. As investors, we are not content to merely report on risk. We aspire to reduce that risk too. Not only because it's the right thing to do, but because researching the risk and proactively engaging with corporates to reduce it can lead to better investment outcomes.

G: Governance

We are shareholder advocates with a duty to make investment decisions that are in our clients' best interests.

When we value companies, we believe that ESG and climate considerations are important elements that help improve the accuracy of these valuations. To this end, we engage with boards of companies on issues such as board diversity, as we believe that boards should develop a framework for identifying diverse candidates for all open board positions.

Recent examples of how we have engaged with companies on board diversity:

- We are working with an international toll road operator and have been pleased with their commitment to diversity at senior management level. However, this same commitment was not reflected at the board level. We have raised concerns with the board and have explained to them that, in our view, the board composition has room to improve.
- We have worked with one of Australia's leading healthcare companies on key ESG issues, including diversity. After conducting a talent review, the organisation decided to increase its focus on improving female representation at management level by promoting existing female staff. They also made progress at board level, with females now making up 38% of the board.

Our team strongly believes that board diversity is an important element of assessing a board's quality, as it promotes a wider range of perspectives to be considered for companies to both strategise and mitigate risks.

We also believe that diversity is broader than gender and should take into consideration factors such as business experience, ethnicity, tenure and nationality.

Ongoing Engagement Even After Divestment

We see ourselves as on a journey with a company so, for that reason, we have generally not taken positions of widespread exclusions or divestment across our strategies, except where we deem an exclusion to be aligned with investor or market demand. Examples include tobacco and cluster munitions in the MVE portfolio.

There are also some instances, where our team identifies an ESG-related risk that is material enough to warrant reducing or selling out of our holding in a specific security. An example of this is when, during an engagement with an Australian manufacturer of protective equipment, we identified a serious governance issue. Neither company management, nor the board of directors, had any visibility of supply chains and were unaware that one of its suppliers was engaged in forced labour. After further investigation we sold the company stock.

While we have maintained engagement with this company's board, we chose to divest as, without strong governance practices, it was difficult to have confidence that the company would consistently act in the best interest of shareholders.

Ongoing Active Engagement

As active investors, engagement is vital to our process. And it is through the connections we form that we can assess, discuss and encourage better business practices and approaches to address rapidly evolving ESG issues.

As an adviser, we know your ultimate goal is to build better outcomes for your clients. And, at AllianceBernstein, we share your commitment. We believe that engagement can drive better research and better outcomes for clients, communities and the world.

If you would like to learn more please visit our website: AllianceBernstein.com.au.

For more information:

Engagement report

Emissions report