AllianceBernstein®

AB Global Stewardship Statement and 2023 Report

AB's Statement and Report on Corporate Responsibility and Responsible Investing, Including ESG Integration, Engagement and Proxy Voting

April 2024

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Introduction

At AllianceBernstein (AB), we believe that corporate responsibility, responsible investing and stewardship are intertwined. To be effective stewards of our clients' assets, we strive to invest responsibly—assessing, engaging on, and integrating material risks and opportunities.

We're a leading global investment-management and research firm; our clients trust us to manage their assets in alignment with their investment objectives. We evaluate and monitor the financially material ESG risks and opportunities of our actively managed investments, with a focus on delivering better outcomes for our clients. We actively engage directly with the issuers we invest in, and we're advocates for industry policies that enhance transparency and support investor efforts to manage material risks and opportunities on behalf of our clients.

We also strive to be a responsible company. To us, that means being a good corporate citizen, having integrity in what we do, improving the sustainability of AB's offices around the world, and making diversity, equity and inclusion (DEI) a priority throughout our firm. And it means strengthening our corporate governance practices and protecting our clients' information.

AB's Global Stewardship Statement and 2023 Report is a comprehensive overview of our activities in corporate responsibility, responsible investing and stewardship.[1] Because responsibility starts from the top, we begin this statement with our purpose and values, describing how our culture can enable both responsible investing and effective stewardship. In the following sections, we describe how we set policy, consider material ESG risks and opportunities, and serve as active stewards in our investment-management services. We also highlight the progress we've made in implementing our responsibility strategy and discuss the achievements of the firm in further developing our governance structure and approach to DEI, as well as our progress in ESG integration, engagement, proxy voting, policy advocacy and industry participation.

2023

In 2023, the responsible investing space continued to mature. Investors around the world experienced heightened scrutiny of responsible investing, increasing greenwashing concerns and a tidal wave of regulation, including ESG-related regulation.

During 2023, AB continued to strengthen our corporate responsibility practices, prioritize proprietary research and deliver innovative solutions for our clients. Consistent with our fiduciary duty to clients, we continued to focus our ESG integration efforts on identifying financially material risks and opportunities within our investment portfolios.

1 Our Stewardship Statement and 2023 Report does not encompass the stewardship activities of AB CarVal, except for those that have been vetted by AB.

We continued our efforts to recruit and retain valuable talent and foster a culture of differentiated insights. In 2023 we received a score of 100% on the Human Rights Campaign's Corporate Equality Index for the eighth consecutive year. We opened the doors of our new office in London, which has been awarded a Building Research Establishment Environmental Assessment Method (BREEAM) "outstanding" rating for being in the top 1% of UK domestic refurbishments.[2] We expanded our employee benefit offerings to include wellness-oriented activities, and we enhanced our employee and management training programs, which focus on leadership development and career planning.

As an investor, we developed and enhanced partnerships that drove novel research and client solutions. Highlights include our collaboration with eCornell, Cornell's external education unit, to deepen investor knowledge of our three social research priorities: a Changing World, a Just World and a Healthy World. We also continued our partnership with the Columbia Climate School, launching our Climate Change and Investment Academy 2023 to our clients and kicking off the Climate Change and Investment Curriculum for our investment teams. Finally, we developed our Climate Transition Alignment Framework (CTAF), which we are using to assess companies' material climate-related risks and opportunities.

The past year was a strong one for responsibility at AB. We remained true to our purpose—to pursue insight that unlocks opportunity—through our corporate responsibility, ESG research and integration, and client solutions. This report provides details on our strategy and progress over the past year. We look forward to supporting strong stewardship practices globally in 2024.

2 BREEAM's third-party certified standards have helped improve asset performance at every stage, from design through construction to use and refurbishment.

1. About AB

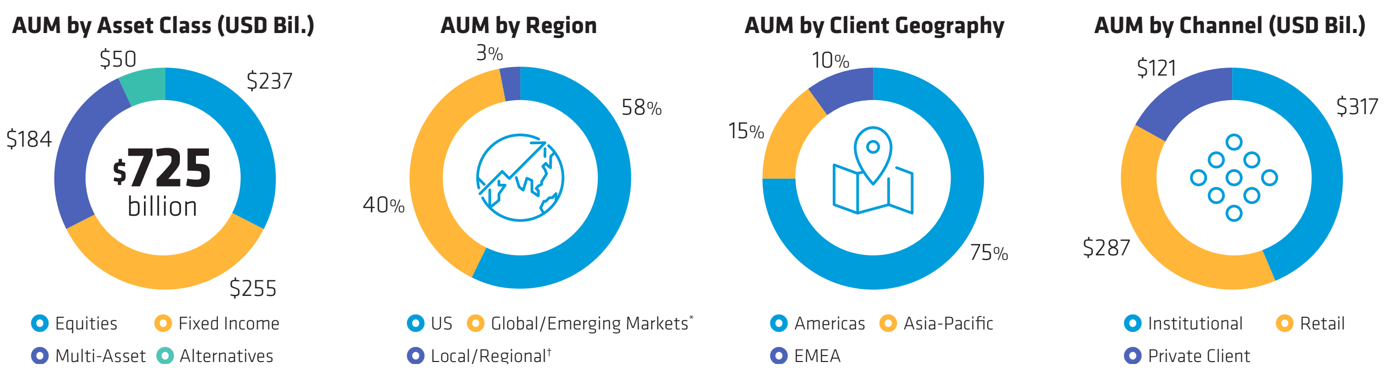
AB is a publicly traded limited partnership, independently operated and majority-owned by Equitable Holdings. We provide research, diversified investment-management and related services globally to a broad range of clients through our three distribution channels—Institutional, Retail and Private Wealth Management—as well as through our sell-side business, Bernstein Research Services.[3]

- **AB Asset Management.** We are committed to seeking alpha through a unique combination of our expertise across equities, fixed income, alternatives and multi-asset strategies. Our connected global network helps us deliver differentiated insights and distinctive solutions to advance investors' success.
- **Bernstein Private Wealth Management.** We offer sophisticated wealth-planning tools and expert advice for high-net-worth individuals, families and smaller institutions, helping investors make their money meaningful.
- **Bernstein Research and Trading.** We deliver trusted investment research and trading execution to drive better outcomes.

The foundation of our business is high-quality, in-depth research, which we believe gives us a decided edge as we strive to achieve long-term investment success for our clients. Our global research network spans many disciplines, including economic research, fundamental equity and fixed-income research, and quantitative research. We also have experts focused on multi-asset strategies, wealth management and alternative investments. We've built our business model on a strong risk-aware culture, prudent risk-taking and a robust governance framework that continues to evolve in the context of our firm.

As of December 31, 2023, AB managed $725 billion on behalf of our clients (*Display 1, below*).

DISPLAY 1: ASSETS UNDER MANAGEMENT (AUM)



Numbers may not sum due to rounding.

*Global and EAFE services, including those that invest in emerging markets, as well as stand-alone global emerging-market services.

†Single country/regional services outside the US, including single country/regional emerging-market services.

As of December 31, 2023 | **Source:** AB

3 After April 2024, Bernstein Research Services will have finalized a joint venture with Société Générale, focusing on global cash equities and equity research.

Our Unifying Framework

AB's unifying framework is composed of four elements—purpose, mission, values and strategy. Together, these elements define how AB delivers value to our clients.

Our purpose—to pursue insight that unlocks opportunity—describes the ethos of our firm. Because we are an active investment manager, differentiated insights drive our ability to deliver alpha and design innovative investment solutions for our clients.

AB's mission is to help our clients define and achieve their investment goals, explicitly stating what we do to unlock opportunity for our clients. Our clients and their needs come first, always.

Our values provide a framework for the behaviors and actions that create our strong culture and enable us to meet our clients' needs. Each value inspires us to be better.

- **Invest in One Another:** At AB, there's no "one size fits all" and no mold to break. We celebrate idiosyncrasy and make sure everyone's voice is heard. We seek and include talented people with diverse skills, abilities and backgrounds, who expand our thinking. We encourage all employees to become more complete versions of themselves. A mosaic of perspectives makes us stronger, helping us to nurture strong relationships and build actionable solutions.
- **Strive for Distinctive Knowledge:** Intellectual curiosity is in our DNA—and part of our way of life. We embrace challenging problems and ask tough questions. We don't settle for easy answers when we seek to understand the world around us—and that's what makes us better investors and partners to our colleagues and clients. We are independent thinkers; we go where the research and data take us. And knowing more isn't the end of the journey: it's the start of a deeper conversation.
- **Speak with Courage and Conviction:** Collegial debate yields conviction, so we challenge our own thinking. Working together enables us to see all sides of an issue. We stand firmly behind our ideas, and we recognize that the world is dynamic. So we constantly reassess our views and share them with intellectual honesty. Above all, we strive to seek and speak truth to our colleagues, clients and others as a trusted voice of reason.
- **Act with Integrity—Always:** Although we comprise multiple businesses, disciplines and individuals, we're united by our commitment to be strong stewards for our people and our clients. We're eager to advance our clients and one another; fiduciary duty and an ethical mind-set are fundamental to the decisions we make.

Our firmwide strategy—to deliver, diversify and expand, responsibly, in partnership with Equitable Holdings—is how we move our business forward. We strive to deliver improved investment performance and accelerate our organic growth. We are diversifying our global product offerings with innovative offerings across channels and expanding our global distribution footprint, including growing our responsible investing efforts. Equitable Holdings, our majority owner, continues to be a strategic partner in these efforts.

Our Investment Philosophy

We believe that by using differentiated research insights and a disciplined process to build active portfolios, we can achieve strong investment results for our clients over time. We are fully invested in delivering better outcomes for our clients. An important aspect of this philosophy is developing and integrating research on material ESG issues, as well as on our approach to engagement, when in the best interest of our clients. Our global research network, intellectual curiosity and collaborative culture allow us to advance our clients' investment objectives—whether they are seeking idiosyncratic alpha, total return, downside mitigation, or sustainability and impact-focused outcomes.

Our investment expertise includes:

- Actively managed equity strategies across global and regional universes, capitalization ranges and investment strategies, including value, growth and core equities
- Actively managed traditional and unconstrained fixed-income strategies, including taxable and tax-exempt strategies
- Actively managed alternative investments, including fundamental and systematically driven strategies, hedge funds, funds of hedge funds and direct assets (e.g., real estate debt and private credit)
- Our Portfolios with Purpose, including Sustainable, Impact and Responsible+ (Climate Conscious and ESG Leaders) equity, and fixed-income and multi-asset strategies that address our clients' desire to invest their capital with a dedicated ESG focus while pursuing strong investment returns (more details are provided in Section 5 of this statement)
- Multi-asset services and solutions, including dynamic asset allocation, customized target-date funds and target-risk funds
- Passively managed equity and fixed-income strategies, including index, ESG index and enhanced index strategies

Our Responsible Investment and Stewardship Philosophy

AB became a signatory to the Principles for Responsible Investment (PRI) in 2011. This began our journey to formalize our approach to identifying responsible ways to unlock opportunities for our clients. We continue to develop differentiated insights and integrate material ESG considerations throughout most of our actively managed strategies. Stewardship is fundamental to our responsible investment and research processes.

When in the best interest of our clients, we engage with issuers on material topics. We also engage with nonprofits and other stakeholders, including but not limited to industry bodies, policymakers, academics, regulators, governments and community groups.

Through engagements, we glean insight and encourage action. The insight we gain helps us to promote company and issuer behavior that is in the best interest of our clients and their financial goals. We encourage action that can lead to better identification and management of risks and opportunities, strategy, operations and, ultimately, results. Insight and action drive our ability to make decisions and generate enhanced risk-adjusted investment returns for our clients.

As stewards of our clients' assets, we believe that proxy voting is a fundamental responsibility. We vote our active and passive shareholdings and unit holdings in accordance with our proprietary, publicly available Proxy Voting and Governance Policy. More details are provided in Section 7 of this statement.

The philosophy and principles in this statement apply across the firm. However, our investment capabilities and operations are broad and span several geographies, legal jurisdictions and regulatory environments, so the execution of various elements of this statement may differ from strategy to strategy and country to country, in accordance with each team's investment approach and local laws and regulations.

2. AB's Governance, Responsibility and Stewardship Structure: Form Enables Function

Our Role as a Fiduciary

Maintaining a vigorous fiduciary culture is paramount to our business. As a fiduciary, we place the interests of our clients first, and treat all our clients fairly and equitably. Our business model rests on prudent risk-taking on behalf of our clients and the firm. We maintain a strong risk-aware fiduciary culture supported by a robust governance structure. Developed by our Legal & Compliance and Risk Management teams, this governance structure is a set of guiding principles aligned with best practices in the industry to bring consistency to how we identify, measure, monitor and manage risk across the firm. Underscoring how seriously we take our fiduciary obligations, employees receive compliance training throughout their time at the firm—upon joining, on an annual basis, when policies or regulations are updated, and on specific topics that are relevant to staff roles and positions.

AB Corporate Governance and Oversight

AB's Board of Directors oversees the strategic direction of the firm. The board has nine members: an independent chair, four additional independent directors and four affiliated directors, including our Chief Executive Officer (CEO) (*Display 2, page 7*). We believe that separating the duties of the chair and the CEO represents best practices in corporate governance. We also think that an effective board includes a diverse group of individuals across gender, ethnicity and background who collectively possess the skills and perspectives to successfully guide the company.

Our directors possess a wealth of leadership experience from managing large, complex organizations in their roles as senior executives, board members, academics or government officials. Collectively, they have extensive knowledge and capabilities applicable to our business, including expertise in areas such as corporate governance; financial services, including investment management and insurance; risk management; operations; strategic planning; management development; succession planning; and compensation. The board has four standing committees: an Executive Committee; Audit and Risk Committee; Compensation and Workplace Practices Committee; and Corporate Governance Committee.

AB's executive officers consist of the President and CEO, Chief Operating Officer (COO), Chief Financial Officer (CFO), Head of the Global Client Group and Private Wealth, and General Counsel and Corporate Secretary. These individuals maintain primary responsibility for creating and executing the firm's strategy and operations.

The AB Operating Committee comprises Strategic Business Unit (SBU) heads and senior executives whose responsibilities are critical to AB's day-to-day operations. The committee works to understand the impact of operations, as well as financial or People initiatives, throughout the firm; identify and debate meaningful opportunities and risks the firm faces; challenge or validate the firm's growth strategy; implement firmwide priorities and drive changes made necessary by the firm's strategy; and hold key firm leaders accountable for investment, operating and financial performance and for achieving the firm's responsibility goals. We believe that members of the Operating Committee lead by their words and actions in modeling AB's purpose and values.

AB's Operating Committee, which provides diverse, balanced insights, includes senior business leaders from across our firm who serve as an advisory council for senior management (*Display 3, page 7*).

For complete information on our governance structures and policies, please visit the Corporate Governance and Investor & Media Relations sections of our website.

Corporate Responsibility, Responsible Investing, and Stewardship Governance and Oversight

To ensure that we have proper oversight and accountability for our responsibility practices, we've created a robust structure to oversee the day-to-day execution of our corporate responsibility, responsible investing and stewardship activities.

AB's Chief Responsibility Officer spearheads the development of AB's corporate responsibility and responsible investing strategies. The Chief Responsibility Officer is also a member of AB's Operating Committee and leads the Responsibility SBU.

At AB, many of our investment professionals have a hand in crafting, overseeing and executing our responsibility strategy, including engagement and proxy voting. Those committees, teams and individuals include the following:

- The **Audit and Risk Committee of our Board of Directors** provides formal oversight for corporate responsibility and responsible investing and receives annual updates on strategic direction. This ensures that members at the highest level of our organization play a role in overseeing our responsibility strategy. The board also reviews and approves this Stewardship Statement on an annual basis.

DISPLAY 2: AB BOARD OF DIRECTORS

Name	Role/Background	Joined AB Board	Years on AB Board	Ownership Interest
Independent Chair				
Joan Lamm-Tennant	Independent Chair	2021	3	Yes
Affiliated Directors				
Mark Pearson	President and CEO, Equitable Holdings	2011	13	No
Seth Bernstein	President and CEO, AllianceBernstein L.P.	2017	7	Yes
Jeffrey J. Hurd	COO, Equitable Holdings	2019	5	No
Nicholas Lane	President, Equitable Financial	2019	5	No
Independent Directors				
Daniel G. Kaye	Independent Director	2017	7	Yes
Das Narayandas	Independent Director; Edsel Bryant Ford Professor of Business Administration, Harvard Business School	2017	7	Yes
Charles G. T. Stonehill	Independent Director; Founding Partner, Green & Blue Advisors	2019	5	Yes
Todd Walthall	CEO for Optum Insight (Payer Market), UnitedHealth Group	2021	3	Yes

As of January 31, 2024 | **Source:** AB

DISPLAY 3: AB OPERATING COMMITTEE

President and CEO

Investment and Research Services

- Global Head of Investments
- Head of Equities
- Head of Fixed Income
- Director of Income Strategies
- Head of Multi-Asset and Hedge Fund Solutions
- Head of Strategy and Operations, Multi-Asset and Hedge Fund Solutions
- Head of Private Alternatives
- Chief Responsibility Officer
- CEO of Bernstein Research Services
- Head of Investment Solutions and Sciences

Client Services

- Head of Global Client Group and Head of Private Wealth
- Head of Client and Advisory, Private Wealth
- CEO of Asia-Pacific
- Head of Global Business Development Organization
- CEO of EMEA and Head of EMEA Retail Client Group

Corporate and Fiduciary Services

- Chief Operating Officer
- Chief Financial Officer
- General Counsel and Corporate Secretary
- Chief Risk Officer
- Head of Global Technology and Operations
- Chief Audit Officer
- Global Head of Diversity, Equity & Inclusion and Corporate Citizenship
- Chief People Officer

As of March 1, 2024 | **Source:** AB

- The **Responsibility Steering Committee,** chaired by our Chief Responsibility Officer, serves as an advisory council to the Responsibility SBU. This committee, which meets quarterly, comprises senior professionals from across AB, giving different businesses within the firm an opportunity to shape AB's approach.
- Our **Responsibility SBU** is a team of subject-matter experts who partner with investors to develop ESG research insights and often engage with issuers. In conjunction with our various ESG working groups, the team develops proprietary frameworks and toolsets, manages our strategic ESG-related partnerships and develops training programs. The team also develops our firm's approach to corporate responsibility and is responsible for the firm's purpose and values and corporate responsibility strategy, as well as specific corporate responsibility–related activities.
- Our **investors**—analysts, portfolio managers and traders—are at the heart of our responsible investing process. They engage with issuers, analyze and quantify material ESG factors and climate risks, and ultimately incorporate this information into their investment decisions. Investment teams collaborate with the Responsibility team, and some teams also have a dedicated ESG analyst. These specialists bring ESG knowledge to bear on a specific asset class or investment strategy. Our Fixed Income Responsible Investing team sits within our fixed-income organization and is charged with promoting an innovative approach to ESG research and portfolio construction for our fixed-income investment strategies. This team is focused on enhancing our ESG-focused fixed-income portfolio-management and research tools, developing innovative ESG frameworks specifically for fixed-income sectors (such as our ESG-labeled bond framework), and improving on our reporting to clients.

AB Responsibility Team: 2023 Updates

In 2023, we established a new position: Director of Data and Technology—Responsible Investing. In addition, AB's Risk Management team hired a Director of Risk Management—Responsible Investing, who partners closely with AB's Responsibility team to further strengthen AB's ESG risk and controls framework, including ESG services, operational processes and regulatory compliance approaches (*Display 4, page 10*).

To support our Responsibility efforts, AB has additional committees that are crucial to the oversight and implementation of our corporate responsibility, responsible investing and stewardship activities:

- **Proxy Voting and Governance Committee.** This committee meets at least three times annually and includes senior representatives from our equity and fixed-income investment teams, Responsibility team, Operations Department, and Legal & Compliance Department. Through constructive debate, this committee establishes our policy, oversees proxy-voting activities and provides formal oversight of the proxy-voting process. It also ensures that our proxy policies and procedures capture our latest thinking, formulates AB's position on new proposals, and consults on votes that are contentious or not covered by our policy.
- **Controversial Investments Advisory Council (CIAC).** This council meets at least annually or more frequently as needed, consists of senior representatives from across AB, and is co-chaired by our CEO and Chief Responsibility Officer. The council provides a forum for discussion and debate on issues such as controversial weapons, tobacco, private prisons, fossil fuels and international norms. The council provides advice and guidance to the investment teams related to controversial investments. Specifically, the council is responsible for establishing general policies and procedures to mitigate conflicts and risks associated with controversial investments.
- **Asia-Pacific (APAC) Responsibility Steering Committee.** This regionally based subcommittee aims to meet bimonthly and is co-chaired by the Head of Asia Business Development—Equities and our Director of Social Research and Engagement. Its principal function is to provide governance and direction regarding responsible investing topics, events and initiatives relevant to activities in the APAC region, and to stay current on the rapid ESG-related regulatory changes across the region that affect our firm strategy, products and risk management. Its cross-SBU membership represents the interests of the firm and of individual SBUs in understanding firmwide responsible investing initiatives, and enables members to provide feedback on global or regional strategies and our responses to regulation across the region.
- **Risk-Management Team.** This team oversees AB's operational and investment-related risks, ensuring that the firm has effective operational processes to manage client investment portfolios and the firm's corporate activities.
  - Our **corporate business-continuity strategy,** which is aligned with the ISO 22301 standard, is designed to allow business-critical functions to continue during significant disruptions, including those caused by severe weather and other climate-related phenomena. The goal is to enable us to continue serving our clients effectively. Developing our business-resumption strategies involves analysis, planning, implementation, maintenance, testing and awareness. Testing verifies the resources and requirements needed to recover business-critical functions and operate them in accordance with recovery specifications. Plans are continually updated to minimize recovery time. Business-response plans for each office include mobilization procedures, notification guidelines, call trees and other pertinent business information. They also include plans for crisis-management and executive-management personnel to coordinate command and control.

To ensure compliance with AB's responsible investing approach, the following ESG integration practices are documented and undergo routine audits and periodic assessments:

- Documentation of ESG at each applicable stage of a strategy's unique investment process
- Interactive initial review of an integrated strategy's process, involving the investment team, the Responsibility team, Compliance and Risk Management
- Maintenance of a list of integrated strategies, and periodic reassessments, at least annually
- Routine audits of the teams' research and process to assess reasonableness

DISPLAY 4: AB RESPONSIBILITY TEAM

TEAM LEAD

Erin Bigley
Chief Responsibility Officer
27 Years of Experience
24 Years at AB
New York

Caroline Everett
Director of Corporate Responsibility
13 Years of Experience
3 Years at AB
Nashville

Jodie Tapscott
Director of Strategy
18 Years of Experience
4 Years at AB
London

John Huang
Director of RI Data and Technology
23 Years of Experience
19 Years at AB
New York

Sara Rosner
Director of Environmental Research and Engagement
18 Years of Experience
6 Years at AB
New York

Saskia Kort-Chick
Director of Social Research and Engagement
17 Years of Experience
14 Years at AB
Melbourne

Bob Herr
Director of Corporate Governance
14 Years of Experience
1 Year at AB
New York

Nine ESG Associates and Analysts

+

ESG Specialist Within Risk Management

ESG Specialists on Investment Teams

ESG Specialists Within Business Development

As of December 31, 2023 | **Source:** AB

The issue of fossil fuels, including coal, has been a topic of ongoing discussion and analysis by our Controversial Investments Advisory Council since 2020. The council recommended that AB continue its practice of engagement on fossil fuels. We created an Engagement and Best Practices Guide for oil and gas companies in 2021 and an engagement-oriented coal framework (which applies to our holdings that derive more than 20% of their revenues from thermal coal power generation or thermal coal extraction) within most of our long-only active equity and credit strategies. The framework is intended to help our investment teams evaluate the investment risk presented by these issuers and whether we are being adequately compensated for potentially taking such risk on behalf of our clients.

- **Responsibility Risk Oversight Committee (R-ROC).** The R-ROC is responsible for monitoring ESG-related risks, projects and policies. The R-ROC provides a forum for reporting and tracking of ESG-related risk issues, overseeing the implementation of strategic projects related to mitigating ESG-related risks, and developing risk-management policies and procedures to support our responsibility activities. Local risk-management functions present and escalate material sustainability risk issues that they have identified independently. The R-ROC also reviews, analyzes and makes determinations regarding ESG-related regulations that affect our products.
- **Diversity Champions Council (DCC)/ Diversity, Inclusion, Culture & Equity (DICE) Committees.** AB has three regional DEI-focused committees, which help ensure that DEI remains at the center of AB's culture, policies and practices, as well as three SBU-led DEI-focused committees. Members of these councils and committees champion and model DEI by emphasizing accountability within the SBUs. Members also share best practices across the firm.
- **Purpose Councils.** In 2021, embedding AB's purpose across our firm emerged as a strategic priority for our Responsibility SBU. In 2022, we established SBU and regional Purpose Councils that were tasked with building firm awareness of and connection to purpose. In 2023, these councils continued to reinforce purpose, placing special emphasis on our value of "speak with courage and conviction." Specific activities to build familiarity and fluency with this value included office hours where employees could ask questions, share ideas or simply chat with leaders.

Assessing Our Responsibility Governance Structure

We continue to evaluate how our responsibility governance structure supports our stewardship obligations, working to fill potential gaps in skill sets and representation across SBUs (*Display 5, page 12*). We strive to include diverse perspectives on the above committees and teams to encourage constructive discourse that can lead to improved governance.

AB's responsibility priorities, which are reviewed by our Board of Directors annually, inform our responsibility governance structure.

We believe that having senior leaders directly responsible for responsibility policy and implementation and fostering broad participation across AB ensures that responsibility is viewed as critical and is infused throughout our work. Feedback from clients also helps us understand how effectively our structure meets their needs and their expectations of our stewardship capabilities and activities. We believe that our governance structure adequately supports our stewardship activities, and we're always striving to improve.

Managing Conflicts of Interest

As a fiduciary, we have a duty of loyalty to our investment-advisory clients. This includes the duty to address or, at a minimum, disclose conflicts of interest that may exist between different clients, between the firm and clients, or between our employees and our clients. We've established and we maintain policies and procedures to identify conflicts of interest and, if they are unpreventable, we mitigate and manage those that may arise in relation to the services that we or our affiliates provide.

As an investment manager, we must always act in our clients' best interests. AB employees are required to follow our Code of Business Conduct and Ethics, which summarizes our values, ethical standards and commitment to addressing any potential conflicts of interest that arise from our activities. We've designed policies and procedures to implement the principles in this code.

Conflicts arising from fiduciary activities that we cannot avoid (or choose not to avoid) are mitigated through written policies that we believe protect the interests of our clients. In these cases, regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules and using robust compliance practices, we believe that we handle these conflicts appropriately.

However, some potential conflicts are outside the scope of compliance monitoring. Identifying these conflicts requires careful and continual consideration of the interaction of different products, business lines, operational processes and incentive structures.

Changes in the firm's activities and personnel can lead to new potential conflicts. It is the responsibility of every employee to be sensitive to situations and relationships that may create conflicts of interest and to bring any related questions or concerns to the Global Head of Compliance & Associate General Counsel or Conflicts Officer as they arise. To assist in this area, AB has appointed a Conflicts Committee, which is chaired by the firm's Conflicts Officer. The committee comprises compliance directors, senior firm counsel and experienced business leaders, who review areas of change and assess the adequacy of controls. The work of the Conflicts Committee is overseen by the Code of Ethics Oversight Committee.

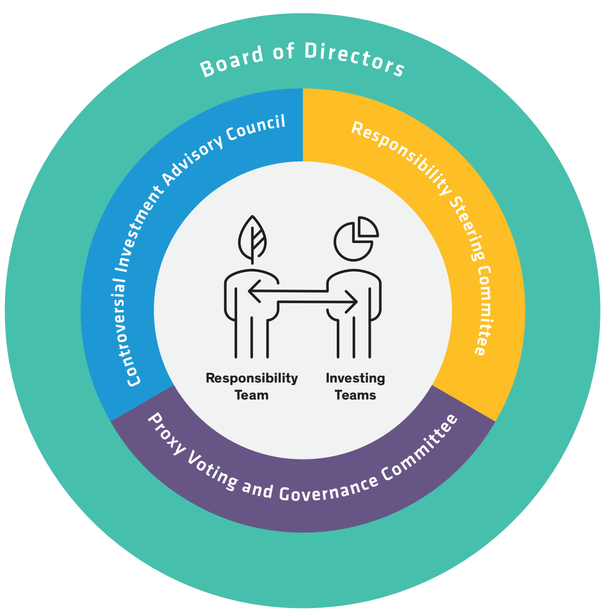
The Global Head of Compliance & Associate General Counsel or Conflicts Officer will determine (through consultation with line managers, SBU heads and other parties, as appropriate) the most appropriate method of handling a reported conflict. This may require business units to implement controls or procedures.

Our conflict-of-interest policies help guide us whenever a conflict might arise in our business. These policies are outlined in the firm's Form ADV Part 2A, Code of Business Conduct and Ethics, and Proxy Voting and Governance Policy, among other internal policies.

DISPLAY 5: RESPONSIBILITY GOVERNANCE STRUCTURE

Responsible Investing Experts

- Senior subject-matter experts in ESG
- Generalist resources in strategy, ESG analysis and reporting
- ESG training
- ESG tools and infrastructure
- Strategic partnerships



Investing Teams

- Sector-specific expertise
- Engage with issuers; analyze and quantify financially material ESG factors
- Investment decision-making

As of December 31, 2023 | **Source:** AB

While we don't believe that AB faces any conflicts that pose material risks to our clients' interests, the following are examples of potential conflicts inherent in our structure and activities.

- **Acting for more than one client.** We operate most services for many clients. This means that a portfolio manager might be required to invest or divest less quickly and over a larger number of transactions than might have been the case had we operated just one client account. Our priority is to ensure that our systems of order aggregation and trade allocation are fair between various clients' accounts.
- **Allocation of investment opportunities.** Our policies generally call for the pro rata distribution of investment opportunities across appropriate accounts. Sometimes, however, investment opportunities are in short supply and not enough securities are available to create a meaningful holding in every suitable account. In these cases, our policies allow us to allocate available securities among the accounts with investment objectives most closely aligned with the investment's attributes. For example, we may choose to allocate a small-cap initial public offering among investors in our small-cap service, even though the stock might also be suitable for other portfolios with a broader range of holdings.
- **Employee investments.** Personal securities transactions by an employee of an investment advisor might raise a conflict of interest when that employee owns or trades in a security owned or considered for purchase or sale by a client, or recommended for purchase or sale by an employee to a client. AB's Code of Business Conduct and Ethics includes rules designed to detect and prevent conflicts of interest when investment professionals and other employees own, buy or sell securities that may be owned by, or bought or sold for, clients.
- **Errors.** We correct trading errors affecting client accounts in a fair and timely way. If correcting an error has resulted in a loss, we may decide to make the client whole. Ultimately, however, it's AB that decides whether an incident is an error that requires compensation. In some cases, an element of subjective judgment is required to determine whether an error has taken place, whether it requires compensation and how to calculate the loss involved. In certain circumstances, correcting an error may require the firm to take ownership of the securities in its own error account. The disposition of those securities may create a gain in the firm's error account. To manage potential conflicts concerning errors, we've implemented a written error-resolution policy and have created an Error Governance Committee chaired by risk-management personnel, among other steps.
- **Fees.** We have a large client base, and the fee arrangements with our clients vary widely. Because our revenues are represented by the fees we charge our clients, we can't be considered to be acting as a fiduciary when negotiating fees.
- **Gifts and entertainment.** Our employees may give gifts and entertainment to clients and other third parties or receive them from clients and other third parties in the normal course of business. Employees who acquire products and services used in our investment activities should not be unduly influenced by receiving gifts, meals or entertainment from the sellers. Similarly, our employees should not attempt to unduly influence clients or potential clients with these or other inducements, such as charitable or political contributions. To help identify and manage other potential conflicts of interest, we employ our Policy and Procedures for Giving and Receiving Gifts and Entertainment under our Code of Business Conduct and Ethics.
- **Outside business activities.** Outside business activities of an employee of an investment advisor may raise potential conflicts of interest, depending on the employee's position within AB and AB's relationship with the activity in question. Outside business activities may also create a potential conflict of interest if they cause an AB employee to choose between that interest and the interests of AB or any client of AB. All employees are required to disclose outside business activities in accordance with our Code of Business Conduct and Ethics.
- **Selecting execution brokers.** AB and its employees have diverse relationships with the financial-services firms that execute our client trades. For example, many of those firms distribute shares of AB's sponsored mutual funds or other services to their customers. At any given time, those firms or their affiliates can themselves be asset-management clients of AB or institutional clients of Bernstein. Our portfolio managers may take a significant position in the securities issued by those firms as investments for client portfolios. One of the brokers we may use, Sanford C. Bernstein, is our wholly owned subsidiary. Our selection of trading vendors is not based upon those relationships. Rather, AB has a duty to select brokers, dealers and other trading venues that provide best execution for our clients in accordance with our Best Execution Policy.

- **Proxy voting.** As an investment advisor that exercises proxy-voting authority over client securities, AB has a fiduciary duty to make voting decisions in our clients' best interests. We recognize that there may be potential for a conflict of interest that could affect our investment decision or engagement with an issuer. For example, an issuer may be a client, distribute AB-sponsored mutual funds, or have another business or personal relationship with AB or one or more of AB's employees. All such conflicts must be raised to an AB Conflicts Officer, if our proposed vote is contrary to our Proxy Voting and Governance Policy. Recognizing the link between engagement and voting, our Proxy Voting and Governance Policy describes how we identify, monitor and manage conflicts related to voting. When we encounter a potential conflict of interest, we review our proposed vote using the analysis set out in our policy to ensure that our voting decision does not generate a conflict of interest. Potential proxy-voting conflicts of interest are covered under our policy.

There were no material conflicts of interest identified in 2023.

Insider Trading

All AB employees are prohibited from buying or selling, or recommending the purchase or sale of, securities of public companies, either personally or for clients, on the basis of material nonpublic or "inside" information. Employees are also prohibited from disclosing such information to others (commonly referred to as "tipping"). The prohibition against the use or disclosure of inside information is applicable to all types and classes of securities and securities transactions (e.g., equity, corporate debt or government-issued). This policy also applies to transactions in corporate loans, which may not fall under the current definition of "securities."

Investment advisors, broker-dealers and their controlling persons are required to establish and enforce written policies and procedures that are designed to prevent the misuse of inside information. To ensure that we comply with the prohibition against trading based on material nonpublic information, AB maintains an internal Insider Trading and Control of Material Nonpublic Information Policy. This policy prevents the disclosure of material nonpublic information to persons within or outside our organization who are in a position to trade on the basis of such information or transmit that information to others. It also includes procedures intended to block the flow and potential misuse of inside information from employees whose duties bring them into contact with nonpublic information.

3. Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation

Developing and implementing our stewardship policy is a firmwide effort, with broad involvement and participation from our Responsibility SBU as well as investors and others across AB.

Focus on Clients

Our process starts with understanding the needs of our clients. We employ a robust account-onboarding process that includes the teams that will support the new client's account, including our Client Services, Portfolio Management, Account Transitions, Legal & Compliance, Client Reporting, and Operations teams. These teams conduct pre-funding calls to understand the client's desires and needs (including stewardship requirements) and ensure that specific guidelines are reviewed, documented and coded in our compliance systems. As part of our client-onboarding process for some of our clients, AB's ESG Product Specialists and clients discuss and agree upon the clients' ESG requirements to help ensure client ESG expectations are aligned with the product and AB's capabilities. After onboarding, we have ongoing discussions with clients to provide relevant ESG-related data, information, and stewardship reporting and to ensure that we are meeting our clients' needs and expectations.

Policy and Statement Development

After ensuring that we understand our clients' needs, we maintain an ongoing process for evaluating our responsibility strategy and its related policies, processes and frameworks.

Our Chief Responsibility Officer works to develop our multiyear responsibility strategy in conjunction with members of the Responsibility team, Responsibility Steering Committee and investment teams.

Our ESG policies and statements and their governance are listed below.

- This **Global Stewardship Statement and Report** is governed by our Board of Directors, approved by the Responsibility Steering Committee, and reviewed annually by our Chief Responsibility Officer and Responsibility team in alignment with our responsibility strategy. This statement includes an overview of our approach to ESG integration, engagement, proxy voting and governance, controversial investments, and conflict management. It's reviewed and approved annually and complies with the requirements of the Shareholder Rights Directive II (SRD II) and the following global stewardship frameworks: the US Stewardship Framework for Institutional Investors, the UK Stewardship Code, the Japan Stewardship Code and the International Corporate Governance Network (ICGN) Global Stewardship Principles.
- Our **Proxy Voting and Governance Policy** is overseen by the Proxy Voting and Governance Committee, which provides formal oversight of the policy and process. It is reviewed and updated annually to ensure that we reflect current market practices and the evolving proxy-voting landscape. This policy also considers corporate governance frameworks provided by regulators, where our expectations may go beyond the common local practices in certain instances (e.g., AB's expectations in Japan to have majority independent outsider representation at the board level and reduce the practice of cross-shareholding to promote independent oversight capability). More details on our Proxy Voting and Governance Policy are provided in Section 7 of this statement.
- Our **Climate Change Statement & Task Force on Climate-related Financial Disclosures (TCFD) Report** describes AB's strategy, governance and risk-management approach on climate change and aligns with the recommendations from the TCFD. This statement is governed by our Board of Directors, approved by our Responsibility Steering Committee and reviewed annually by our Chief Responsibility Officer and the Responsibility team. Our latest TCFD Report responds to the United Kingdom Financial Conduct Authority's climate-related financial disclosure requirements.
- Our **Global Slavery and Human Trafficking Statement and Report** outlines how we assess and manage modern slavery risk in our operations, supply chain and investments. This statement is reviewed by the Responsibility team and approved annually by our Responsibility Steering Committee and Board of Directors, as well as the local boards of our entities who report voluntarily. It responds to the requirements outlined in both the UK Modern Slavery Act and the Australian Modern Slavery Act. Our 2022 report details our progress on addressing modern slavery risks within our operations and investments, including a section on measuring the effectiveness of how we are managing and addressing modern slavery risks.

- Our **Statement on Controversial Weapons** is maintained by the Controversial Investments Advisory Council and is prepared by the Responsibility team. It is reviewed and updated on an as-needed basis as our stance on controversial issues from the perspective of our clients, investors, employees and other stakeholders. The statement complies with various national laws and international conventions prohibiting investment in cluster munitions and anti-personnel landmine manufacturers.
- Our **Sustainability Accounting Standards Board (SASB) Disclosures**, first released in 2021, report on our asset-management and custody activities across accounting metrics, as defined by SASB. These disclosures are overseen by our Director of Corporate Responsibility.

These statements and policies and their corresponding reports are available on our website.

Policy Implementation

Stewardship strategy and policy implementation occurs throughout the firm.

- Our **investment teams**—analysts, portfolio managers and traders—are at the heart of our stewardship activities. Our large global research team and history of deep fundamental research give us detailed knowledge of the companies and issuers that we invest in. Investors understand their sectors and issuers and conduct detailed research on the issues that are most material and relevant to an investment decision. Investors monitor their investments and issuers on an ongoing basis to ensure that performance and strategy are consistent with the investment thesis. Investors typically lead engagements with management and other stakeholders. They understand the issues best and are ideally positioned to obtain information to make improved investment decisions and advocate for action—to encourage issuers to make decisions that could enhance value for our clients. Investors are involved in our proxy analysis and voting processes.
- Our **Responsibility team** includes ESG experts who partner with the fundamental investment teams to conduct ESG-related research, develop frameworks, and prepare for and conduct engagements on material factors.
- Our **risk, legal, compliance and internal audit functions** help create, implement and monitor our responsibility-related strategy, statements and policies, and they ensure compliance with any controversial investment restrictions. To advance these efforts, the firm has formalized an ESG Compliance Program focused on reviewing marketing materials, ESG documentation and note-taking, risk and compliance governance, training, and emerging regulations.

Remuneration for AB Professionals

Compensation for our investment teams is designed to align with generating investment outcomes while promoting responsibility and stewardship. Total compensation for our investment professionals is determined by quantitative and qualitative factors. Assessments of all investment professionals are formalized in a year-end review process that includes 360-degree feedback from other professionals across the investment teams and firm.

AB's compensation philosophy is governed by a widely used model for managing SBU and senior leader performance called an SBU Head Scorecard. The scorecard serves to direct SBU heads' priorities away from a solely revenue-based evaluative model, shifting to include a leadership-focused management and measurement tool.

The priorities and needs of clients are considered alongside the expectation of creating long-term, sustainable value for clients, and they complement revenue expectations. We assess each executive's performance relative to the business, operational and cultural goals established at the beginning of the year and reviewed in the context of the current-year financial performance of the firm. Responsibility is a prominent measure noted on the scorecard, with individual SBU heads, through their management efforts, tasked with cascading these expectations throughout their individual teams.

Both firm and SBU performance assessed against our responsibility efforts, including purpose, will influence compensation awards. The structure of the firm's incentive compensation plans plays an additional role in this effort through the use of unit awards, not just cash, and deferral periods that instill a deeper commitment to clients and the positive progress of the firm.

Remuneration for our investment teams—our analysts, portfolio managers and traders—who are also responsible for ESG integration is designed to align with our mission and values.

Remuneration includes both quantitative and qualitative components. The most significant quantitative component focuses on measures of absolute and relative investment performance in client portfolios for portfolio managers, as well as on the contribution to that performance for research analysts. The qualitative portion is determined by individual goals set at the beginning of the year, with measurement and feedback on how those goals are being achieved provided at regular intervals. Some portfolio managers and analysts have goals related to the integration of material ESG and sustainability factors into their investment processes. The exact goals will vary, depending on the individual's role and responsibilities.

Review and Audit of Stewardship Activities

Our statements, policies and procedures are regularly reviewed by our Responsibility team and relevant committees. We consider feedback from our clients and investors and compare our policies with best practices outlined by such organizations as the PRI, ICGN and various national stewardship codes.

AB views stewardship as a critical function, so we embed checks and balances throughout our processes, including the following:

- **Review of our responsible investing process.** Our Responsibility Risk Oversight Committee reviews, analyzes and makes determinations regarding ESG-related regulations that affect AB's global business. Our Responsibility, Risk Management and Compliance teams review and approve investment strategies for ESG integration and perform ongoing monitoring by performing periodic reviews of the ESG analysis and integration process for approved actively managed strategies to ensure that client and marketing disclosures properly reflect actual activities. Our ESG Compliance Program serves as an internal assurance mechanism because we perform a sampling of ESG investment notes for reasonableness in ESIGHT and PRISM, our proprietary credit rating and scoring system, to evidence our stewardship.
- **Risk oversight of firm, fund and client restrictions on securities.** Our Compliance team reviews all actual and potential conflicts of interest. More details on how we manage conflicts of interest are provided in Section 2 of this statement. We maintain a Client Guideline Management (CGM) team, independent from our portfolio-management teams and with a separate reporting line up through our Operations organization. Our CGM team is responsible for the initial coding of client guidelines into our pre- and post-trade compliance systems and for the ongoing monitoring of each client portfolio relative to its own guidelines. We use various pre-trade compliance systems depending upon the specific strategy. Before we begin managing an account, the requested guidelines as well as procedures and frequency of review are mutually agreed upon with our Legal & Compliance Department, risk-management teams, and portfolio-management teams. The working group holds regular meetings during which newly onboarded accounts and their guidelines are discussed, and any manual compliance monitoring requirements identified. For accounts with guidelines that cannot be automated (requiring manual compliance monitoring), the team discusses the specific guidelines in detail and collectively develops an approach satisfactory to everyone.
- **Review of our proxy-voting process.** A dedicated team, independent of AB's Responsibility team, reviews each significant vote to ensure that the Proxy team has voted in line with AB's policy. Votes outside of the significant universe are also sampled and subject to monthly reviews. Our voting process is reviewed periodically by our Internal Audit team.
- **Review of responsibility reporting.** Our Internal Audit team reviews and provides independent validation of AB's responsible investment activities, as represented in our annual PRI Public Transparency Report and our SASB Disclosures. Members of our Responsibility team as well as our Legal & Compliance team review our global responsibility-related statements and reports to improve alignment with global codes, standards and best practices. We have also initiated an external assurance process on our emissions data, which are included in our Climate Change Statement & TCFD Report, and will continue to assure these data as we improve and expand the collection and tracking of our energy usage, supply chains and financed emissions.

Managing Service Providers

We take reasonable steps to verify that the vendors to which we have full-level subscriptions are, in fact, independent, based on the relevant facts and circumstances. Our Vendor Risk Management Committee, which is a sub-committee of our risk-management efforts, provides firmwide oversight of our vendor relationships. We maintain a formal Vendor Code of Conduct that outlines our expectations of our vendors generally.

Although we do not outsource our ESG research, integration, engagement or proxy-voting activities, we subscribe to a variety of external data sources that are among the many sources of information for our activities and decisions. These primarily include ESG ratings and data providers, carbon and climate risk providers, and corporate governance and proxy research services.

We monitor and review our third-party data and service providers and evaluate competitive service providers in the following ways to ensure that we have access to the best available ESG data to support our integration and stewardship activities: (1) We have a compliance Due Diligence Questionnaire (DDQ) to make sure the risks associated with our critical and material data and service providers are appropriately managed; (2) we periodically review our third-party providers from a compliance perspective; (3) we have annual meetings with service providers on their offerings and evaluate which we deem best; and (4) when a service provider does not fulfill expectations or is at risk of doing so, we perform due diligence to see why they are having challenges. On a monthly basis, our market data team tracks the reports of all data users by service, cost and cost center. Annually, we review contract renewals based on cost, needs, usage and user experience. Our market data team also acts as an escalation point for users when vendor issues are encountered.

For our proxy service provider, we typically conduct annual due diligence to review our vendor's conflict-management procedures, regulatory compliance, operational efficiency and business continuity on an annual basis. When reviewing these conflict-management procedures, we will consider, among other things, whether the proxy research services vendor: (1) has the capacity and competency to adequately analyze proxy issues; and (2) can offer research in an impartial manner and in the best interests of our clients.

We add new data sources where we see the opportunity to integrate better or additional information.

4. AB Corporate Responsibility

At AB, we have a strong commitment to being a responsible firm. We listen to and learn from the practices researched by our investors, and seek to implement similar practices within our own operations. Our purpose and values continue to inform our corporate responsibility objectives, which are: Build Trusting Relationships, Foster Enriching Careers, Support Inclusive Communities and Create Better Outcomes.

Build Trusting Relationships

"Act with Integrity—Always" means recognizing the responsibility placed upon us by our clients, unitholders and employees. We continually seek to earn their trust through strong corporate governance practices and transparency. Information on our corporate governance can be found in Section 2 of this report.

Reflecting our commitment to providing increased transparency to investors, our quarterly earnings releases spotlight certain areas of our business that are meaningful. In 2023, we augmented our prior disclosures to include a discussion of our fixed-income business, including our investments in growing our municipal bond platform, one of AB's key strategic initiatives. In May we participated in Equitable Holding's Investor Day, specifying growth-related investments and adjusted operating margin targets through the year 2027.

To reinforce our connection to the broader investment community, AB executives participated in seven institutional investor conferences and road shows in 2023, including providing access to investors by traveling to both the East and West Coasts of the US. We continued to augment exposure to key leadership by hosting several investor group meetings with business-unit leadership.

Finally, we published our SASB Disclosures in February 2023, reporting on accounting metrics ranging from employee DEI to systemic risk management.

Foster Enriching Careers

We seek to be a place where people can invest in themselves and one another. This means creating opportunities for career development and employee wellness throughout the employee journey.

Career Development

We offer development programs at key career inflection points, including the beginning of a career, the transition from individual contributor to people manager, and the preparation for promotion from assistant vice president (AVP) to vice president (VP).

Our Career Compass Toolkit is designed to help junior colleagues visualize their careers and develop career plans. This year, we expanded the program by offering quarterly learning sessions for employees attaining one-year tenure status. We also offer a Career Compass Manager Toolkit, which equips managers with tools to initiate career conversations with their teams.

The Career Connections program is a mentoring program for our AVPs. Each AVP is matched with a VP mentor who helps support their career and leadership development. The program also provides insight on mobility opportunities, visibility to senior leaders and a sense of community. In its second year, the program had 63 participants, and we expanded the program by adding an online learning component with distribution of LinkedIn Learning licenses.

We enhanced our DRIVE for Manager Excellence program, which fosters effective leadership in new managers. DRIVE is a six-month, cohort-based program. In 2023, we delivered six programs in the US and three programs in EMEA to over 150 managers. We also established an experience called "Drive On" to help DRIVE graduates put their new skills into practice.

Finally, our Summer Leadership Development Series focused on leading high-performing teams. We hosted a total of 29 workshops, with approximately 15 leaders attending each. Each workshop focused on one of five core modules, which included: Building Trust Within a Team, Establishing Structure and Clarity, Creating Meaning, Inspiring a Compelling Future, and Establishing Mutual Accountability.

Employee Wellness

Creating an environment where people are not just safe but thrive came into sharper focus during the COVID-19 pandemic. Employee wellness remains a priority for AB, and we carry out these efforts through our Well Ahead program. The Well Ahead team is focused on helping employees by engaging them to think about their wellness, educating employees on the available tools to improve their wellness and ensuring that employees feel supported in their wellness goals.

In 2023, this program focused on "Well-Being Through the Decades." Six webinars invited employees to consider what wellness means at each stage of their lives. We also continued to offer our employees three "Wellness Days" throughout the summer, so they could spend a long weekend prioritizing their well-being.

Our Employee Wellness Groups (EWGs) are an important component of the Well Ahead initiative. Participation is open to all employees. EWGs support a variety of activities to promote all elements of wellness, including cycling, running, yoga, golf and volunteer endeavors.

We also expanded our parental leave benefits in 2023 by offering an informational session on family leave and launching new offerings for new parents.

Support Inclusive Communities

At AB, we believe that a diverse culture fosters diverse thinking—and drives better outcomes. Investing in One Another begins with our employees and clients, and extends outward to the communities where we work. We invest in our communities worldwide by supporting programs that center on under-resourced and underserved populations.

DEI

Our approach to DEI is threefold: (1) create accountability throughout the organization; (2) increase our pool of diverse talent; and (3) develop diverse talent (diversity includes but is not limited to ethnicity, business experience, tenure, gender, disability and nationality).

We drive accountability through Diversity Champions Councils and Employee Resource Groups (ERGs).

AB has 24 ERGs, which are voluntary, cross-divisional, employee-led groups created to support historically underrepresented groups, colleagues who share a common purpose or background, and their allies. They not only encourage a positive work culture but also contribute to business development and the professional development of employees worldwide. In 2023, our ERGs hosted over 70 events globally, covering topics from the importance of diversity on corporate boards to the LGBTQ+ perspective on in vitro fertilization. In July, we launched our newest ERG, AB ADAPT (Able & Disabled Advocates Partnering Together), which aims to expand access, education, acceptance and inclusion for physically, mentally and neurologically diverse people to ensure that those with disabilities are equipped with the accommodations and support they need to express their full potential.

AB considers diverse talent in all applicant pools and through specific emerging-talent programs.

As of December 2023, 22% of our senior vice presidents (SVPs) were women, and in 2023 female SVP promotions constituted 49% of all SVP promotions. Female VP promotions constituted 51% of all VP promotions. Of our 2023 US new hires, 37% were ethnically diverse.[4] In 2023, for the eighth consecutive year, AB received a score of 100% on the Human Rights Campaign's Corporate Equality Index, the foremost benchmarking survey and report that measures corporate policies and practices related to LGBTQ+ workplace equality in the US.

Community and Civic Engagement

We focus our philanthropic funding on two core priorities: (1) education and career access; and (2) equitable and thriving communities.

Our community engagement efforts take a holistic approach that connects our people to organizations through four programs: philanthropy, volunteering, nonprofit board participation and gift matching. This approach creates robust and sustainable partnerships between community organizations and the firm.

In 2023, AB continued to expand the AB Gives Back program through our philanthropic and volunteering efforts in APAC, EMEA, Minneapolis, Nashville and New York, which now support over 200 organizations worldwide. As part of this commitment, we formed new partnerships and strengthened existing partnerships, and we aim to build on these relationships as our program grows. These partnerships include the following:

- Die Arche—Munich, Germany
- The Armory Foundation—New York, NY
- Dress for Success Worldwide—National, US
- Envision—London, UK
- The Hub Hong Kong—Hong Kong
- Hudson River Park Friends—New York, NY
- Junior Achievement—Nashville, TN
- Lighthouse Communities Foundation—Pune, India
- Rock the Street, Wall Street—National, US
- Second Harvest Food Bank of Middle Tennessee—Nashville, TN

4 Black, Hispanic/Latino, Asian or Other. All figures exclude interns, part-time employees, consultants, and AB CarVal, and include Bernstein Research Services.

Volunteering gives our teams the opportunity to reconnect with many of the firm's grantee and community partners. Building upon years of successful Day of Service events, we rolled out the next iteration of our volunteering program, offering 16 hours of volunteer time off annually and monthly firm-sponsored volunteering events in Nashville and New York. Through relationships built by volunteering and service in the community, many colleagues have joined nonprofit boards of directors. As of the end of 2023, AB employees were actively serving on over 75 nonprofit boards—further strengthening AB's long-term commitment to our communities.

Another way AB empowers our people is through our gift-matching program. Every AB employee has $5,000 or $10,000 (depending on their role at the firm) of gift-matching funds available that double the reach of their personal donations to nonprofit organizations around the world. In 2023, our firm and employees donated over $5 million through personal gifts and gift-matching funds.

Create Better Outcomes

In order to Act with Integrity—Always, we seek to embody similar practices to those we encourage in our investee companies. In 2023, AB continued to focus on two areas: modern slavery and sustainability.

Modern Slavery

When considering our business's exposure to vulnerable populations and high-risk geographies, products and services, and business models, we believe our operations would be deemed low risk, based on our analysis of the asset-management industry. We publish an annual Global Slavery and Human Trafficking Statement that outlines our approach to managing modern slavery risk.

We adhere to a Code of Business Conduct and Ethics, which summarizes our values, ethical standards and commitment to addressing potential conflicts of interest that arise from our activities. Each employee is apprised of the Code of Business Conduct and Ethics when their employment begins. Additionally, each employee must certify compliance with the code and undergo training annually. Employees may raise concerns regarding modern slavery across a variety of official reporting channels, including our incident escalation hotline and other formal reporting channels, such as Legal & Compliance or People. AB also has a Whistleblowing Policy, and all employees have access to the appropriate policies via our intranet. Separate and apart from these reporting channels, the AB Ombuds Office serves as an independent and off-the-record resource for raising work-related concerns. The same standards extend to our suppliers. We purchase products and services from third-party vendors to conduct business operations and deliver on the expectations and requirements of our clients.

We maintain a formal Vendor Code of Conduct that outlines both our expectations of our vendors generally and our expectation that vendors comply with applicable laws, rules and regulations, which may include modern slavery or human trafficking laws and regulations.

We assess our business relationships with vendors using a risk-based approach. DDQs are sent annually to vendors deemed to be critical or material to the functioning of AB's operations, and their responses are reviewed for potential business risks. The questionnaires cover several topics, including modern slavery.

Sustainability

AB has a 2030 Climate Action Plan that maps out the set of activities that we plan to undertake over the next decade. Our operational strategy within the plan focuses on reducing our operational carbon footprint, identifying opportunities to procure renewable energy, enhancing our carbon emissions data and educating our employees on sustainable practices.

Currently, we have three specific goals within this plan, which are to: (1) achieve net zero across Scope 1 and 2 emissions by 2050; (2) locate 85% of employees in green buildings by 2025; and (3) minimize office waste. Accurate data and annual disclosures underpin these objectives. Our progress toward goals 2 and 3 is detailed below.

In January, we relocated our London offices to Sixty London Wall, a BREEAM "outstanding" building with a Two-Star Fitwel Certification. Sustainability features in our offices include waste separation and composting; motion-sensitive lighting; close access to public transportation; and bike racks, showers and lockers for commuting.

We believe that moving to a green building should be accompanied by a "green" decommissioning of the former space. As of January 2023, through resale, recycling and energy recovery, we had diverted 139 metric tonnes of used office furniture and electronics from landfill.

In late 2023, we began the decommissioning of our New York midtown office in preparation for our move to Hudson Yards in late 2024. This cleanout mirrors the principles followed in London, and our goal is to generate minimal waste to landfill during our move.

We continue to enhance the quality and breadth of our carbon data. Our Responsibility team, in partnership with our Finance and Facilities teams, has developed a data-management process that includes implementing emissions data–management software, developing auditable controls for data collection, and engaging with our landlords to better understand the emissions sources at each office and increase the amount of real data collected.

In 2021, we expanded our inventory from AB's large offices and business travel to also include our business centers and small offices. In 2022, we added data centers to this inventory. Our total emissions increased in 2022, primarily due to the return of business travel after the COVID-19 pandemic. However, our emissions per capita and per square foot remain below our 2019 baseline year (*Display 6, below*).

DISPLAY 6: AB'S OPERATIONAL CARBON FOOTPRINT

	2019		2020		2021		2022	
	Consumption	**Emissions**	**Consumption**	**Emissions**	**Consumption**	**Emissions**	**Consumption**	**Emissions**
Scope 1								
Fuel	2,705,753.00 ft^3	153.00 tCO_2e	2,602,938.00 ft^3	151.00 tCO_2e	1,832,613.00 ft^3	118.00 tCO_2e	1,849,950.00 ft^3	102.00 tCO_2e
Scope 2								
Electricity	22,075,172.00 kWh	7,019.00 tCO_2e	19,237,803.00 kWh	6,115.00 tCO_2e	21,881,090.00 kWh	7,117.00 tCO_2e	22,306,659.00 kWh	7,361.00 tCO_2e
Scope 3								
Air & Rail Business Travel	36,712,974.00 miles	7,207.00 tCO_2e	7,116,566.00 miles	1,216.00 tCO_2e	3,549,421.00 miles	572.00 tCO_2e	16,767,556.00 miles	2,926.00 tCO_2e
Occupancy	3,512 people		3,877 people		4,129 people		3,841 people	
Area	1,153,953.00 Sq. ft. of AB footprint		1,381,361.00 Sq. ft. of AB footprint		1,310,672.00 Sq. ft. of AB footprint		1,351,036.00 Sq. ft. of AB footprint	
Total emissions	14,379.00 tCO_2e		7,482.00 tCO_2e		7,807.00 tCO_2e		10,389.00 tCO_2e	
Total per square foot	0.01246 tCO_2e/total sq. ft.		0.00542 tCO_2e/total sq. ft.		0.00596 tCO_2e/total sq. ft.		0.00769 tCO_2e/total sq. ft.	
Total per capita	4.09 tCO_2e/person		1.93 tCO_2e/person		1.89 tCO_2e/person		2.70 tCO_2e/person	

Data were extracted on June 27, 2023, from our sustainability data management platform. The display does not include 2021 US rail data.

As of December 31, 2022 | **Source:** AB

5. Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process

AB focuses intently on our clients and their needs, which includes achieving a desired level of risk and return within a given time horizon. Analyzing and assessing current and prospective investments through the lens of long-term value creation often allows us to achieve strong financial outcomes while reducing risk, due to a thorough analysis of the factors that will affect a security through the investment horizon and beyond. Investment horizons vary by asset class and investment opportunity, but can range from a few months to a few years.

AB has long recognized that material ESG issues can affect the performance of investment portfolios. When we became a PRI signatory in 2011, we began to formalize the integration of material ESG factors into our investment processes where applicable, and we created a management infrastructure for responsible investment leadership that drives our firm's strategy and commitment to these issues.

We take a three-pronged approach to responsibility (*Display 7, page 23*).

First, we focus on being a responsible firm. We listen to and learn from the practices researched by our investors, and seek to implement similar practices within our own operations. These activities are covered in Section 4 of this statement.

Second, ESG integration and engagement are fundamental to our responsible investment and research processes. We integrate material ESG factors into most of our actively managed strategies because these issues can affect investment performance. Thinking broadly and deeply about ESG factors helps our analysts and investment teams better identify and quantify risks and opportunities and create better financial outcomes for our clients. AB also engages issuers when it believes the engagement is in the best financial interest of its clients. As of December 31, 2023, ESG-integrated assets represented $503 billion, or approximately 70% of our firm's total AUM of $725 billion (which includes $28 billion, or 4%, from our Portfolios with Purpose). The remaining $222 billion, or 30%, was primarily invested in alternative, passive or index funds.

Third, our Portfolios with Purpose aim to achieve financial objectives through a dedicated ESG focus. Each Portfolio with Purpose falls into one of three categories:

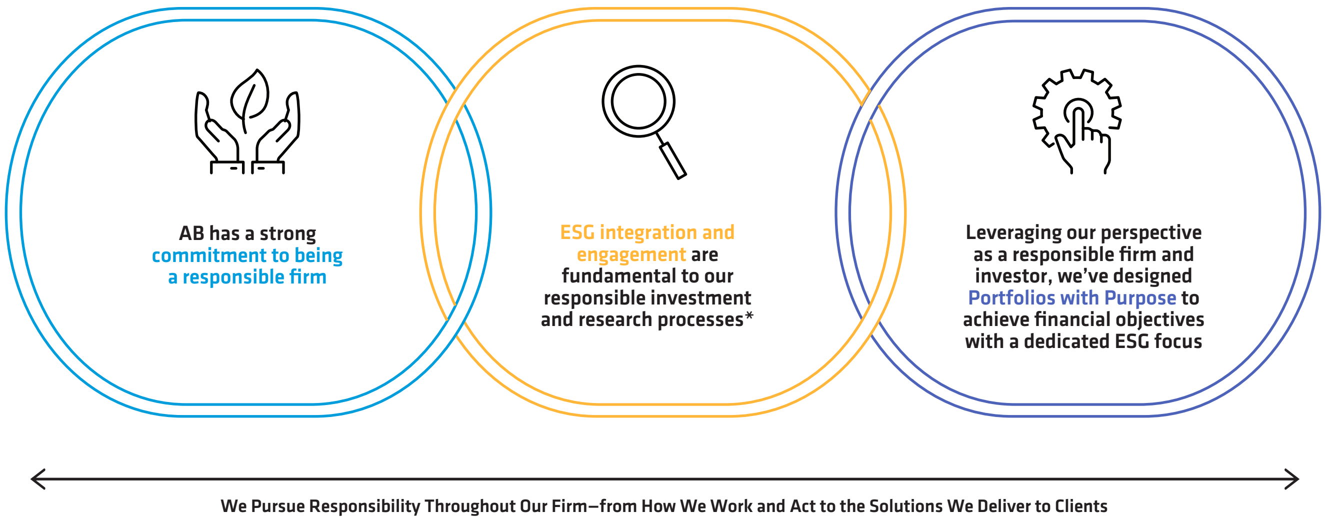
1. Impact Portfolios seek to make a positive and measurable social or environmental impact.
2. Sustainable Portfolios invest in issuers that seek to address environmental or social factors, whether through their products, services or practices.
3. Responsible+ Portfolios include Climate Conscious strategies, which focus on a climate theme, or ESG Leaders, which focus on best-in-class ESG practices.

Reflecting Client Feedback in Our Approach

Our integration process begins with understanding our clients' needs. We engage with clients and their advisors to better understand how we may align with their responsible investing principles, including clients' net zero goals, and help them meet their governance and regulatory obligations. This takes place in a variety of ways, including:

- Customizing investment guidelines to align with clients' preferences
- Providing transparency on engagement and voting reporting
- Implementing, monitoring and transparently reporting specific portfolio-level ESG restrictions

DISPLAY 7: AB'S APPROACH TO RESPONSIBILITY



*We integrate material ESG factors into most of AB's actively managed strategies. AB engages issuers when it believes the engagement is in the best financial interest of its clients.

As of December 31, 2023 | **Source:** AB

- Reporting additional agreed ESG metrics for insight and research purposes
- Helping them meet the applicable regulatory requirements and compiling related documentation
- Providing communications and thought leadership on key investment and industry matters
- Occasionally providing training to clients' in-house staff and stakeholders
- Developing new investment strategies based on market demand and specific client interest

Representatives from our clients' organizations and AB's Responsibility team, Client Group and relevant investment teams collaborate to develop investment guidelines that meet client needs. They also participate in regular (quarterly, semiannual or annual) reviews to ensure that portfolios are being managed in line with client expectations, continue to meet their needs, and may be adapted in response to client feedback.

In these review meetings, any feedback regarding engagement is either received directly by or reported to the appropriate portfolio managers for implementation. We seek feedback on our reporting deliverables, and we set aside time during our annual reviews to discuss service-level agreements and reporting on ESG integration, engagement and stewardship. As each client's reporting requirements differ, we work closely together to ensure we provide the information they require, in a format that best meets their needs. By increasing transparency in this way, we allow our clients to better assess how we are managing in line with their best interests. Additionally, should ESG-related factors ever be cited as contributing to a client's decision to terminate its account, that information would be captured in an Account Closing memo and escalated to the appropriate internal committees.

Internally, our Client Relations, portfolio-management and Responsibility teams discuss client feedback and areas where we think we can better meet client expectations. Our client service team works with our investment, Responsibility and reporting teams to amend reporting deliverables, if necessary.

We strive to stay up to date with our clients and their stakeholders, particularly on ESG matters. We do this to enhance our clients' and advisors' understanding of their investments and to motivate them to question and engage with their managers. This education includes publishing thought leadership, conducting teach-ins and developing curricula with our partners at Columbia Climate School. We actively engage to identify emerging trends and requirements that will help shape our own practices and future investment solutions.

Exclusions, Inclusions and Screening

At AB, we apply negative or exclusionary screening in a variety of ways, depending on the investment strategy's objectives and on whether a screening request is client-driven or determined by country or regional regulation.

AB applies exclusions at the request of clients who provide us with a list of companies to be restricted from their portfolios; others prefer that we screen on one or more factors using data from a third-party research provider. Client-driven exclusions can take several forms, including those based on product involvement, ESG ratings and carbon footprints, as well as exclusions at the industry and sector levels. These screens are developed in conjunction with our clients, updated regularly and captured electronically in our firm's pre-trade and post-trade compliance systems, which then restrict those securities from the clients' accounts.

We also apply positive or inclusionary screens for some of our Portfolios with Purpose or if our clients request them. In these cases, we seek to invest specifically in companies that have demonstrated ESG characteristics. We use inclusionary screening as a starting point to identify investment candidates, and then conduct robust ESG research and analysis to make our final investment decisions.

At a regional level, we recognize that companies involved in controversial weapons manufacture (anti-personnel land mines, cluster munitions, munitions made with depleted uranium, and chemical, biological or incendiary weapons) are facing growing regulatory and client scrutiny. As a result of certain Luxembourg regulations, certain products issued by AllianceBernstein (Luxembourg) S.à r.l., a wholly owned subsidiary of AllianceBernstein L.P., arrange for the screening of companies globally for their corporate involvement in anti-personnel land mines, cluster munitions, munitions made with depleted uranium, and chemical, biological or incendiary weapons. Where such corporate involvement has been verified, the policy is to not permit the product to invest in securities issued by such companies.

We have engaged a third-party service provider (ISS-Ethix) to provide us with the list of controversial weapons manufacturers to be excluded from these funds and other relevant client accounts.

We continue to monitor the evolution of regulation around the world regarding investment in companies involved in controversial weapons production, and work with our service provider to ensure that the screening for AB funds remains up to date.

On a firmwide basis, we screen investments in private prisons on a revenue basis. We have discussed and debated the business model, investment risk, litigation risks, the misalignment of these companies' incentives with positive societal outcomes, and whether the companies' policies are at odds with international norms and our own Global Slavery and Human Trafficking Statement and Report. As a result, we do not currently have any exposure to companies deriving significant revenue from private prisons, as they present too great an investment risk to our clients, in our view. Any investment team wishing to initiate a long position in our actively managed strategies requires explicit written approval from AB's Controversial Investment Advisory Council.

We exclude investments in cannabis on a revenue basis at a firmwide level, due to US federal laws and regulatory restrictions. We permit our investment professionals to short-sell such companies.

Throughout most actively managed investment strategies, we monitor for United Nations (UN) Global Compact breaches. However, we believe that whether an issuer is breaching international norms is subjective. We have found that there is no reliable source of data and that the various lists published by third-party providers differ, often with very little overlap. Also, these data sources are historical in nature; many breaches occurred several years (if not decades) in the past, and it is unclear what an issuer must do to be removed from the list. Instead of relying on third-party data in this regard, we believe that the risk of breaching international norms is best understood and addressed through ongoing in-depth fundamental research, which enables us to fully analyze a wide range of information and properly assess the risk at an issuer-specific level. Where our selected major third-party service provider has deemed an issuer to be in violation of international norms, our investment teams are required to research and document the nature of the breach, including, if applicable, why our internal research demonstrates that the security remains a reasonable investment. Our Responsibility team, in conjunction with our risk and compliance divisions, has implemented a systematic process to ensure that this research is completed.

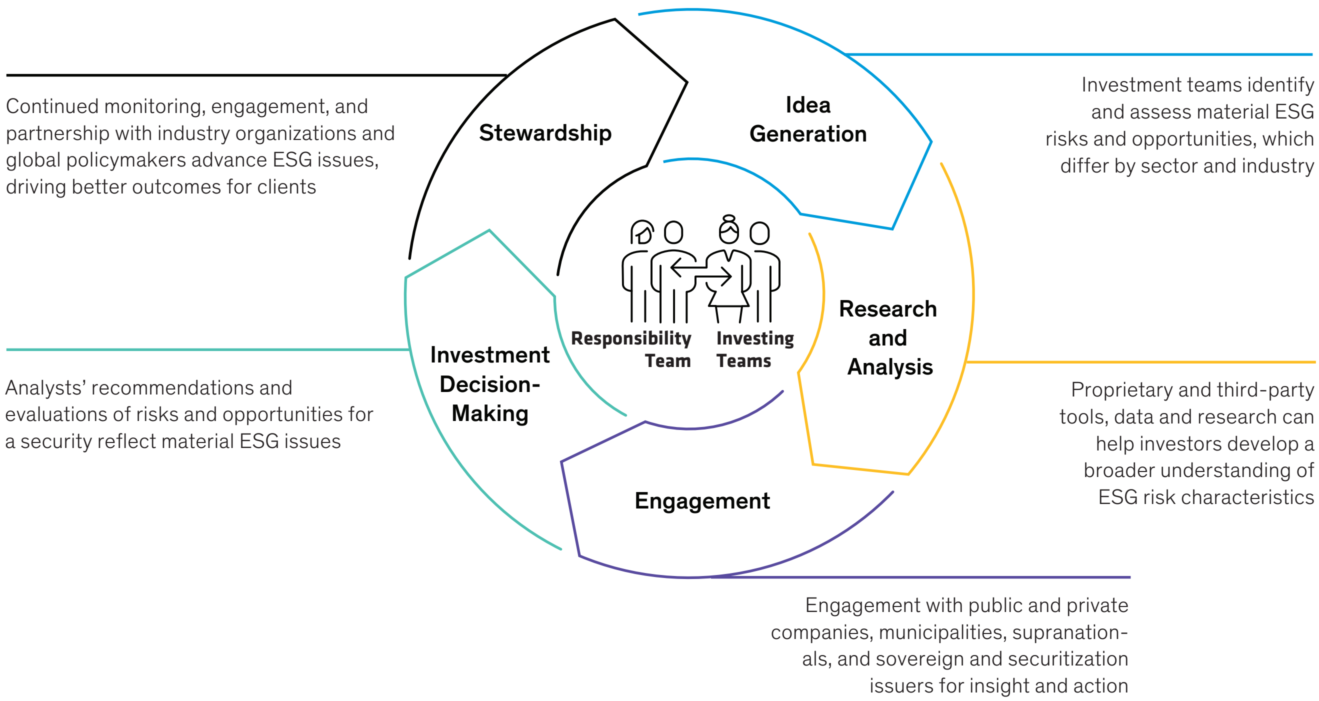
Finally, our Portfolios with Purpose apply a multitude of additional ESG and carbon-related screens appropriate to their investment strategies. The exact specifics of these screens are detailed in each strategy's regional product disclosure documentation.

A Deep Dive on ESG Integration

Our investors are at the heart of AB's ESG integration processes. They partner with our dedicated responsible investing professionals to integrate material ESG factors throughout the research and investment process. We strive to integrate material ESG factors into most of our actively managed strategies.

For AB to consider a strategy to be ESG-integrated, material ESG factors should be addressed at each applicable stage of the investment process—from idea generation to research, and from engagement to investment decision-making to continued stewardship (*Display 8, page 25*). By considering ESG risks and opportunities at each of these stages, we can better align our investments with these risks and opportunities. Our Compliance

DISPLAY 8: AB'S APPROACH TO ESG INTEGRATION



AB engages issuers when it believes the engagement is in the best financial interest of its clients.

As of December 31, 2023 | **Source:** AB

team, in conjunction with our Responsibility team and risk-management team, verifies that strategies are integrating ESG robustly at each stage.

The integration process starts with equipping our investors with the education, tools and processes to enable them to understand, research and integrate material ESG issues—and identify and respond to marketwide and systemic risks.

- **Proprietary platforms.** To augment third-party data and toolsets, we've developed proprietary research and collaboration tools to strengthen ESG research and engagement, and systematize integration throughout the firm—including our proprietary ESIGHT platform for ESG research and collaboration and PRISM for credit ratings and scoring. More details on ESIGHT and PRISM are provided in Section 6 of this statement.
- **Third-party data and research.** AB's investors have access to a range of data services that enable them to gain a broad understanding of the ESG risk characteristics of an issuer, a sector or a portfolio. These include, but are not limited to, ESG data from Bloomberg and FactSet, MSCI ESG Ratings, MSCI carbon emissions data, Sustainalytics ESG Risk Ratings, Sustainalytics Controversies Research, Sustainalytics or MSCI UN Global Compact data, ISS Research, ISS ESG Controversial Weapons Research, CDP Worldwide, Luxembourg Green Exchange, Moody's RMS, Moody's Helios, Revelio Labs, Investortools, HIP Investor, Impact Cubed, S&P Global Trucost and Glass Lewis corporate governance and proxy research. We view these third-party data sources as a starting point for analysis; on their own, these data sources don't provide the level of detail or insight necessary to fully understand the risks and opportunities inherent in an issuer or portfolio. Our Responsibility team continually evaluates our slate of current and new data providers to ensure that our investors have access to the most relevant data. We review third-party sources periodically, and our working relationships provide ongoing feedback on the quality and accuracy of data that we receive. We also provide timely and actionable feedback to service providers when our expectations have not been met. We

provide investors with multiple ESG data sources. We don't believe that third-party ratings are sufficient to fully analyze an issuer's ESG risks and opportunities, but the data in these reports provide a good starting point for our analysts as they begin to conduct their own research and engagement processes.

- **Strategic partnerships with world-class institutions.** As mentioned, AB has collaborated on climate change with the Columbia Climate School since 2019. Our investors partner with Columbia scientists and faculty to develop training and research on topics that may affect our investments. We embed that knowledge across AB investment teams through training sessions and other education, such as launching the second iteration of the Climate Change and Investment Curriculum for our investment teams. In 2023 we also hosted a training with eCornell, Cornell's external education unit, on the three pillars of our social research strategy: a Changing World, a Just World and a Healthy World. Finally, we share the insights from these partnerships with our clients and external stakeholders through thought leadership and reporting.
- **Ongoing training programs.** In addition to our flagship climate change curriculum, we offer ongoing ESG training to investment staff. We offer training on external data, systems and tools, as well as educational sessions across a suite of topics, including engagements, modern slavery, corporate governance, sector-specific themes and integrating ESG into portfolio decision-making. We include an ESG module in our annual compliance training, which is mandatory for all employees globally.
- **Global participation in developing ESG-related intellectual property, frameworks, tools and systems.** In addition to our dedicated Responsibility team, approximately 100 AB personnel participate in one or more ESG working teams centered on generating deeper ESG research insights within each asset class, developing new products and responding to various regulatory changes. In 2023, we continued to work with external organizations on Just Transition research, policy advocacy and shaping best practices on a variety of ESG factors. In addition, we have proprietary engagement guides, which are organized by sector and industry sub-groupings, as necessary, and they cover material risks for the sector/industry.

Analysts take ownership of the material ESG issues, identifying them, researching them, engaging with the issuers on them, and incorporating them into their models and frameworks. An analyst's recommendation and evaluation of risks and opportunities for a security reflect effects from material ESG issues. Materiality differs by sector and industry. For example, how a company or issuer manages its water consumption and treats wastewater could present material ESG and financial risks for food and beverage companies. For financial firms, however, data and privacy concerns might take precedence.

AB utilizes a proprietary materiality map—developed by the Responsibility team and over 120 analysts—that covers more than 40 ESG issues and spans almost 70 subsectors. In our view, a consistent framework for incorporating material ESG factors into our financial forecasts helps us make better-informed investment decisions and ultimately can enable us to deliver better investment outcomes.

Our investors also engage with issuers on material ESG risks and opportunities. Engagement is an important part of our investment process and is frequently executed in partnership between AB's investors and the Responsibility SBU. Each year, analysts engage with leaders of public and private companies and noncorporate entities, including municipalities, supranationals and sovereign issuers. In 2023, we logged around 10,800 individual meetings, including issuer-specific engagements[5] and strategic thematic engagements. More details on our engagements are provided in Section 6 of this statement.

Investors document their ESG research and engagement findings and conclusions. We believe that it's important to integrate material ESG factors into ground-level fundamental research; by documenting and sharing research insights across investment teams, we can leverage our ESG integration efforts throughout the firm. To put momentum behind this effort, we've developed tools and platforms—ESIGHT and PRISM foster better ESG documentation, integration and collaboration within and across investment platforms. More details on ESIGHT and PRISM are provided in Section 6 of this statement.

Investment teams then integrate material ESG factors into their decision-making process, where applicable. Putting our investors at the heart of our stewardship activity enables us to integrate material ESG factors throughout the investment process, leading to better consideration of these issues in investment decisions for most of our actively managed strategies.

5 Multiple AB analysts may have attended a single meeting.

For certain strategies, portfolio managers include material ESG risks in their investment evaluations and decisions from the outset. The effect of ESG analysis on cash flows, credit ratings or discount rates can influence investment decisions and position sizing. We consider material ESG issues in alignment with the investment time horizons of clients, which will vary by asset class and investment opportunity but can range from a few months to a few years. For example, a portfolio invested in short-duration bonds may consider an investment time horizon of less than one year, while some equity portfolios might have an investment time horizon of multiple years. Because ESG is integrated throughout the investment process, there's no need to reconcile differing ESG and fundamental analyses from separate, parallel ESG and fundamental evaluations.

Integration in Action: Environmental Factors

Climate Change

At AB, we believe that climate risk can be a material investment risk. Climate change remains a research focus for AB, because it can create both risks and opportunities for our investee companies and financial markets more broadly. We seek to consider the material climate change–related risks and opportunities of the issuers we invest in, which can help generate long-term value for our clients. AB's climate strategy is grounded in deep research and integration; elevated by engagement and stewardship with issuers; facilitated by data and tools; and draws on expertise from academic and industry partners, such as our relationship with the Columbia Climate School.

In 2017, we initiated a dialogue with leading scientists at Columbia University's Earth Institute, home to the Lamont-Doherty Earth Observatory. We wanted to improve our investment teams' ability to assess investments for material risks and opportunities from climate change, engage more effectively with issuers, and ultimately improve outcomes for our clients. These conversations culminated in a pilot climate risk training program in February 2019 for a select group of AB investment professionals across asset classes. This program, later formalized as the Climate Science and Portfolio Risk curriculum, addressed the basic science of climate change; the policy, legal and regulatory implications; technology and engineering; and ways to translate climate change into financial impact.

Based on the resounding success of the pilot and complementary opportunities for research and collaboration, we began a formal collaboration with the Earth Institute, announced in September 2019 and managed by our Director of Environmental Research and Engagement.

AB Investors Team Up with Columbia Experts

AB and Columbia University continue to collaborate in an ongoing effort to bridge the gap between finance and climate science, with a focus on helping investors to build understanding and awareness of the opportunities and risks inherent in the shift to a lower-carbon economy and the physical impacts of a warming world.

Together, we launched the Climate Change and Investment Academy 2023 for our clients throughout the fall. The modules covered: carbon markets, the energy transition, China's decarbonization pathway, global food security, biodiversity and natural hazards. More than 1,000 clients, asset owners and other stakeholders signed up for the 2023 Academy.

AB and Columbia faculty and academics also worked to better evaluate the physical risks posed by climate change, particularly in the US. Many sectors and assets are exposed to risks from natural disasters, particularly those intensified or catalyzed by climate change. Existing tools that apply geospatial data to inform hazard risk aren't as effective as they could be. These tools may lack the level of detail needed, exclude certain climate and weather data, or have accessibility issues.

AB investors partnered with the National Center for Disaster Preparedness (NCDP) at the Columbia Climate School to address these challenges. The NCDP focuses on the readiness of governmental and nongovernmental systems, the complexities of population recovery, the power of community engagement and the risks of human vulnerability.

Through this collaboration, AB and Columbia updated the NCDP's US Natural Hazards Index, which was designed in 2017 to help US households prepare for emergencies. The popular index has also been deployed by businesses (e.g., the banking industry and those who manage municipal bond ratings). The joint project upgraded and added new data on hazards from extreme weather and natural disasters and on social vulnerability.

AB–Columbia Climate Finance Fellowship

The AB–Columbia Climate Finance Fellowship is intended to help shape the next generation of investment professionals striving to address the risks of climate change and develop new solutions. Fellows gain practical experience in combining climate change considerations into portfolio management, construction, security selection and other areas of asset management. The second AB–Columbia Climate Finance Fellow joined our Concentrated Growth team in 2023 and focused on biodiversity and nature loss to better understand the financial materiality and effects of nature-related risks and opportunities on issuers in the Concentrated Growth portfolios.

Climate-Related Financial Disclosures

Transparency, disclosure and reporting to our clients is an important component of stewardship and responsibility. AB has been reporting on climate-related financial disclosures, in line with the recommendations of the TCFD, for several years. Below you will find a snapshot of our approach.

Governance
The oversight of climate risk at AB involves a multilayered governance model that extends upward from our investment and operational teams through AB's risk-management team and Operating Committee and ultimately to the Board of Directors—via our Audit and Risk Committee.

Strategy
AB's five-pillar climate strategy draws on expertise from academic and industry partners; facilitates education; works alongside deep research and integration; promotes active stewardship through engagement, proxy voting and policy advocacy; and provides investment solutions—our Portfolios with Purpose—many of which invest in climate innovators, improvers and low-emissions issuers.

Risk Management
We utilize a "Three Lines Model" for investment and operational risk management, where first-line risk is owned by SBUs, second-line risk is overseen by control functions, and third-line risk ownership and oversight are validated by audit. AB's approach to second-line climate risk management is to embed climate risks into our second-line control functions, including both Risk Management and Compliance.

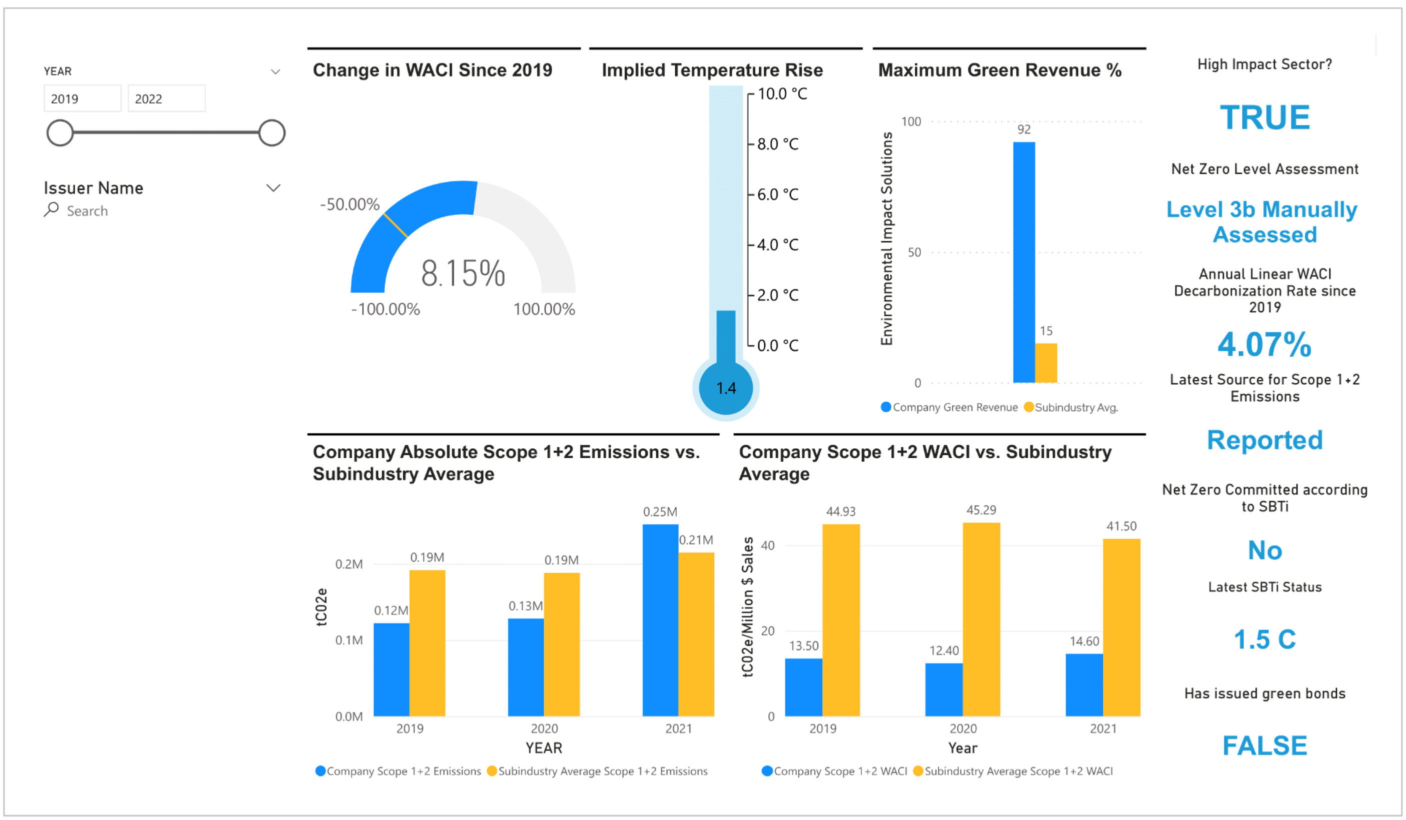
Metrics and Targets
AB has a 2023 Climate Action Plan, which is featured in our annual Climate Change Statement & TCFD Report. We are also working with our clients to understand their specific climate-related goals and to provide a variety of methodologies, strategies and solutions to help them achieve those goals. Lastly, we disclose our operational carbon footprint annually, which can be found in Section 4 of this statement, and aim to achieve net zero by 2050 across our Scope 1 and 2 carbon emissions.

Our Approach to Net Zero

In July 2022, AB announced its pledge to achieve net zero at the operational level by 2050 and joined the Net Zero Asset Managers initiative at the firm level. AB's approach to net zero entails working with our clients to understand their specific climate-related goals and to provide a variety of methodologies, strategies and solutions to help them achieve those goals.

This effort is supported by the development of our proprietary Climate Transition Dashboard (*Display 9*). This dashboard allows our investors to easily view, compare and explore current climate change–related data on over 20,000 issuers and approximately 100 portfolios across our actively managed equities and fixed-income strategies. Given the disparity and inconsistency of climate-related disclosures globally, the dashboard enables AB investors to more effectively and efficiently integrate material climate change risks into the investment process. The dashboard presents users with dozens of data points, including historical absolute and intensity Scope 1 and 2 emissions; relative change in weighted average carbon intensity (WACI) over time; implied temperature rise; revenues and financing aligned to the climate transition; and climate-related commitments and targets. The dashboard informs our Climate Transition Alignment Framework efforts, which you can learn more about in Section 6 of this statement.

DISPLAY 9: CLIMATE TRANSITION DASHBOARD—ISSUER EXAMPLE



Current analysis does not guarantee future results.

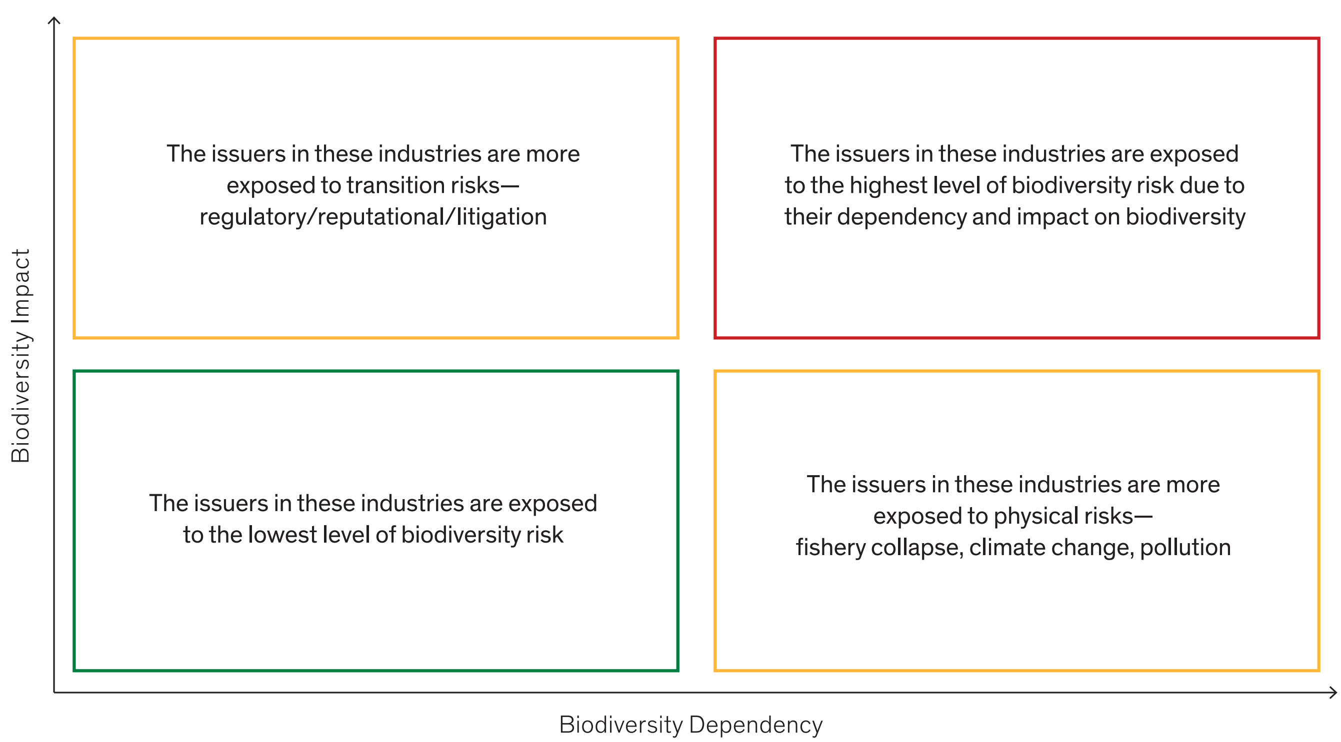
As of September 2023 | **Source:** Bloomberg, CDP Worldwide, FactSet, MSCI and AB

Biodiversity

Biodiversity is defined as the variability among all living organisms and the ecological complexes of which they are a part, including diversity among species and of ecosystems. Biodiversity and abiotic resources—the nonliving components of the natural world, such as land, water, air and minerals—form natural capital, which enables ecosystem services. Ecosystem services provide the foundation for global economic activity to thrive and create the building blocks that generate value to businesses. Biodiversity is highly interrelated with climate change and is an emerging area of focus at AB. Biodiversity is defined as the variability among all living organisms and the ecological complexes of which they are a part, including diversity among species and of ecosystems. Biodiversity and abiotic resources—the nonliving components of the natural world, such as land, water, air and minerals—form natural capital, which enables ecosystem services. Ecosystem services provide the foundation for global economic activity to thrive and create the building blocks that generate value to businesses. Nature-related risks and opportunities have become more apparent to our investments and will continue to increase as climate change and other pressures worsen. Additionally, several jurisdictions are considering regulation on biodiversity, and clients are increasingly focused on the topic.

AB has developed a Biodiversity Working Group—composed of members of AB's Responsibility team, investment teams, and members from the Client Group, business development, and data science—to educate our investors and implement our approach. Over the course of 2023, the working group brought in external biodiversity experts and data providers to build knowledge and capacity from the ground up. From an implementation perspective, the working group, along with our responsible investing data science team, assessed sub-industries along two dimensions within our Biodiversity Risk Matrix—based on the sub-industry's dependency on ecosystem services and their negative impact on nature (*Display 10*). An industry's position in the matrix can help investors identify potential nature-related risks and high-risk sub-industries. The matrix can help prioritize not only industries for research but also issuers, including those that investors may wish to engage with directly to explore issuer-specific biodiversity issues. In 2023, AB held 71 engagements across 56 companies that discussed biodiversity.

DISPLAY 10: MAPPING BIODIVERSITY RISK AMONG SECTORS AND COMPANIES



Source: *Exploring Natural Capital Opportunities, Risks and Exposure: A Practical Guide for Financial Institutions*, Natural Capital Finance Alliance and UN Environment World Conservation Monitoring Centre, 2018; ENCORE database, 2022.

Research on biodiversity risks and opportunities is well under way at AB, with three pieces of thought leadership published this year. These pieces explore many facets of biodiversity, including water, agriculture and deforestation. Looking forward, the group plans to work with Columbia faculty for an investor training on the basics of biodiversity and the importance of nature-related risks and opportunities in the investment process.

Integration in Action: Social Factors

In 2023, AB expanded its social research priorities to include three pillars: a Changing World (human capital, demographics and digitalization), a Just World (DEI, modern slavery, and a Just Transition) and a Healthy World (access to medicine and nutrition). We believe that researching these topics and addressing them in our investment process, when financially material, can unlock additional opportunity for our clients. To help implement our strategy with the investment teams throughout AB, we collaborated with eCornell, Cornell's external education unit, to host an investor training program called "Unlocking the Investment Potential of 'S' in ESG." The training featured insightful discussions around the pillars of our social strategy. You can see the fruits of the collaboration in our blog, "A Changing World: The New Psychological Workplace Contract."

Modern Slavery

At AB, we've considered the material social risks of our investments for many years, with a focus on modern slavery and forced labor.

Using our own fundamental research and leveraging third-party information as a guide, in 2020, we developed and began implementing a modern slavery research methodology. Our Modern Slavery Risk Assessment matrix enables us to assign a risk rating based on a company's potential level of exposure to modern slavery in its operations and supply chain. Specifically, it measures companies' exposure to high-risk-to-people factors, including vulnerable populations and high-risk geographies, products and services, and business models. Using the matrix, we've been able to apply our fundamental research insights to understand risk exposures—looking at where a company operates rather than where its headquarters are located. As of December 31, 2023, we assigned a risk exposure rating to 930 unique issuers.[6]

Mapping companies' potential risks helps us determine which companies we need to engage with most deeply or most urgently on how they're reducing risks to people. Engagement is a natural extension of our active investment process: we regularly engage issuers and stakeholders directly, giving us the opportunity to share our ESG research, while also providing a forum to drive better risk management in issuers. Once we understand a company's modern slavery risk-exposure profile, we strive to understand how the company is managing modern slavery risks. In 2023, we conducted 37 broad engagements on modern slavery with 35 distinct issuers. We have developed a proprietary best-practices framework in collaboration with many leading corporations, expert organizations (such as the Mekong Club and Be Slavery Free), academics and social auditors to support AB investors with their engagements. Using this framework, we evaluate companies' governance framework, risk identification, action plan to mitigate risks, action plan effectiveness and future improvement. The main goal of the framework—particularly the future improvement component—is to recognize best practices and encourage continued learning and improvement. With the framework, our analysts are able to systematically evaluate companies and have a basis for engagements.

We are also an active member of Investors Against Slavery and Trafficking Asia Pacific (IAST APAC), an investor-led, multistakeholder collaborative initiative that was established to engage with companies in the APAC region to promote effective action in finding, fixing, and preventing labor exploitation and modern slavery in the operations and supply chains of investee companies. We sit on the initiative's data working group that developed a set of core metrics for modern slavery action, disclosure, collection and publication. This has been based on extensive consultation with a broad set of stakeholders. As next steps, the group will be engaging with ESG research providers to improve the information provided to investors based on the identified metrics.

In summary, we believe that reducing the risk of modern slavery in portfolios requires a long-term commitment and a willingness to innovate—striving to continually improve processes to identify, assess and act.

To see our matrix and framework in action, including more details on our methodology and examples, please see the following resources:

- Global Slavery and Human Trafficking Statement and Report
- The Connection Between Climate Change and Modern Slavery
- Unlocking the Investment Potential of "S" in ESG: The Key? More Research and Data on Social Issues
- Modern Slavery in Mining Looms as a Key Risk to Investors

6 Duplicate ratings of the same issuer across different share classes were removed, resulting in a lower number of overall issuers rated than previously disclosed.

Just Transition

Climate change isn't just an environmental risk. Climate change can also pose great risks to people, communities and organizations—from how we live to how we travel to where we work. No industry, function or sector will likely remain untouched. Most importantly, these changes are happening now and are likely to accelerate rapidly in the coming years as the energy transition takes place within the context of increasingly volatile weather patterns.

Investors often neglect the interconnections between climate change and human rights issues, like modern slavery. Thus, rethinking existing frameworks can enhance investors' risk assessments of issuers. Seeing this gap, we collaborated with Walk Free—an international human rights organization—on a research publication overviewing the intersections of climate change and modern slavery, including seven case studies on modern slavery–risk exposure stemming from climate change and the energy transition. The paper was launched at a side event to the PRI in Tokyo in October 2023, with our keynote speaker the UN Special Rapporteur on the promotion and protection of human rights in the context of climate change. Additionally, the paper provides investors with two tools to manage and disclose climate-related modern slavery risks: a climate-reporting supplement and investor stewardship guidance. To find out more, you can download the report here. Since the publication of the paper, we have met with various industry bodies, standard setters and industry working groups to discuss, highlight and encourage further uptake of the reporting and engagement tools provided in the paper.

Stewardship Progress by AB Private Alternatives Teams

In 2022, AB's European Commercial Real Estate Debt (ECRED) strategy reviewed its ESG approach with the goal of identifying how ESG criteria could be better implemented into ECRED's investment process in an effort to enhance outcomes for our clients. The team also explored how documentation and reporting of ESG elements could be enhanced. Throughout this iterative review, the ECRED team members deepened their knowledge and understanding of how to evaluate ESG opportunities and underwrite ESG risks. Today, ECRED has successfully implemented a new, principles-based ESG research, scoring and monitoring process with the borrowers to whom they lend.

Material ESG issues are taken into consideration from the initial investment sourcing opportunity to screening, underwriting and execution. At the first stage of sourcing/screening an investment opportunity, ECRED team members are asked to consider if there are material ESG issues that should be flagged, and these are documented together with other material investment considerations relating to each investment opportunity.

If an investment opportunity enters underwriting, ECRED collects and assesses the material ESG information relevant to that investment opportunity. For investment opportunities originated by ECRED, the team instructs third-party advisors to provide and/or evaluate specific data (when relevant) and seeks ESG information by way of a standardized ESG questionnaire from the borrower. The team may also agree to ESG-related key performance indicators (KPIs) with the borrower, if appropriate. Similar to other KPI-linked debt structures, ECRED looks to incentivize borrowers to achieve various sustainability goals by way of offering lower interest rates upon achievement of said goals (such as receiving specific certificates), while also structuring adverse consequences in the instance agreed KPIs are not met.

The sourced ESG data is then used to populate a standardized environmental and social scoring system. Separately, ECRED collects additional available information to determine the borrower's compliance with the EU's Sustainable Finance Disclosure Regulation (SFDR) good governance standards. Finally, that information is distilled into, and forms part of, the investment memorandum, which is at the heart of the presentation of an investment opportunity to the ECRED Investment Committee.

Following a positive investment decision from the ECRED Investment Committee, agreement on KPIs in the finance documents (if appropriate), and the provision of capital, ECRED monitors the compliance of the borrower with its obligations and takes appropriate action through engagement and step-ups if necessary.

Stewardship Progress by AB Multi-Asset Solutions and Hedge Fund Solutions

AB's Multi-Asset Solutions (MAS) team undertakes quantitative and fundamental investment research to create and actively manage solutions that combine a broad range of asset class and security selection capabilities into a client outcome–oriented investment solution. In support of this objective, the team also undertakes research to create systematic security selection solutions that can both complement its own solutions and be made available as stand-alone solutions for AB's clients.

MAS ESG investment integration. Currently, the MAS team integrates material ESG factors into funds that allocate to active equity and fixed-income managers, including AB, that integrate material ESG factors at the strategy level. The team seeks to leverage the active security selection and engagement of its equity and fixed-income managers as broadly as possible within its solutions. Assessing the financial materiality of this approach is customized to the approach adopted by each strategy. When monitoring underlying active and passive equity and fixed-income managers, the team relies on those managers' own assessments at the individual strategy level and compares the performance of those strategies (as well as the overall multi-asset strategy performance) against benchmarks that do not include ESG integration.

For example, climate research and scenario analysis suggested that a client's real asset allocations can be significantly exposed to climate change, so the team created a future natural resources capability to try to mitigate this downside risk.

In 2023, following the research efforts that were undertaken in 2022, the team started to utilize carbon instruments to provide uncorrelated returns within its sustainable multi-asset portfolios. The MAS team also continues to research and implement material ESG integration into some of its systematic strategies, specifically merger arbitrage and event-driven strategies. Following the implementation of this work in 2022, the team started to monitor and measure the effect on risk and return of this integration in its portfolios.

In terms of its UK Customized Retirement Strategies, the team managing these portfolios continued to develop its climate road map and was able to demonstrate a continued performance enhancement for investors as a result, consistent with their fiduciary duty. Where external managers are selected and used within a solution, the MAS team integrates material ESG considerations into its criteria for the selection and ongoing monitoring of those managers. This approach has had a direct impact on the managers used and the strategies implemented. The team is supported in this work by the Responsibility team and conducts regular due diligence meetings throughout the year with each material manager, focusing on four separate areas: corporate responsibility, investment stewardship, ESG integration and product innovation. The team also entered into an agreement with its key manager for developed-market equities for it to take control of voting on behalf of its share of the assets. This is expected to be implemented in 2024.

MAS ESG reporting. The MAS team continues to work on rolling out ESG reporting to its clients, including the necessary reports for those clients wishing to meet the reporting requirements outlined by the TCFD.

Hedge Fund Solutions. AB's Hedge Fund Solutions team manages a range of liquid alternative and public alternative strategies and hedge funds.

During 2022, the Responsibility team worked closely with the Event Driven and Merger Arbitrage teams to enhance the risk-management elements of the investment process to improve the way transactions are sized and selected. A variety of ESG-related screens and additional ESG factors that have the potential to impact deal volatility and the success or failure of a merger or acquisition were explored. After extensive analysis, the teams identified factors such as accounting quality, product governance, data governance and business ethics, as well as various material ESG controversies such as environmental incidents, product recalls, or employee health and safety issues, and built a process to incorporate these universe screens and factors into the deal selection and position-sizing processes. These process enhancements were implemented in 2023. One of Event Driven's underlying strategies is also optimized to ensure the portfolio's WACI is below that of the investment universe, and that the average portfolio ESG rating is better than the investment universe.

6. Engaging with Issuers

Because we're an active investment manager, engaging stock and bond issuers on material financial issues—including ESG risks—is important to our responsible, active research and investment processes. When it is in our clients' best financial interest, we engage with issuers through ongoing, open dialogue.

Engagement helps us better understand issuers, protect shareholders' and bondholders' interests, and encourage management teams to address material ESG risks or take advantage of ESG opportunities.

Because engagement is important to ESG integration and asset stewardship, we don't outsource it. AB investment teams engage directly with companies or issuers, often collaborating with our Responsibility team. In our view, hands-on engagement is the path to better access, research and outcomes.

This section on our engagement policy describes how we engage, why we engage, where we focus our engagements, how we document and track engagement, and our guidelines for escalating issues that aren't adequately addressed through our typical engagement process. The section also discusses how we identify and resolve potential engagement conflicts of interest. We integrate our investment approach globally, across regions, equities, debt and other capital structures.[7] Our engagements are broadly similar across funds, asset classes and geographies, as the impact of material ESG issues does not typically differ based on these factors, particularly for environmental and social issues. Some issues may differ based on geography, given the political or regulatory environment and the climate.

Which AB Professionals Engage with Issuers?

Our engagement policy applies firmwide. Investment professionals across asset classes, including our equity, fixed-income, multi-asset, and alternatives teams, engage with issuers, often in a joint effort with our Responsibility team. By leveraging our investors' diverse expertise and AB's broad research footprint, we believe that we can better understand issues and engage more effectively.

Fundamental research teams focus on issuer-specific topics, including financial performance, risk management, strategy, operations, governance and material ESG issues. Our Responsibility team has a holistic view of relevant ESG issues. Our investment teams may also collaborate on engagement when they share exposures to the same issuer or have research responsibilities for the same sector.

With Whom Does AB Interact During Engagement?

Typically, analysts engage with leaders of public and private companies and noncorporate entities, including municipalities, supranationals and sovereign issuers. Our investment teams interact with senior executives and managers, including CEOs and CFOs, and may also engage with directors and other employees or executives to share our perspectives or escalate concerns from talks with senior executives and management. For sovereign issuers, we may engage with key members of governments and regulatory agencies or departments. For securitized investments, we may engage beyond the originators to the servicers and other third parties.

7 References to AB in this policy apply to AllianceBernstein L.P. and our European entities—AllianceBernstein Limited, AllianceBernstein (Luxembourg) S.à r.l. and CPH Capital—for the purposes of the European SRD II.

Engagement can happen anywhere within the investment process: during research and analysis, before initiating a position, while holding a position and after selling a position. These conversations are often ongoing, as we continue to revisit previous topics and discuss progress.

Engagement can be face-to-face, via conference or video calls, or through written communication or questionnaires.

Why We Engage

We engage with issuers for two main reasons: to generate research insights (e.g., to learn more about an issuer's corporate strategies and competitive positioning) or for action (e.g., to encourage issuers to better address material ESG risks or take advantage of ESG opportunities, in our clients' best interests). We believe that as active managers, our position can generate enhanced risk-adjusted returns through our access to and engagement with issuers.

Information from engagements informs our qualitative and quantitative analysis and investment decisions, with a view toward providing better outcomes for our clients. Engagement is also an opportunity for AB to build long-term value, as we provide perspective and guidance to our portfolio companies and issuers on developing best practices in managing material risks and opportunities, including ESG issues.

Engaging for Insight

Engagement enhances our research process, generating insight into issuers' corporate strategies and competitive positioning. It also reveals how management teams, as well as company boards, address and manage short-, medium- and long-term risks and opportunities, including material ESG considerations.

By engaging, we believe we're also able to better assess the quality of an issuer's management, strategy, operations and corporate governance structure. We incorporate this valuable information into our quantitative and qualitative security analysis and investment decisions.

ISSUER: ASTRAZENECA | SECTOR: PHARMACEUTICALS | ASSET CLASS: EQUITIES

AstraZeneca is a multinational pharmaceutical and biotechnology company. We were interested in exploring resource efficiency (natural resources, packaging, distribution, recycling and disposal/end-of-life or reuse) across AstraZeneca's supply chain. Enhanced resource efficiency can help companies increase cost savings and profitability, bolster supply chain resilience, limit regulatory, reputational, and ecological risks, stimulate innovation, and promote enduring business models.

AB engaged with AstraZeneca's VP of Environmental Protection and a member of the investor relations (IR) team to discuss these topics. We asked AstraZeneca to detail its circular economy learnings from each of the six stages of the product life cycle assessment it conducted: active pharmaceutical ingredient (API) production and formulation, device production, packaging, distribution, patient use, and disposal (end-of-life or reuse). The team began by emphasizing the importance of raw materials and citing its collaboration with suppliers and peers. It noted that AstraZeneca is a member of the Pharmaceutical Supply Chain Initiative, where pharmaceutical companies partner to promote responsible supply chain management and better business conditions across the industry. The company has identified 12 key raw materials and has targets to put action plans in place for each by 2025. These materials include timber, aluminum, natural rubber for packaging components, fish oils, palm oil, shellac, talc, carnauba wax, cellulose, sugar, castor oil and minerals for use in products.

Small molecule API synthesis requires raw materials, including solvents derived from fossil fuels. We learned that AstraZeneca focuses on shortening the number of steps to manufacture small molecule APIs in order to lessen the amount of raw materials required. As complexity has increased, it has done routine analyses. AstraZeneca is bringing a step-reduction mind-set to its activities now, so that future products can be manufactured more efficiently. It also is pursuing continuous manufacturing, which requires a smaller footprint and saves energy and other resources.

Beyond sourcing sustainably and limiting resource demand, AstraZeneca is also exploring reuse and recycling opportunities. For example, AstraZeneca shared that it is exploring local industry needs for silica, a by-product of some manufacturing processes, and is in conversation with construction companies. Regarding packaging waste, AstraZeneca is looking into offering an "e-pill," which would replace the paper manual featuring instructions and potential side effects with an electronic version. However, this initiative has yet to receive regulatory clearance. It is also investigating what materials could substitute for polyvinyl chloride in its blister packs. AstraZeneca has launched a take-back system and explored regeneration of plastics in Sweden. The team noted that it is challenging to change packaging and recycle objects that have had contact with medical objects, due to stringent regulation. Therefore, it believes its greatest opportunity for promoting a circular economy lies in reducing solvents.

Overall, AstraZeneca seems to be aware of its environmental impact and is taking actions to mitigate it. We look forward to monitoring the evolution of AstraZeneca's circular-economy initiatives while looking to gain a deeper understanding of industry best practices.

ISSUER: ECOPETROL | SECTOR: ENERGY | ASSET CLASS: FIXED INCOME

Ecopetrol is a vertically integrated energy firm and Colombia's largest company. While it went public in 2006, the company is still majority owned by the Colombian government. The natural gas supply in Colombia is tight, posing a risk to Ecopetrol's operations.

We met with Ecopetrol's management team to gain insight into the company's growth in sustainable operations and its strategy for energy security. We learned that Ecopetrol had eliminated from its resource-development plan its previously set goal to develop unconventional oil and gas in Colombia (e.g., fracking), which we understood reflects Colombia's current administration's concerns about the environmental impact of fracking. The natural gas supply is tight, and may be in deficit as soon as 2025, so Ecopetrol has taken measures to help ensure Colombia's energy security over the next few years. Longer term, it is also developing onshore opportunities in mature assets in partnership with other reputable energy companies to minimize economic and operational risk as well as improve its own institutional knowledge capacity. Finally, we learned that Ecopetrol is spending roughly a quarter of its capex budget on decarbonization activities.

We believe Ecopetrol's measures can help mitigate meaningfully higher residential energy costs in the future. However, we also recognize that potential execution challenges are relevant, given the dependence on successful exploration and infrastructure development.

ISSUER: ALIBABA | SECTOR: CONSUMER DISCRETIONARY | ASSET CLASS: FIXED INCOME

Alibaba is China's largest e-commerce company, positioning data security and privacy as a material risk. It enables merchants, brands and businesses to engage with customers and users through internet-based technology infrastructure and marketing reach.

We engaged with the company's ESG director and managers to understand its governance processes to address data security challenges. We learned that Alibaba has developed a set of principles to address data privacy issues. These principles are: (1) minimizing data collection and limiting use to clearly defined purposes; (2) ensuring user awareness and choice about the scope of the use of their data; and (3) enhancing user data protection for sensitive data. The implementation process for the new security guidelines includes mandatory training and exams for Alibaba employees.

While we acknowledge that Alibaba has taken measures to address previous issues and incidents, we will monitor the effectiveness of these new principles.

ISSUER: NESTLÉ | SECTOR: CONSUMER DISCRETIONARY | ASSET CLASS: EQUITIES

Nestlé is a Swiss multinational food- and drink-processing conglomerate. Much of the cocoa it sources is grown in West Africa, a region that has significant issues with child labor, deforestation and poverty, all of which pose risk to the issuer, whether it be reputational or regulatory. Nestlé had previously developed a child labor monitoring and mediation system, which has provided a lot of data on how children end up in situations of modern slavery. For a couple of years AB has engaged Nestlé on its income accelerator program (IAP)—which aims to tackle child labor risks and deforestation in addition to increasing crop productivity. In 2023, the program was rolled out to reach over 10,000 households. Nestlé has also set up a strategic advisor committee that represents diverse stakeholders (suppliers, producers, local civil society, etc.) to advise on the IAP.

We met with Nestlé's head of cocoa sustainability and a member of IR to discuss progress on its IAP program. We learned that there have been improvements in good agricultural practices, particularly in the proper pruning of cocoa trees, which is a key factor in unlocking productivity. Previously, only 18% of farmers were doing this correctly, whereas now 94% are following proper pruning techniques. Nestlé has established 500 professional service pruning groups in the cooperatives it has set up, which are more health and safety compliant and efficient, reducing the risk of children being involved in the work. The team plans to measure child labor statistics, but it is a long process and time-consuming to filter through to the root causes.

School enrollment has also been a priority, because lack of education may increase the risk of child labor. While 75% of families have school-age children, not all children are attending school, and further investigation is needed. Verifying children's attendance at school can be challenging due to miscommunication about schools or inefficient school administration, for example.

Efforts have also been made to diversify income, with a focus on women and household income. Savings groups have been established in communities, and loans have been provided for small businesses. This is the first time that women have had the opportunity to save income, and it is a positive step toward promoting entrepreneurship. Gender training has also been initiated to help households think about how they can function better, particularly in terms of work distribution, rewards and benefits.

Nestlé appears to be making meaningful progress on the root causes of child labor as well as on unlocking opportunity. This process is continuously evolving, and we will continue engaging with the team to monitor progress. With Nestlé's plans to grow the IAP program to include 30,000 farmers in Côte d'Ivoire and Ghana, we plan to follow up and continue to monitor progress. Additionally, the company plans to roll out the program to other commodities, like coffee, though the focus of the program will be catered toward material issues within each commodity.

Engaging for Action

Engagement helps us support our clients' interests by enabling us to share our ESG research assessment with issuers to better address material ESG risks or take advantage of ESG opportunities, with the aim of driving investment outcomes. Discussions focus on material ESG-related issues, with the goal of encouraging firms to make decisions with a long-term view that is in the best interest of our clients.

ISSUER: FEDERAL HOME LOAN MORTGAGE CORPORATION (FREDDIE MAC) | SECTOR: FINANCIALS, GOVERNMENT-SPONSORED ENTITY | ASSET CLASS: FIXED INCOME

Freddie Mac is one of two US-based, government-sponsored entities (GSEs) supporting both residential single-family and commercial multifamily housing. AB engaged with the issuer last year to encourage the release of more ESG data and to better understand aspects of the GSE's origination process. In 2022, we learned that Freddie Mac had formed a climate group and begun the process of establishing the framework and scope for measuring climate risk in multifamily commercial mortgage-backed securities (CMBS). Because this process is in its early stages, we would likely see meaningful data transparency in this regard one to two years from now.

In September 2023, we engaged with the issuer to discuss its ESG-labeled bond issuance, data transparency across origination platforms (residential mortgage-backed securities and CMBS), and disclosures related to climate risk and social factors. We learned that Freddie Mac is not meeting its ESG-labeled bond issuance target of $4.5 billion, as rising rates have decreased mortgage origination. Increasing issuance of these bonds has therefore taken less priority as the financial benefits are perceived to be unclear. While Freddie Mac assured us that it has done substantial work on its exposure risk to natural hazards, it is unwilling to share that work until it can share resiliency data as well. Lastly, Freddie Mac is aware of the different homeownership levels across demographic groups, yet it is limited by federal law in how it can consider inequity in mortgage applications.

AB encouraged the issuer to reconsider its disclosure practices, as data transparency continues to be inconsistent across its origination platforms, and we also reiterated the importance to the investor community of its ESG-labeled bond program, which is instrumental to supporting underserved borrowers' access to credit and affordable housing. We will monitor both topics.

ISSUER: GALÁPAGOS MARINE CONSERVATION LINKED BONDS | SECTOR: FINANCIALS | ASSET CLASS: FIXED INCOME

The Galápagos Marine Conservation Linked Bonds (GPS Blue) are the product of a debt-for-nature bond deal. This special-purpose vehicle lends to the Republic of Ecuador to facilitate debt reduction and increased investment in offshore biodiversity conservation. The GPS Blue is intended to finance a debt conversion for the Republic of Ecuador, exchanging US$1,628 million of Ecuador's international bonds (repurchased substantially below face value) for a US$656 million loan. The bond structure is protected by the US International Development Finance Corporation, a US government department, and the Inter-American Development Bank, leading to its AA credit rating (which is many notches above the Republic of Ecuador's credit rating). The debt conversion will generate funding for marine conservation in the Galápagos Islands over the next 18.5 years. Further, marine conservation efforts can strengthen the country's tourism industry while allowing for the fishing industry to remain viable over the long term.

In May 2023, we engaged the issuer to conduct due diligence on the bond and the economic benefits of the transaction. We determined that the economic benefits of the transaction were material. The Republic of Ecuador was able to decrease its debt servicing by over US$1 billion and generate more than US$450 million for marine conservation (about a 70% increase over current levels).

We concluded that the bond structure is well developed, showing the commitment of many stakeholders (bondholders, the Republic of Ecuador, US government, Inter-American Development Bank and Pew Bertarelli Ocean), and attractive to many investors. We were able to source these bonds at a spread of around 200 basis points (bps), a material pickup over similarly rated corporate bonds.

ISSUER: MERCK | SECTOR: HEALTHCARE | ASSET CLASS: EQUITIES

Merck is an American multinational pharmaceutical company. We engaged with the company to understand its approach to increasing access to Gardasil, its cervical cancer vaccine, where much of the growth is coming from sales outside of developed countries, like China. Merck has been building out manufacturing to expand supply, which should also allow increased access to the vaccine by low- and middle-income countries. Today, many of these countries only have limited access through Merck's partnership with Gavi, the Vaccine Alliance.

In our most recent engagement with management, we met with the CEO, CFO and a member of the IR team to follow up on global access to Merck's vaccine. Management confirmed that Gardasil is now available in China (a country that is also a significant source of projected revenue growth) in the cash-pay market. In other words, it is likely still not reaching higher-need/lower-income populations.

Working with Gavi, the Vaccine Alliance, Merck recently disclosed that it will provide 91.5 million doses between 2021 and 2025. As the company adds manufacturing capacity, the vaccine will be more accessible to low- to middle-income markets. Management also believes that the gap will be filled by lower-cost/lower-priced products and is considering manufacturing strategies for those markets (e.g., competitive bivalent vaccines that offer narrower protection versus the Gardasil 9-valent vaccine).

Regarding executive compensation, we learned that a greater global focus on ESG will result in linking ESG metrics to short-term incentive compensation. And in a strategic shift, management has begun to articulate "access first, growth second" in order to "flip the mind-set" company-wide.

As we get closer to 2025, we will monitor how Merck is progressing in its goal of increasing global access to Gardasil.

ISSUER: COLOMBIA | SECTOR: GOVERNMENT | ASSET CLASS: FIXED INCOME

The Colombian government has been exploring a range of ESG-labeled bond issuance. The country had previously issued green bonds in the local Colombian peso market in 2021, and was looking to expand its ESG-labeled bond issuance into the international USD bond market.

We met with government officials in September 2023 to discuss their plans to issue social bonds to finance projects aimed at improving social conditions among the population in the country's vulnerable regions. Colombia's bonds focus on populations that were harmed and displaced by the civil conflict that was concentrated in rural areas of the country. The bonds help contribute to Colombia's goal of reducing poverty from 30.4% in 2010 to 8.4% by 2030. The proceeds aim to reduce intra-country inequalities (e.g., by improving access to essential services, like schools and hospitals). We provided feedback to the officials during our engagement. We conveyed that we believe the decision to target post-conflict territories maximizes the potential for high social impact from the proceeds. We also believe that the deployment time frame of the bond proceeds and the metrics proposed to measure improvements appear to be appropriate in terms of implementation feasibility. Lastly, we also advised them on the challenges of poorly structured sustainability-linked bonds (e.g., coupon step-downs, insignificant KPIs), and encouraged further exploration of a debt-for-nature bond deal.

Colombia issued a dual tranche social bond deal in November 2023, with total bond issuance aggregating to US$2.5 billion. The oversubscribed bond deal consisted of a 12-year and a 30-year structure. After our meeting with the government, we assessed that the bonds are well structured, aligned with several sustainable development goals and have a well-defined use of proceeds. AB participated in the 12-year bond deal at a yield to worst of ~8% (option-adjusted spread greater than 360 bps).

ISSUER: APTIV | SECTOR: CONSUMER DISCRETIONARY | ASSET CLASS: EQUITIES

Aptiv is a US automotive technology supplier domiciled in Ireland. We have engaged with Aptiv on ESG topics since 2018, starting with basic disclosures and incentive compensation metrics and later expanding discussions to emissions, gender equality and supply chain human rights risks. Triggered by the annual say-on-pay vote in the proxy, this engagement was focused on executive compensation and talent development and retention.

Following the filing of Aptiv's initial 2022 proxy, we engaged with members of IR, the director and head of the Compensation Committee, the Chief People Officer, and the Chief Legal Officer. Adjustments to the annual incentive plan made by the Compensation Committee resulted in a payout of 100%, despite missing one of three performance metrics. Limited disclosures made it difficult to evaluate the adjustments, and we were prepared to vote against the say-on-pay item.

The company also received negative feedback from Institutional Shareholder Services (ISS), and filed a supplemental proxy. Additional data included (1) details on performance thresholds; and (2) quantification of discretionary adjustments and the committee's intent to balance strong execution against uncontrollable external events. In our engagement, we debated financial results versus the company's significant stock underperformance as context for the 100% payout. We provided a similar example where adjustments were limited to lower thresholds, resulting in a payout of 80% to 85%.

We were encouraged by management's receptivity to our feedback and learned that Aptiv's future performance and payout disclosures will be enhanced, addressing our primary concerns with the initial 2022 proxy. We will continue to monitor Aptiv's progress.

Types of Engagement

We engage with issuers in several ways: through fundamental engagement (including thematic and proxy-voting engagement), collaborative engagement and policy advocacy.

Fundamental Engagement

We engage directly with issuers and stakeholders as part of our research and investment process for equities, fixed income and other asset classes. Constructive engagements create a channel to discuss topics such as strategy, business operations and ESG issues. A long-term approach fosters more productive relationships with issuers: over time, we build a forum for open dialogue, not only with senior leaders but also with other stakeholders such as suppliers and customers.

We may engage before we make an investment and while monitoring current investments. We determine and prioritize the level of direct engagement based on factors including the size of the investment, investment time horizon and the potential impacts on the issuer, and we always represent our clients' best interests. Security type also comes into play when approaching each engagement and assessing material ESG risk. For example, if creditors don't have voting rights, we can help issuers understand how the market's perception of key ESG risks could affect their credit quality, future access to capital, valuation/funding costs and broader stakeholders. Issuers may be more inclined to change their behavior or address a misperception with added disclosure.

Thematic Engagement

We sometimes identify engagement themes that are common across many issuers; for example, climate transition risk or modern slavery risk. In these cases, developing a framework to engage with issuers on these material ESG risks or opportunities can be beneficial.

Our Responsibility team has worked with our investors to develop our proprietary CTAF with the goal of identifying companies that are acutely exposed to climate transition risks and opportunities, and engaging with these issuers to ensure that they are preparing their businesses to be successful in a lower-carbon economy. Through the CTAF, we have identified issuers across more than 20 high-impact industries in our actively managed corporate credit and equities strategies. High-impact issuers are those that fall within an industry, where companies generally have particularly material risks and opportunities from the transition to a lower-carbon economy. The framework is designed to identify specific areas of material risks and opportunities for these high-impact issuers and to signal where our investors should focus their engagements with these issuers for progress, when materially relevant for our clients. We assess issuers from Level 0 (Awareness) to Level 5 (Achieved) in terms of emissions disclosure, emissions-reduction targets, plans to meet those targets and execution on the issuers' plans over the long term.

The team launched the framework with AB's investment teams in 2023. We look forward to sharing more progress in the coming year.

Prysmian Group is a multinational company that specializes in the production of electrical cables for use in the energy and telecom sectors. The issuer falls within a climate transition “high-impact” industry, which is an industry that has particularly material risks and opportunities from the transition to a lower-carbon economy. For an electrical cable producer like Prysmian, the bulk of emissions are produced through Scope 3, use of sold products, which accounts for emissions from the electricity generator, which Prysmian’s products carry. We therefore assessed the company within CTAF, assessing it as Level 3B+ based on the following considerations.

Prysmian has committed to reducing its absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46% by 2030 from a 2019 base year. It is also in the process of developing and submitting its net zero targets to the Science Based Targets initiative (SBTi), which would see its Scope 1 and 2 emissions reduced by 80% by 2035 from a 2019 baseline. To achieve these targets, Prysmian plans to phase out sulfur hexafluoride (SF6) emissions and source energy from only renewable sources. It has also planned a €100 million capex investment over the next 10 years to organically reduce its energy consumption and carbon footprint. Prysmian has committed to reducing its absolute Scope 3 GHG emissions from purchased goods and services and use of sold products by 21% within the same time frame using a 2019 baseline. It also has a net zero target for Scope 3 by 2050, though it has no specific percentage-reduction target. Its total Scope 1, 2 and 3 emissions have declined 40% since the baseline year of 2019. Prysmian plans to accomplish its Scope 3 targets through customer engagement and by encouraging suppliers to disclose through CDP.

Based on the results of the CTAF assessment, we engaged with a member of IR and two sustainability managers on Prysmian’s quantitative plan to achieve the company’s Scope 1, 2 and 3 emissions-reduction targets and how it plans to allocate the committed €100 million capex spend to achieve its targets. We also wanted to gain more insight into Prysmian’s carbon-offset purchasing strategy, as its SBTi-approved target is to reduce Scopes 1, 2 and 3 by 90% by 2050, which may imply that the remaining 10% be offset. We learned more about Prysmian’s internal quantitative plan, assigning each action it takes to a specific carbon-reduction amount. The team did share a quantitative plan to reduce SF6 reduction, which is one of Prysmian’s highest sources of emissions. AB recommended that Prysmian work on disclosing a similar plan with all its emissions rather than just its SF6 reduction plan, and will look to understand how the company plans to spend its capex on its remaining carbon reduction post-2025. AB also requested more information on Prysmian’s plan to achieve net zero by 2050. We specifically recommended that the company develop institutional capacity to determine and select high-quality and high-integrity carbon credits.

We will monitor the issuer’s progress on disclosing its quantitative emission-reduction plan, offset purchasing strategy and capex spend.

Proxy-Voting Engagement

We also engage with issuers as part of our proxy-voting process. We’re strong shareholder advocates, supporting robust corporate governance structures, shareholder rights and transparency for both AB and the companies and issuers we research and invest in. For issuers in client portfolios, we have a comprehensive in-house policy and a process that guides our decisions.

We believe that boards of directors and senior management should have the authority to set and execute corporate policies, goals and compensation. But we also support strong shareholder rights that hold directors and management accountable if we believe they are not acting in the best interests of shareholders and other stakeholders. We may engage with firms before their annual general meetings (AGMs) and during the year, and we interact with proponents of shareholder proposals, as well as other stakeholders, to understand diverse viewpoints and objectives and make informed voting decisions.

We determine when engagement is needed to uphold our clients’ best interests, both when issuers offer meetings and when we initiate engagement on a potentially material issue. For more information, please see our Proxy Voting and Governance Policy.

ISSUER: STELLANTIS | SECTOR: CONSUMER CYCLICALS | ASSET CLASS: EQUITIES

Stellantis is a multinational automotive manufacturing corporation. In its AGM, 44% of shareholders voted against the 2021 remuneration report, followed by 48% support at the 2022 AGM. The CEO of Stellantis had two parts to his pay: (1) normal base, bonus and deferred shares; and (2) a one-time merger and business transformation bonus.

Following the results of the 2022 AGM, Stellantis engaged with over 40 institutional shareholders to get feedback on how it can improve its remuneration. An AB investor and members of our Responsibility team met numerous times with Stellantis's Global Compensation team and the head of IR. We explained that the long-term incentive (LTI) was excessive in quantum and relied on duplicative performance metrics, with 25% of the program lacking clear KPIs. The payout of an exceptional incentive award to the CEO was a deviation from the company's remuneration policy, relying on a vague derogation clause. The merger bonus also relied on seven undisclosed KPIs, making it difficult to assess the rigor of the award. The Stellantis management team clarified that the Corrective Action and Preventive Action metrics that triggered a short-term incentive bonus payout would be moved to the LTI (10%) and will not pay out unless achieved, partially addressing our concerns over double-counted performance metrics and unclear rigor. In addition, Stellantis was considering adding ESG metrics into its executive compensation plan. The team added that the merger bonus was deemed necessary to retain the CEO until the Fiat Chrysler and Peugeot transaction was fully executed. Upon meeting with AB and other stakeholders, the issuer laid out the six primary shareholder concerns and attempted to address each of them with its revised compensation plan.

During the 2023 AGM, in acknowledgment of the structural improvements made to the plan, 80% of shareholders voted for the new proposed remuneration report. The report included enhanced disclosure of performance metrics as well as new ESG metrics in the LTI plan, and it removed merger "synergies" as a KPI, because this KPI had already been achieved. Following the revisions, the new plan was broadly aligned with good market practice, and supported alignment between pay, performance and shareholder outcomes.

We were pleased by the proactive way in which Stellantis engaged with shareholders to address their concerns, resulting in 80% of shareholders voting for the report compared with 48% of shareholders at the 2022 AGM.

ISSUER: WELLS FARGO | SECTOR: FINANCIALS | ASSET CLASS: EQUITIES

Wells Fargo is an American multinational financial services company. AB has engaged with Wells Fargo for the last five years on its business ethics, organizational culture and DEI initiatives. In response to shareholder feedback, the company made efforts to rebuild its organizational culture in 2017, although there is still room for improvement. In 2022, Wells Fargo was investigated by the civil rights unit of the Manhattan US attorney's office over conducting fake job interviews of minority candidates to satisfy in-house diversity guidelines. In November 2022, the Securities Exchange Commission also began investigating the company's hiring practices related to diversity.

In October 2022, AB engaged with Wells Fargo to discuss the company's progress on its DEI initiatives and broader business ethics. During our conversation, the company shared its takeaways from a recent Human Rights Impact Assessment (HRIA) and communicated its commitment to conducting a racial equity audit to further examine its DEI practices. The priority items following the HRIA were to focus on (1) DEI implementation and racial equity; (2) human rights in the workplace and workforce, with a special focus on low wages, vulnerable workers and employees of color; (3) its operations and facilities in India and the Philippines; and (4) the implementation of Wells Fargo's modern slavery prevention practices. At the April 2023 AGM, AB voted in favor of a shareholder proposal asking the company to report on the prevention of workplace harassment and discrimination, in consideration of recent controversies and engagements on the issue. The resolution passed with 52.3% support. Following the AGM, AB has engaged with the company on three occasions to discuss its organizational culture and DEI, encouraging further disclosures on the topic.

In December 2023, to address shareholder demands for improved transparency, Wells Fargo published the results of its third-party racial equity assessment. We will continue to support enhanced disclosures and practices around DEI and culture at Wells Fargo, both through proxy voting and engagement.

Collaborative Engagement

We sometimes work with non-AB investors, asset owners and/or industry organizations on engagements. This can happen when we've independently arrived at the same conclusion as other managers/investors and believe that collaboration might help address specific issues.

The purpose of collaborating is (1) to escalate and improve access to an issuer that is not responding to a 1:1 engagement; (2) to engage with an issuer we may not have engaged with before on a material topic; or (3) to improve effectiveness and efficiency for issuers and investors when seeking similar improvements in shareholder outcomes. However, we don't share our investment or voting intentions or agree to act in concert with other fund managers, activist investors or other large shareholders.

In December 2022, AB joined PRI's newly launched Advance initiative—a collaborative stewardship initiative on human rights and social issues. Human rights–related issues, such as modern slavery, community health and safety, and mine site–level security management, can expose mining companies to material operational, regulatory and reputational risks. AB has led engagements with two mining companies: Freeport-McMoRan and Industrias Peñoles. Since joining the initiative, AB has met with the other investors and conducted kick-off meetings with the companies to share more about the initiative and our goals.

In 2023, AB continued to participate in Climate Action 100+ (CA100+) engagements with emerging-market companies, focusing on their climate change disclosures, strategy and progress, and addressing material climate risks impacting their business. For example, Sasol, an energy company based in South Africa, faces heightened climate transition risk due to its significant GHG emissions. However, the world's shift to a lower-carbon economy in the future also presents the company with new growth opportunities for the development of more sustainable products and services. In December 2023, we met with Sasol to discuss whether its new CEO is aligned with the company's climate transition plan; what Sasol's plans are for moving beyond coal and exploring opportunities in natural gas as a medium-term decarbonization solution; and how the company's board is thinking about enhancing its engineering expertise.

ISSUER: ZOETIS | SECTOR: PHARMACEUTICALS | ASSET CLASS: EQUITIES

We have been engaging with Zoetis, a global animal health company, to better understand its stewardship of antibiotics. Inappropriate use of antibiotics in animals is a driver of antimicrobial resistance in humans. As a manufacturer of animal antibiotics, Zoetis can have an impact on antibiotic resistance. This could be a material risk for the company given the global trend of using fewer antibiotics in herd management, and outright bans on antibiotic usage in some jurisdictions. Over the past two years we have partnered with FAIRR as it has expanded its antibiotics engagement efforts from food producers to the protein supply chain, which includes Zoetis. Our engagements in 2023 left us increasingly encouraged by Zoetis's improved public disclosure on this issue, giving us more confidence that Zoetis's risk regarding this issue is not material and that it is appropriately managing its role in antibiotic manufacturing and sales.

In our most recent engagement with Zoetis's head of IR, we learned that the company included a much more detailed account of its antimicrobial stewardship approach in its 2022 corporate social responsibility (CSR) report. The report included targets on promoting responsible use of antibiotics through technical education, introducing antibiotic alternatives, and developing diagnostic tools and targets on innovating on products to reduce the dependency on shared antibiotics. In terms of progress, we learned that Zoetis is working with the antimicrobial group of the Business Council for the United Nations on releasing treatment guidelines for companion animals (dogs and cats) in China.

Additionally, Zoetis gained approval from the US Food and Drug Administration for over-the-counter products containing medically important antibiotics, which were approved to Rx status. This gives veterinarians more control over these products, curbing inappropriate use. Although it may result in marginally lower sales, this effort mitigates reputational risks and potentially material fines while also safeguarding animals. Finally, Zoetis highlighted that its Apoquel Chewable product (given increased compliance over the non-chewable version) has been shown to reduce the need for antibiotic intervention in dogs with atopic dermatitis. In its biggest move toward transparent reporting, Zoetis published its total livestock antibiotic sales as a percentage of total revenue from 2018 to 2022. The data show that total antibiotic sales as a percentage of total sales went from 22% in 2018 to 12% in 2022. This broad category includes nonmedically important antibiotics, which should not contribute to antibiotic resistance, and injectables, which are harder to subdose. Subdosing may contribute to antibiotic resistance if used inappropriately (e.g., to promote growth rather than treat disease).

Zoetis's 2022 CSR report was a positive step in both transparent disclosure and target-setting. We believe Zoetis can still improve its disclosure with regard to its antibiotic sales and marketing practices, so we plan to follow up in 2024.

Policy Advocacy Engagement

We engage with governments, regulators and other drivers of public policy when we believe it is in our clients' best interests. These engagements take the form of comment letters, appearances at formal meetings of regulatory bodies, and direct engagement with key government stakeholders. They often center on investment impacts or stewardship concerns related to existing or proposed regulatory changes, including to share classes, reporting requirements or the treatment of ESG risks. We publish some of our letters to policymakers on our website. For more information on our political advocacy, spending and activity, please see our Statement on Political Influence.

Prioritizing Areas for Engagement

Because we're global investors, we engage on a wide variety of strategic, financial and material ESG-related topics. We determine these focus issues for engagements through our proprietary materiality map, guidance from third-party data providers and industry standard-setters like the SASB, and client feedback. Our list has evolved over time to reflect changes in the market and includes, but is not limited to, the topics in *Display 11* (*page 44*).

When we're prioritizing companies or issuers to engage with or themes and topics to discuss, we consider a number of factors. We assess the ESG issue's materiality within certain sectors using our proprietary AB materiality map and industry-recognized frameworks. We also consider the company's or issuer's size and ESG ratings, our historical proxy-voting record at the company, the size of AB's portfolio exposure, the proportion of issuer assets we hold, the significance of our security holding, and the history and success of previous conversations.

We may also conduct event-driven engagements when a company's or issuer's activity has had a significant negative financial impact, and company-led engagements when a firm reaches out to us to discuss an issue.

DISPLAY 11: FOCUS AREAS FOR FIRMWIDE ESG ENGAGEMENTS

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Biodiversity and Land Use	Diversity and Inclusion	Accounting
Carbon Emissions	Employee Health and Safety	Anti-Competitive Practices
Climate Change Vulnerability	ESG-Labeled Bonds	Board Independence
Climate Transition	Financial Product Safety	Board-Level Diversity
Electronic Waste	Human Capital Development	Business Ethics
ESG-Labeled Bonds	Insuring Health and Demographic Risk	Combined CEO Chair
International Norms	International Norms	Corruption and Instability
Opportunities in Clean Technology	Labor Management	Crisis Management
Opportunities in Green Buildings	Modern Slavery	Entrenched Board
Opportunities in Renewable Energy	Opportunities in Communications	Financial System Instability
Packaging Waste	Opportunities in Education	International Norms
Product Carbon Footprint	Opportunities in Financial Inclusion	One Share, One Vote
Resource Management	Opportunities in Healthcare	Organizational Culture
Supply Chain–Environmental	Opportunities in Nutrition and Healthier Products	Pay
Toxic Emissions and Hazardous Waste	Privacy and Data Security	Proxy Access
Water Management	Product Safety and Quality	Right to Call Special Meetings
	Responsible Investment	Sanctions
	Stakeholder Engagement	
	Supply Chain–Social	

Source: AB

Documenting and Monitoring Engagement

Because tracking, documenting and integrating our dialogues with issuers is a key pillar of a successful engagement program, we've developed proprietary systems to advance these efforts.

When engagements include a substantive discussion of ESG risk considerations, our analysts document the purpose of the engagement, the ESG topics discussed and the outcome in our proprietary ESIGHT system.

ESIGHT integrates our ESG issuer assessments, proxy-voting history, engagements, and third-party research from MSCI and Sustainalytics. It's also a knowledge center with a wealth of ESG information, including thematic sell-side research reports, academic studies, nongovernment entity reports and our own proprietary ESG ratings.

With ESIGHT, AB has a hub where bond and equity investment teams can access and share information in real time about issuers' ESG practices. When our investment teams conduct research or prepare for an engagement, they can explore previous interactions—querying by issuer, AB investment team or ESG topic and theme. ESIGHT also enhances portfolio management and reporting: we can assess ESG topics by company or issuer, industry, or portfolio and share engagement statistics, examples and outcomes with our clients.

AB continuously works to enhance ESIGHT by adding resources, such as best-practice engagement guides and FAQs on common engagement topics, to the knowledge center within the platform. ESIGHT now features an "action engagement" template that investors can use to tag their engagements as action-oriented, laying out the topic and which type of action they're encouraging issuers to take to limit future risk. We also developed the functionality to set milestones and end-date targets, including reminders for analysts to follow up with issuers. This development should also help investors track year-over-year progress.

The engagement efforts of AB's fixed-income investors are enhanced by PRISM. This proprietary credit-rating and scoring system is integrated into our fixed-income research analysts' portal, which is a fully digitalized data and security analysis platform. With PRISM, analysts can develop and share views on individual issuers in a consistent, comparable and quantifiable way across industries, ratings categories and geographies. Analysts evaluate each issuer on multiple dimensions, using research and engagement insights to assign specific ESG scores, which are used in credit underwriting. ESG weights are determined by the industry being analyzed and are based on what we view as the most important factors for the company or issuer. AB fixed-income analysts, portfolio managers and traders can access PRISM's ESG scores in real time.

We developed an enhanced version of our ESG scoring, which we call PRISM 3.0. The goal of PRISM 3.0 is to enhance consistency of scoring globally and free up analysts' time to spend on activities such as engagements. Analysts focus their expertise on complementing the data-rich base-level ESG view of an issuer rather than populating the base-level view from scratch. One of the major developments of PRISM 3.0 is the ability to link financially material E, S and G factors to specific ESG data metrics, which then can be leveraged to populate "objective" base scores across industries. That is, to identify those ESG factors that are financially material across industries and those that are specific to an industry. We link these factors to relevant, and available, corresponding ESG metrics and build a systematic input of these data sources into our PRISM system. We utilize data from nongovernmental organizations, governments, data providers and other public sources, commercial third-party services, and proprietary sources. In total, we leverage around 200 metrics for our E, S and G assessments in PRISM 3.0. However, not all 200 metrics feed into every assessment, because not all factors and hence not all metrics are universally financially material across industries; PRISM 3.0 aims to only take those metrics into account that were identified to be financially material for a specific industry.

Engagement is a critical channel for our investment teams to monitor issuers' strategies, performance, risk, capital structures and ESG impacts. Through thoughtful, ongoing dialogue with issuers and by documenting key engagements, we can track progress over time and identify issues for further research or exploration.

Approach to Escalating Issues

Most direct, ongoing engagement is productive. It often clarifies an issuer's strategy and practices and potentially spurs change that can lead to shareholder value creation.

Engagement is a long-term process, and we'll continue our dialogue if we believe that management is receptive to addressing our questions and considering our views. Engagements typically employ the following process, often over a series of meetings:

1. Introduce the issue(s)
2. Obtain management's views and rationale
3. Identify requested change(s)/action(s) and rationale
4. Evaluate progress

We do, however, sometimes encounter situations where we believe that continued engagement is no longer productive or helpful in driving progress. In cases where we think that the issuer's behavior isn't aligned with our clients' best interests, we can escalate our engagement to communicate AB's stance more directly on key issues, convey the gravity of our concern and encourage the issuer to take action. We may escalate an engagement in one or more of the following ways:

- By writing a private letter to the board and/or management team
- By voting against relevant board members (e.g., the committee chair or incumbent board members) at the next AGM
- By sharing our views with other investors and/or stakeholders
- By publishing a public letter stating our views
- By reducing our position, selling the security or declining to refinance

Because escalation often involves exercising our voting rights, it ties our stewardship actions together, highlighting how we use our shareholder position to take action against company management teams when we no longer believe that their actions create long-term, sustainable shareholder value.

Our escalation approach, which is part of our engagement policy, is consistent across asset classes and geographies. It does not give preferred access to AB bondholders or shareholders. The nature of the issue and the response of management will dictate which approaches are used. For example, in cases where fixed-income analysts have greater involvement with the board/management, we will have greater access and expected success through escalation as a bondholder. In cases where we have a more significant position as a shareholder, our impact through proxy voting may give us more meaningful access.

ISSUER: KNIGHT-SWIFT TRANSPORTATION | INDUSTRIALS | ASSET CLASS: EQUITIES

Knight-Swift Transportation is an American motor carrier holding company. AB engaged with the company ahead of its AGM in 2022 and discussed the executive compensation plan, expressing AB's concern with the company's practice of paying three named executive officers (the CEO, CFO and executive chair) at the CEO level. After Knight-Swift failed to address our feedback for the 2022 compensation plan, AB voted against the item in agreement with our investment analysts and in alignment with our policy. This is an example of an escalation vote following a "failed" engagement and lack of progress.

AB engaged with the company again in May 2023, reiterating our feedback and that it contradicts best practice to compensate multiple executives at the CEO level. Again, at the May 2023 AGM, the company continued to compensate these named executive officers with excessive pay and did not demonstrate responsiveness to shareholders. To escalate our concerns, we opposed both the "Advisory Vote to Ratify Named Executive Officers' Compensation" and the reelection of the chair of the compensation committee.

This engagement is ongoing.

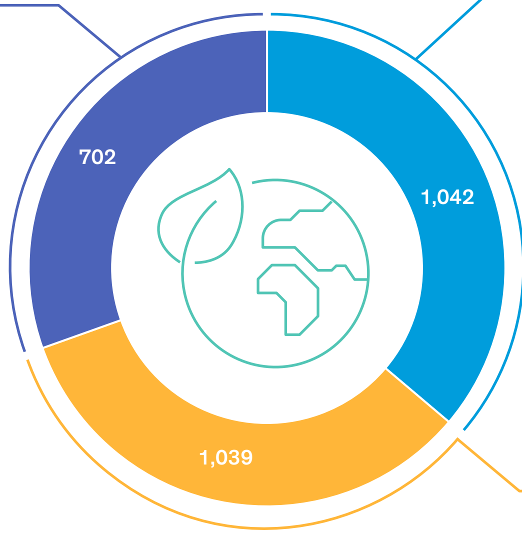
Conflicts of Interest

More details on our conflict-of-interest and insider-trading policies are provided in Section 2 of this statement.

Engaging on ESG Factors: 2023 Updates

Analysts documented 5,355 separate ESG discussion topics across 1,703 engagements with 1,296 unique issuers across regions in ESIGHT (*Display 12, and Display 13, page 48*).

DISPLAY 12: ENGAGEMENT BY ESG PILLAR



Governance

Pay	361
Board Independence	177
Organizational Culture	161
Board-Level Diversity	150
Other	121
Entrenched Board	75
Combined CEO Chair	52
Business Ethics	46
Accounting	39
Corruption and Instability	37
Crisis Management	31
One Share, One Vote	18
International Norms	12
Right to Call Special Meetings	10
Anti-Competitive Practices	7
Proxy Access	5
Financial System Instability	3
Sanctions	1

Environmental

Carbon Emissions	585
Climate Transition	300
Opportunities in Clean Technology	161
Opportunities in Renewable Energy	131
Water Management	103
Opportunities in Green Buildings	98
Climate Change Vulnerability	85
Supply Chain–Environmental	78
Biodiversity and Land Use	71
Product Carbon Footprint	67
Resource Management	67
Toxic Emissions and Hazardous Waste	66
Packaging Waste	65
Other	51
ESG-Labeled Bonds	44
Electronic Waste	23
International Norms	7

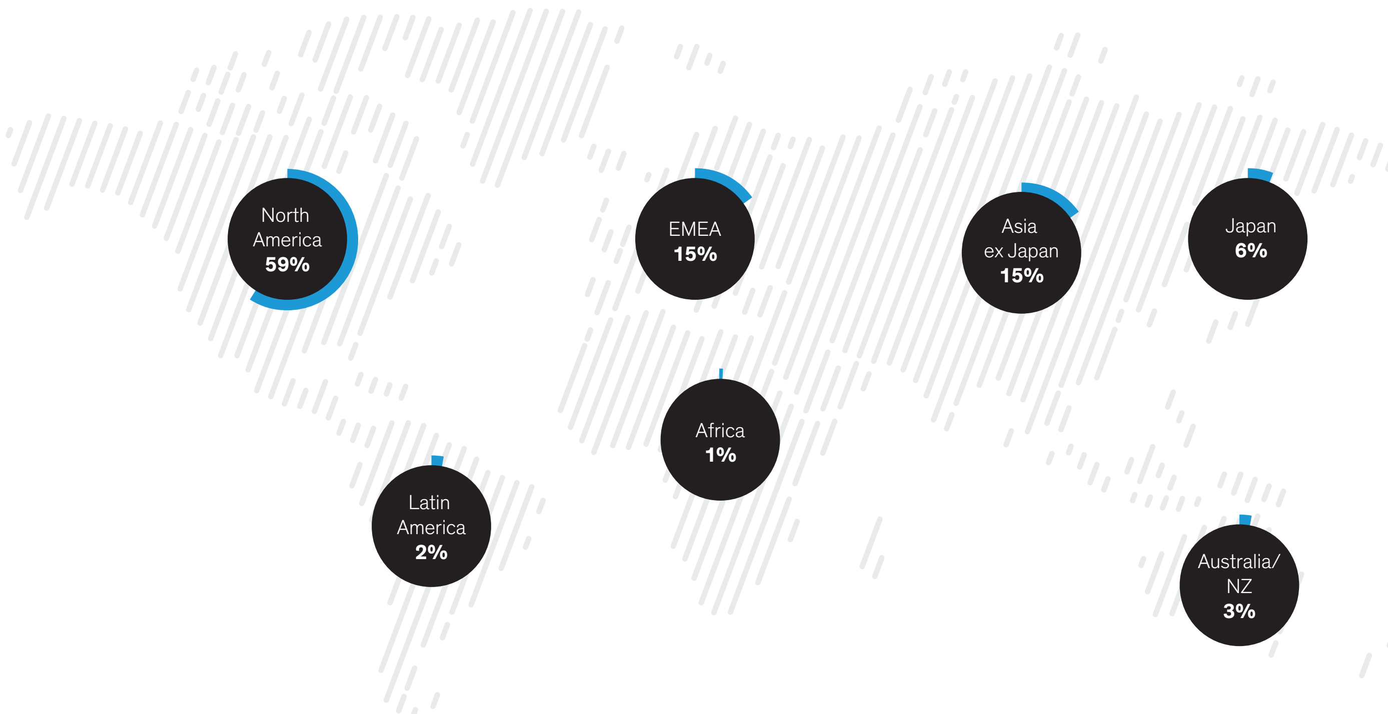
Social

Diversity and Inclusion	443
Human Capital Development	424
Labor Management	248
Employee Health and Safety	232
Product Safety and Quality	112
Supply Chain–Social	110
Privacy and Data Security	98
Other	60
Opportunities in Financial Inclusion	48
Opportunities in Healthcare	43
Stakeholder Engagement	43
Modern Slavery	37
Financial Product Safety	30
Responsible Investment	26
Insuring Health and Demographic Risk	25
Opportunities in Nutrition and Healthier Products	22
ESG-Labeled Bonds	15
Opportunities in Communications	14
Opportunities in Education	11
International Norms	6

AB engages issuers when it believes the engagement is in the best financial interest of its clients. Numbers will not sum to total, as engagements frequently discuss multiple ESG topics across or within pillars.

As of December 31, 2023 | **Source:** AB

DISPLAY 13: ENGAGEMENT BY REGION



Numbers may not sum due to rounding.
As of December 31, 2023 | **Source:** AB

7. Exercising Voting Rights

Philosophy

We actively exercise our right to vote proxies, and we have a robust rules- and principles-based global in-house Proxy Voting and Governance Policy and process that are applicable to our voting activities across geographies. We're shareholder advocates, and we make investment and proxy-voting decisions in our clients' best interests. We support strong corporate governance structures, shareholder rights and transparency.

Our internally managed assets are covered by our policy; AB has authority to vote proxies relating to securities in certain client portfolios across active and passive funds. Accordingly, AB's fiduciary obligations extend to AB's exercise of such proxy-voting authority for each client for which AB has agreed to exercise that duty. Our policy is to vote all proxies in a timely manner, for the full number of shares, for all securities held in client accounts for which we have proxy-voting authority, whenever it is administratively and logistically possible to do so. Where clients have specifically requested to override our house policy, we have the ability to arrange such measures on a best-efforts basis. We do not allow clients to direct voting in segregated or pooled accounts. If clients have retained voting authority, they can vote their shares, but if AB has authority, we generally do not allow clients to direct voting. We check our holdings as of the record date when we execute votes on all our holdings.

We also have a weekly reconciliation process to identify missed and failed votes due to operational challenges, including egregious requirements from different markets or issuers.

Policy

Our policy details how we vote on specific items, as well as the processes for managing conflicts of interest, voting transparency, recordkeeping and voting execution. Our proxy-voting guidelines are both rules- and principles-based. We adhere to a core set of principles and assess each proxy proposal according to these principles. Because we do not outsource our proxy-voting activities, we do not use the default recommendations of proxy advisors.

We evaluate each agenda item carefully and will vote against management where appropriate. For example, we vote against management if an agenda item violates our minimum required governance standards, if we support a shareholder proposal that is not endorsed by company management, or on case-by-case items where company-specific circumstances warrant a vote against management (such as remuneration proposals).

We believe that a company's ESG practices can be material to the value of the company, and we encourage corporate action on material ESG risks and opportunities. We take these factors into consideration when voting. In addition, our policy guidelines are not intended to address all issues that may appear on all proxy ballots. We will evaluate on a case-by-case basis any proposal not specifically addressed by the policy guidelines, whether submitted by management or shareholders, always keeping in mind our fiduciary duty to make voting decisions that, by maximizing long-term shareholder value, are in our clients' best interests.

While our policy and votes are public, we generally keep our vote confidential until the meeting deadline has passed. However, we publish our vote intentions on certain proposals in advance of select shareholder meetings, with an emphasis on issuers where our discretionary managed accounts have significant economic exposure. The selected proposals are chosen because they impact a range of key topics where AB may have expressed our viewpoints publicly, through prior engagement or proxy voting. We do not predisclose our vote intentions on mergers and acquisition activity.

Predisclosed vote intentions can be found on our website. Our proxy votes are posted on our public website on a regular basis (business day plus one after the AGM/extraordinary general meeting [EGM]). We also disclose the voting rationales for significant votes for many of our portfolios on our website.

Significant votes/proposals (both management and shareholder proposals) are identified by considering the following factors:

- Materiality of issues and the impact on shareholder value
- Absolute value of the holding
- Holding relative to other shareholders
- Votes against the recommendation of the board, which require case-by-case analysis by AB's Proxy Voting and Governance Policy

2023 Policy: Updates

The Proxy Voting and Governance Committee is responsible for monitoring evolving market best practices and investor expectations on corporate governance. Such duty includes an annual review of AB's own Proxy Voting and Governance Policy. The policy updates discussed by the committee through 2022 were formally approved by the committee in the first quarter of 2023.

The changes made to the policy are noted below.

Section 2: Research Underpins Decision-Making

- Clarified AB's use of the proxy service providers' research in addition to the company filings and reports

Section 3: Proxy-Voting Guidelines

- Escalation Strategies: Added a description of how AB approaches companies that are not responsive to investor concerns on material topics delivered through proxy voting and engagement
- Revised section 3.1.5 to reflect the amended Delaware General Corporation Law regarding the director and officer indemnification provisions
- Added section 3.1.17, explaining how AB will address the presence of cross-shareholding at Japanese issuers going forward to promote greater independence at the executive and board levels. Specifically, we may hold the top management accountable at companies that are identified to have committed 20% or more of their net assets.
- Added section 3.6.70 to describe how AB considers Say on Climate proposals, an advisory vote mechanism that can either be implemented voluntarily by the company management or at the request of shareholders
- Clarified the language to explain how AB assesses environmental shareholder proposals in section 3.6.72

Section 6: Recordkeeping

- Added section 6.4 to reflect AB's newly implemented pre-disclosure of its vote intentions on select proposals. The proposals subject to predisclosure are chosen based on the materiality of the topic as well as our historical efforts to communicate our stance. We do not predisclose our vote intentions on mergers and acquisition activity. The published vote intentions are available on our website.

Section 7: Proxy-Voting Procedures

- Amended section 7.3 to indicate AB's updated approach to recalling securities on loan. Specifically, AB-managed funds will be subject to a systematic recall process in a timely manner on a best-effort basis by our agent lenders. Clients' own arrangement of securities lending will not be subject to this automatic recall.

Process

Our Proxy team votes our proxies globally and is responsible for the implementation of our policy. Because AB is a research-driven firm, our proxy-voting activities and investment-process implementation are closely aligned and integrated: in evaluating proxy issues and determining how to vote a specific item for a significant AB holding, the Proxy team actively seeks and assesses input from the investment teams. This ensures consistent application of our policy while leveraging issuer-specific knowledge and insights. For example, the Proxy team evaluates the structure of a remuneration package, and the investment team evaluates whether the financial performance goals and compensation-linked targets set by management are appropriate. We take this thorough approach because we believe that it leads to the most thoughtful application of our voting principles and the best stewardship application of our research and engagement insights. Particularly contentious issues, or those where the views of different investors are in conflict, are escalated to the Proxy Voting and Governance Committee, which provides guidance and ultimately has final voting authority. This committee reviews proxy-voting regulations regularly during the year.

We support strong investor rights that allow shareholders to hold directors and management accountable if they fail to act in the best interests of shareholders. We generally vote in accordance with these guidelines and, consistent with our rules- and principles-based approach to proxy voting, we incorporate company-specific contexts that may result in different vote implementation by issuers on certain proposals that repeatedly appear across companies.

As part of our holistic approach to proxy voting, we may consult issuer management, issuer directors, interest groups, shareholder activists and research providers to get additional insight when needed.

Research provided for our holdings by an external proxy service, ISS, is available to our research analysts. We may review further information from our other third-party research providers.

We also work with clients to meet their individual reporting requirements, varying from statistical reports to providing a voting rationale for specific meetings. More details on our reporting practices, including links to our voting records, are provided in Section 8 of this statement.

Loaned Securities

Many of our clients have entered into securities-lending arrangements with agent lenders to generate additional revenue. We will not be able to vote securities that are on loan under these types of arrangements. However, for AB-managed funds, the agent lenders have standing instructions to recall all securities on loan systematically in a timely manner on a best-effort basis in order for AB to vote the proxies on those previously loaned shares.

Fixed Income

Our fixed-income team seeks to ensure that investors have protections despite their inability to vote or influence issuers through some of the means afforded to shareholders. The team does this through our disciplined credit-underwriting process, where fundamental analysts attempt to identify and dimension key medium- and long-term risks and potential outcomes. This also involves in-depth reviews of and engagements on legal covenants and bond indentures, which dictate the contractual terms with which issuers must comply. Some examples of this could involve setting the maximum amount of debt that a company can borrow, how much a company can pay out in dividends or what a company is required to do with asset sale proceeds. While our analysts are highly experienced at reviewing covenants, we also involve our legal department in this analysis.

Further, we augment our internal expertise with insights from Reorg Research, a third-party service that reviews and analyzes bond and loan covenants, and external legal advisors.

When necessary, we will engage with underwriters and company management to leverage these resources to try to negotiate better covenant protection for ourselves and our clients.

There are several other ways we seek to protect our clients' investments. We proactively engage with companies, sovereigns, financial and legal advisors, and other bondholders ahead of potential financial restructurings to ensure that our investors' rights are protected and that value is preserved. For example, during the COVID-19 pandemic, we worked proactively with stressed companies to propose potential amendment changes that would keep companies out of insolvency and strengthen our position within capital structures. Often when a company or sovereign seeks an amendment, we engage with leading advisors and fellow creditors, which enhances our negotiating power and generally leads to improved credit outcomes.

We frequently engage directly with sovereigns, their leaders and ministers of finance, and the international financial community (e.g., the World Bank, International Monetary Fund and other bondholders) when we see a potential deterioration in governance. Additionally, we are a member of several investor alliances that work to coordinate responses and actions by the investment community to ensure that rights and values are protected.

2023 Proxy Voting: Shareholder Proposals

While the majority of ESG-focused shareholder proposals are put forward in the US, we apply the same framework to vote all shareholder proposals globally, in alignment with AB's mission to deliver better investment outcomes to our clients.

The 2023 proxy season was marked by a few distinct themes, including climate, pay equity, DEI and shareholder rights. With regard to ESG-related proposals, there was a notable increase in the volume of shareholder proposals, coupled with a decline in marketwide support rates across ESG topics, likely due to the sheer volume of proposals and the increased prescriptiveness of many of them.

How We Voted in 2023

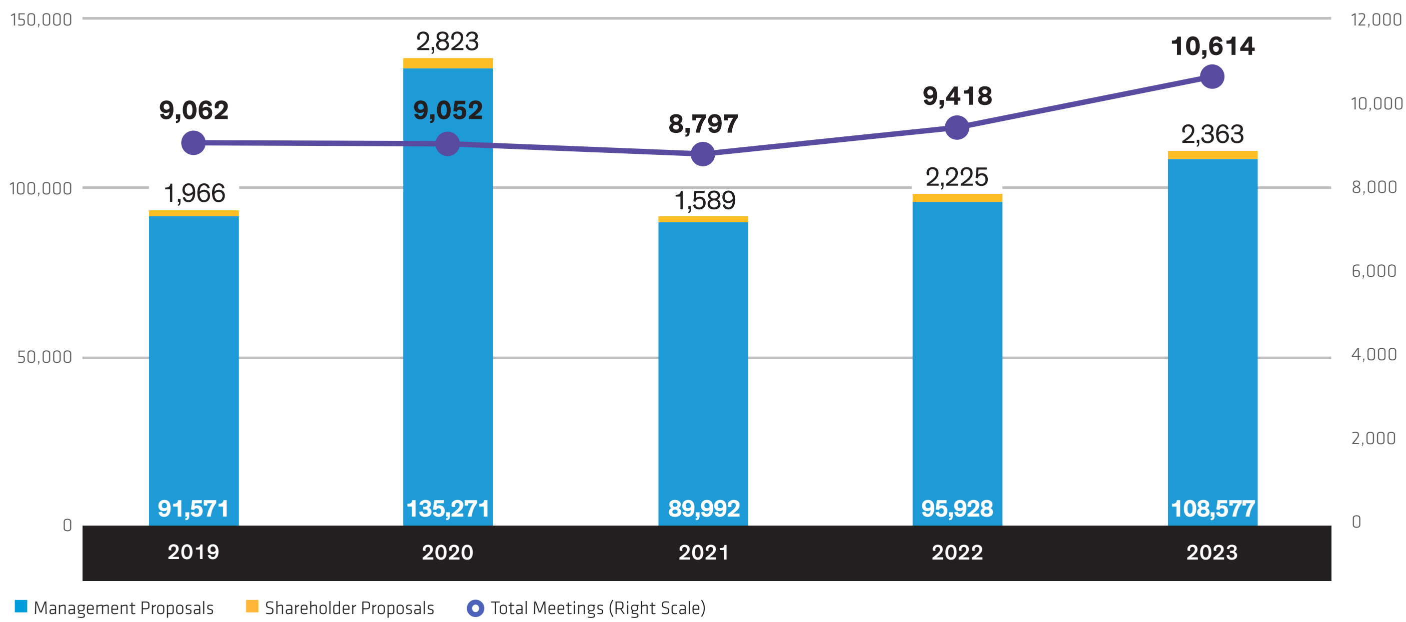
In 2023, we voted on 110,940 total management and shareholder proposals across 10,614 companies globally. We voted at 99% of the company meetings eligible (*Display 14, page 52*, and *Display 15, page 53*). The 1% accounts for cases where we were not able to exercise our vote, generally due to unreasonable operational hurdles imposed by custodians or issuers in certain markets. We vote all our proxies internally; we do not outsource this activity.

2023 Voting Highlights

Votes against the board. Our core principle for board elections is to hold directors accountable for proper independent oversight and risk management. Factors that we consider include board-level independence, diversity (both demographic and skill set), capacity and overall effectiveness of company governance. In 2023 we voted against 11% of management director proposals, including the following:

- Voted against the election of all incumbent board members at Alexandria Real Estate Equities to address multiyear concern regarding shareholders not having the ability to amend bylaws
- Voted against the election of both incumbent members of the nominating/governance committee at Alphabet Inc. to address the company maintaining a multiclass capital structure with unequal voting rights, which is a multiyear concern
- Voted against all incumbent compensation committee members on the ballot at Meta Platforms to address multiyear compensation concerns

DISPLAY 14: HOW WE VOTED IN 2023



Numbers may not sum due to rounding.

As of December 31, 2023 | **Source:** AB

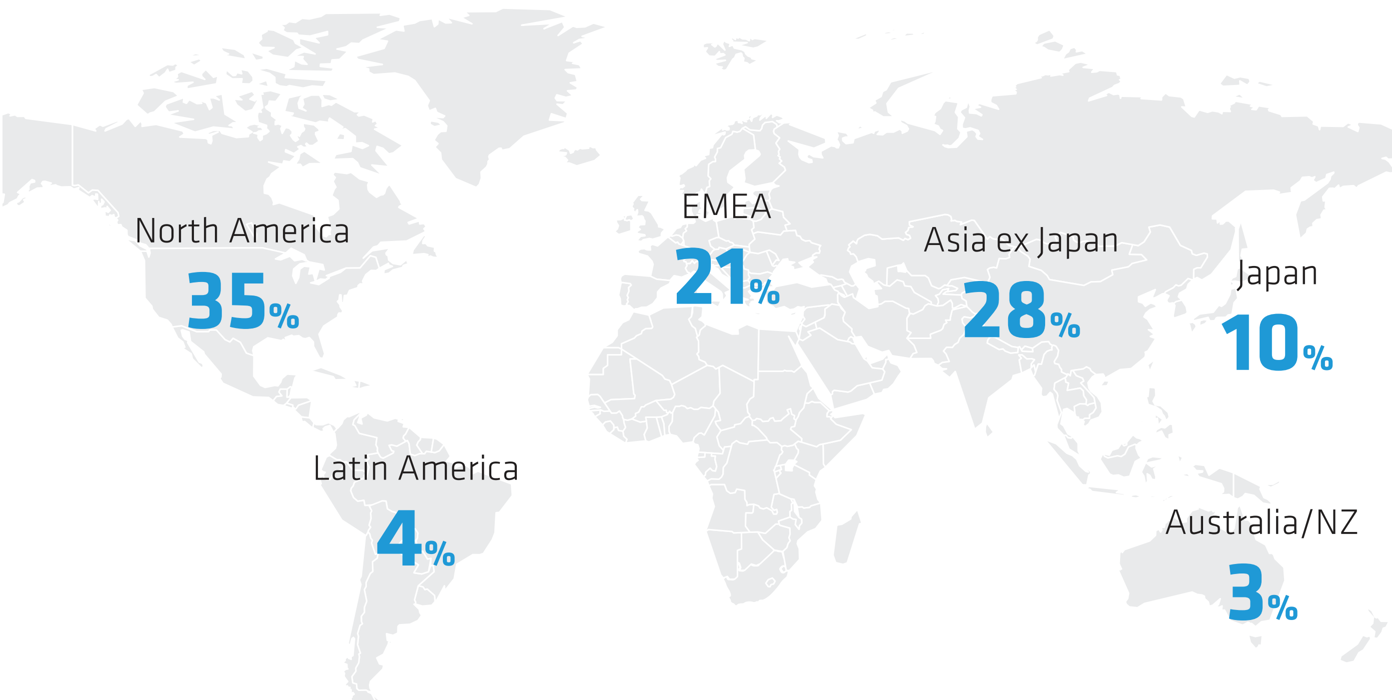
Votes against shareholder resolutions. AB's commitment to maximizing the value of clients' portfolios as shareholder advocates informs how we analyze shareholder proposals. Rather than automatically supporting all shareholder proposals that mention an ESG issue, we evaluate whether the requests will actually enhance shareholder value for our clients and whether or not a proposal promotes genuine improvement that will lead to more comprehensive risk and opportunity management for a business. Our evaluation of a shareholder proposal that addresses an ESG issue considers (among other things) the following core factors:

- Materiality of the mentioned ESG issue for the company's business
- The company's current practice, policy and framework
- Prescriptiveness of the shareholder proposal; i.e., whether the demand of the shareholder unreasonably restricts management from conducting its business
- Context of the proposal; i.e., whether the proponent is tied to any particular interest group(s) and whether the proposal aims to promote the interest of shareholders or the group(s) with which they are associated
- How the proposal adds value for shareholders

In 2023, our votes against shareholder resolutions based on the aforementioned framework included the following:

- Voted against a shareholder proposal at Bank of America asking for the implementation of a time-bound policy to phase out underwriting and lending for new fossil fuel exploration and development. As Bank of America makes progress toward its 2030 target to reduce financed emissions across three key sectors—auto manufacturing, energy and power-generation sources—AB will continue to maintain a dialogue with management to encourage alignment between the company's efforts and shareholder expectations. Through our 2023 engagement with the company, Bank of America stated that it has committed to establishing and disclosing additional financing activity emission-reduction targets for key high-emitting sectors by April 2024. It is also notable that Bank of America, by 2025, will phase out all financing of companies deriving 25% or more of their revenue from thermal coal mining, including facilitating capital market transactions, absent a public commitment to align its business with Paris Agreement goals. Furthermore, we agreed with the company's management that the proponent's requested action was too prescriptive in prohibiting transition financing.

DISPLAY 15: A GLOBAL EFFORT—WHERE WE VOTED IN 2023



As of December 31, 2023 | **Source:** AB

- Voted against a shareholder proposal requesting that Carlsberg report on its efforts and risks related to human rights. Specifically, the proponent requested that the report address the company's efforts to respect human rights and labor rights in accordance with the UN's Guiding Principles on Business and Human Rights (UNGPs); which, if any, human rights–related financial risks the company has identified; and how it seeks to address these. The company already addresses the requests put forth by the proponent, including disclosing its policies and processes in relation to human and labor rights in its operations and throughout its supply chain. Further, the company's Human Rights Policy, Code of Ethics & Conduct, and Supplier & Licensee Code of Conduct demonstrate its commitment to the UNGPs. Absent any significant controversies pertaining to human rights, AB did not support the proposal.
- Voted against a shareholder proposal at Applied Materials asking the company to improve its executive compensation program and policy. The proponent specifically asked that the company include the "CEO pay ratio factor" as part of its broader compensation program design. This request did not consider the many limitations of this specific metric, and was not aligned with AB's general approach to executive compensation. Further, shareholders have historically been supportive of the company's pay plan, and no significant pay-for-performance concerns existed for the year in review. Given the company's current level of disclosure around its executive compensation setting process, as well as the addition of a human capital metric to the short-term incentive plan in 2022, AB did not vote in favor of the proposal, but will continue to monitor the company's pay practices to help ensure alignment with shareholder expectations.

Votes for shareholder resolutions. We also voted in favor of many shareholder proposals, including the following examples on racial equity, concealment clauses, and violations of privacy/civil rights:

- Voted for a shareholder proposal asking Amazon.com to commission an independent third-party audit on working conditions and treatment of warehouse workers. While we acknowledge the steps that are being taken by the company to strengthen its health and safety measures and improve warehouse working standards, shareholders would benefit from enhanced disclosure resulting from a third-party audit. This topic remains a material issue for the company, as Amazon.com has recently been charged with a number of workplace safety violations, including citations from the Occupational Safety and Health Administration for unsafe working conditions. These violations present considerable legal and reputational risk for the company. AB engaged with Amazon.com on the topic of employee health and safety throughout 2023, and we will continue to monitor the company's progress and disclosures.
- Voted for a shareholder proposal at Eli Lilly requesting a report on the effectiveness of the company's DEI efforts and metrics. Specifically, the proponent requested that the company "provide transparency on outcomes, using quantitative metrics for hiring, retention, and promotion of employees, including data by gender, race, and ethnicity." While we appreciate the company's current disclosures on workforce representation statistics, as well as its development of recent DEI programs, we agree that more measurable and comparable disclosures would allow shareholders to better assess the effectiveness of Eli Lilly's DEI efforts and oversight of related risks. Having engaged multiple times with the company on DEI and human capital development, we will continue to monitor its relevant disclosures and advancement of its DEI initiatives.
- Voted for a shareholder proposal requesting Meta Platforms to report on its lobbying payments and policy. The annual report would include "company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications, payments by Meta used for (a) direct or indirect lobbying or (b) grassroots lobbying communications" and the company's decision-making process and oversight of lobbying payments. While Meta provides some information related to lobbying on its website, the company lacks comprehensive disclosure, as it does not disclose its payments to trade associations and other tax-exempt entities, nor the amount used toward lobbying. This gap in transparency lags peers and industry best practices and could also present reputational and financial risks to Meta. Therefore, shareholders would benefit from enhanced disclosures of lobbying expenditures. AB will continue to engage with the company on this issue.

Votes abstained from or not taken. AB strives to vote all shares for which we have voting rights. We typically vote ~99% of those shares, and 2023 was no different. Typical reasons that we don't vote include when shares are subject to security lending, share-blocking, missing powers of attorney or burdensome operational requirements that we didn't receive in a timely manner. Examples of abstentions from 2023 include:

- Not voting several ballots at Munich Re due to share-blocking
- Abstaining on auditor approval at Estun Automation because the company didn't disclose adequate information for AB to make an informed decision

Votes not in line with our proxy-voting policy. All AB votes in 2023 were aligned with our Proxy Voting and Governance Policy. All of AB's proxy votes are double-checked in a two-tiered approach. Votes for significant holdings, as defined by our stake, are reviewed in real time by our Operations team to verify that the executed votes are in line with our policy. Votes outside of the significant holdings universe are sampled and reviewed on a monthly basis by the members of the Proxy team to ensure their compliance with our policy.

8. Transparency, Disclosure and Reporting

We view transparency, disclosure and our reporting to clients as paramount to effective stewardship and responsibility. We strive to be transparent in what we do, from our philosophy and policies to our investment process and outcomes. This transparency is manifested in both our disclosures and reporting.

AB Policies and Statements

We make most of our firmwide stewardship policies and statements available on our website so that any stakeholder can access them. These documents include:

- Our Global Stewardship Statement and Report
- Our Proxy Voting and Governance Policy, along with our Corporate Governance Advancement Expectations in Japan
- Our Climate Change Statement & TCFD Report
- Our Global Slavery and Human Trafficking Statement and Report
- Our Statement on Controversial Weapons

We also have a number of internal responsible investing–related policies and frameworks, including but not limited to compliance ESG procedures.

AB Reports and Disclosures

We provide stakeholders with access to several different AB reports on our website, including the following:

- **Engagement reports.** These include but are not limited to our quarterly, semiannual or annual summaries of engagement activities pertaining to individual investment strategies.
- **Product impact reports.** Produced for some of our Portfolios with Purpose, these reports detail portfolio-level ESG metrics and how portfolios align with the UN SDGs or other ESG frameworks.
- **PRI reports.** We complete an annual PRI Report that includes information on our responsible investment approach, management of climate change risk, and active ownership and stewardship activities. AB's PRI Public Transparency Report and our PRI Assessment Report are available on our website.
- **Proxy-voting records.** We support transparency in issuer disclosure and similarly disclose our own voting records. We publicly disclose our full proxy-voting records as well as the voting records for our US mutual funds on our public website business day plus one after the AGM/EGM. We also disclose voting rationales for significant votes for many of our portfolios. We consider votes from our significant holdings universe (as defined by the absolute value of the shareholding or AB's stake in the company relative to other shareholders) that meet one or more of the following criteria: proposals that address issues material to the company's business and shareholder value; proposals in which there is substantial public, political or media interest in the vote or company; and votes against the recommendation of the board, which require case-by-case analysis, according to AB's Proxy Voting and Governance Policy. Escalation votes, which refer to our Proxy Voting and Governance Policy approach to expand the scope of accountable directors on multiyear concerns that remain unaddressed, are also highlighted with Significant Votes and Rationales on our website.
- **SASB disclosures.** We report our asset-management and custody activities across accounting metrics, as defined by SASB.
- **UK Gender Pay Gap Report.** We report on the gender pay gap in our UK business, which measures the difference between the average pay and bonuses of men and women across an organization, irrespective of role and seniority.
- **ESG-related regulatory reporting.** AB's investment capabilities span several legal jurisdictions and regulatory environments, and we are required to report in line with ESG-related regulations where applicable. This includes national and/or regional regulatory requirements that may affect both AB as an entity and AB's product-specific offerings. In response to the increase in ESG reporting and disclosure requirements, AB publishes entity- and product-level disclosures in line with these requirements, resulting in increased transparency to investors. This reporting includes but is not limited to disclosing information on the ESG characteristics of AB's products or reporting on how certain ESG characteristics of a product may have performed on a periodic basis.

Client Reports and Disclosures

We provide regular updates to our clients, not only on the financial performance of their investments, but also on our stewardship activities via strategy-level engagement and proxy-voting reports. We ensure that our reporting practices are fair and balanced by including multiple checks and balances in the reporting process: the Responsibility team, Client Reporting team, investment teams and business development teams are actively involved in the production and review process. Compliance regularly reviews the strategy-level ESG engagement reports. We proactively give these disclosures to clients and make others readily available upon client request. In addition, AB clients have access to all publicly available material.

Account-specific information available to our clients includes:

- **Risk/return performance of their investments.** This includes commentary on both macroeconomic and idiosyncratic factors as they relate to the performance of securities. Our centralized Client Reporting and Performance Commentary teams provide this information on a regular basis in a format that is easily digestible and understandable.
- **Proxy-voting reports.** These detail how shares were voted and the rationale for significant votes. Our Proxy team, which votes our proxies globally and is responsible for implementing our proxy-voting policy, is also responsible for providing these proxy-voting reports to clients.
- **Engagement activities.** We typically provide formal reports on our engagement activities in response to specific client requests. We have several clients to whom we provide quarterly or semiannual ESG integration reports, which include examples of how we analyzed and engaged with issuers in their portfolios.
- **ESG, carbon and climate metrics.** We may work with clients to provide regular ESG reporting, which may include key ESG metrics such as portfolio-level ESG ratings based on third-party data and/or proprietary ESG scoring. Reports may also include carbon-related metrics detailing portfolio-financed emissions or climate change scenario analyses. Our Responsibility team and members of our Global Client Group provide these reports.

9. AB: A Proactive Member of the Global Investment Community

While AB has robust practices and policies to integrate stewardship and responsible investing within our own activities, the world of investing is complex and moves fast. We strive to stay current on best practices, evolving principles and changing frameworks, and regulatory developments.

We also seek to promote a well-functioning market and address systemic risks, especially material climate risks. To support these efforts, AB is a proactive and participating member of the global investment community.

Responsible Investing Organizations

We joined the PRI in 2011 and began formalizing our approach to ESG and responsible investing based on the organization's principles. We continue to be an active member. In addition to the PRI, we've joined a number of other organizations focused on responsible investing. These include organizations aimed at setting corporate governance best practices, encouraging enhanced integration and disclosure, and providing data, information, tools and support that can enable the aforementioned activities. By working closely with these organizations, we aim to address material ESG risks in the market. AB's corporate memberships include:

Stewardship and Governance Organizations

Similarly, AB is an active member of many organizations that are focused on enhancing governance and stewardship activities or that support well-functioning markets. These include:

Climate Change–Related Organizations

In addition, AB participates in the working groups of several organizations that are focused on supporting investors facing the challenges of addressing climate change risk, which we believe is a systemic market risk. These organizations include:

Pledges, Initiatives, Frameworks and Codes

We have signed or joined the following pledges, initiatives, frameworks and codes:

- Investors Against Slavery and Trafficking Asia Pacific
- Investor Stewardship Group, Stewardship Framework for Institutional Investors
- Principles for Financial Action for the 21st Century (Japan PRI)
- Japan Stewardship Code
- KnowTheChain Investor Statement: Investor Expectations on Addressing Forced Labor in Global Supply Chains
- Net Zero Asset Managers initiative
- Stewardship Principles for Institutional Investors in Taiwan
- UK Stewardship Code

Collaborating with Asset Managers, Asset Owners and Other Industry Participants

AB participates with other industry players in several ways, including:

- Engagements (see Section 6)
- Attendance at industry events (conferences, workshops, seminars, webinars, etc.)
- Speaking at industry events to share our perspectives
- Hosting or sponsoring similar events for peers and other industry participants

AB also seeks out partnerships beyond the investment-management community where we think that outside expertise can enhance our responsible investing and stewardship activities.

The most prominent of these collaborations is our partnership with the Columbia Climate School. For more details on our partnership with Columbia, please see our Climate Change Statement & TCFD Report.

Influencing Regulators and Agencies

AB also views offering opinions, advice, and comments on responsible investing and stewardship to regulators, organizations, and other relevant bodies as an important part of our role as a proactive member of the investment community.

AB regularly participates in discussions and offers advice and feedback to industry bodies that represent the asset-management or investment communities, such as the Investment Company Institute (ICI), and regional organizations, such as the Asia Securities Industry & Financial Markets Association (ASIFMA) or the Australian Financial Services Council (FSC).

Working together often brings diverse viewpoints, creates greater alignment between members, and can result in a more powerful way to advance regulatory and stewardship efforts. Where we think that we have a differentiated point of view or the topic at hand is of critical importance, we will communicate directly with the regulator or other agency through the submission of letters and consultation responses.

Addressing Systemic and Marketwide Risks

AB has a variety of forums to surface, discuss and address both systemic and marketwide risks, including the CIAC, R-ROC and Investment Heads Committee.

Russia/Ukraine

On March 4, 2022, AB made the decision, from both an investment and a sanctions risk perspective, to no longer permit any new purchases of Russian or Belarusian securities or permit any increases in existing exposure, given the speed at which sanctions have been changing and the unknown and unquantifiable risks such changes could represent.

On June 6, 2022, the Office of Foreign Assets Control updated its sanctions guidance to include FAQ 1054, which clarifies that US persons are prohibited from purchasing either new or existing debt and equity securities issued by an entity in the Russian Federation. We have been and will remain in compliance with all applicable sanctions requirements related to Russia and Ukraine.

We have a country-level trading system of restrictions in place that will flag the purchase of any Russian, Belarusian or Ukrainian securities. We have included Ukraine for the purpose of capturing any securities that may originate from the Donetsk and Luhansk regions. We may also prohibit the purchase of any derivative security where we determine that there is substantial investment exposure to Russia, or the purchase of a security that may derive a predominant amount of revenue from Russia. AB will not cause or permit the purchase or sale of a security that would be prohibited by the terms of any applicable sanction.

Promoting Well-Functioning Markets: 2023 Updates

It's part of our role as a fiduciary and proactive member of the global investment community to identify and address systemic risks in the market. To promote well-functioning financial markets, we participate in the following industry organizations.

ASIFMA

AB regularly participates in discussions with our peers in ASIFMA to advance regulatory efforts in Asia regarding responsible investing. Our Director of Social Research and Engagement and our Global Head of Equities Business Development-APAC have consulted on several pieces of ASIFMA's responses to legislation. Our Director of Social Research and Engagement has also contributed to ASIFMA's research, including a paper on investors' expectations on labor practices, and spoke at an ASIFMA training session in 2022 on sustainable finance and ESG in Asia.

Council of Institutional Investors (CII)

AB is an associate member of the CII. We attend the council's meetings and participate in teleconferences on proxy-related issues to share our insights. Members of our Responsibility team have served on the Corporate Governance Advisory Council for the past several years.

Emerging Markets Investors Alliance (EMIA)

We're active members of EMIA, cohosting the EMIA ESG Conference since 2019 and the first EMIA APAC EM ESG Conference in 2021. Also, members of our fixed-income and equities investment teams are active participants in the EMIA Agriculture Working Group, which conducts periodic calls among companies, nonprofits and investors to discuss ESG issues within the agricultural space. Additionally, as part of EMIA's Debt and Fiscal Governance Program, we hosted a discussion on Sri Lanka government debt and restructuring. In 2021, we participated in the pilot program for the World Wide Fund for Nature deforestation assessment tool in partnership with EMIA. Members of our fixed-income team serve as Executive Fellows overseeing the private sector programs at EMIA, and they sit on the working group on ESG structures.

FAIRR

Members of AB's fixed-income and equities investment teams are involved with the FAIRR Initiative. Some AB fixed-income and equities research analysts participate in the FAIRR Working Conditions Engagement, which strives to address labor risk in the global protein industry. We measure the effectiveness of these engagements by tracking their results in our proprietary platform, ESIGHT. A senior research analyst on our Concentrated US Equities team continues to engage with animal health companies on antibiotic stewardship through FAIRR's engagement initiative.

FSC

The FSC has more than 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The FSC promotes best practices for the financial-services industry by setting mandatory standards for its members and providing guidance notes to assist in operational efficiency. The FSC's mission is to protect and enhance confidence in a strong, sustainable financials sector that serves Australians with integrity. Our Director of Social Research and Engagement joined the FSC ESG working group in October 2019, has participated in the sub-working group on modern slavery, and co-drafted the FSC's guidance note on modern slavery risk assessment and reporting. A Managing Director in Australia joined the investment expertise group in July 2020.

Japan Investment Trusts Association (JITA)

AB was again appointed as a member of the working group on ESG investment, set up by JITA in 2023, and continued to play an active role in the group's discussions on disclosures, ESG fund categorizations and stewardship activities. AB has also held several meetings with senior officials of the Financial Services Agency and the Ministry of Economy, Trade and Industry to exchange views on various issues surrounding ESG investment, particularly those from an active manager's perspective, including ESG integration and fiduciary duty.

One Planet Sovereign Wealth Funds (OPSWF)

The OPSWF is an initiative launched by French president Emmanuel Macron in 2018. Its objective is to integrate material climate change risks and investing into a smooth transition to a low-emissions economy. AB formally joined the initiative in October 2022 and has attended the annual summits hosted by the OPSWF secretariat, which bring together members from around the world to engage in meaningful dialogue about promoting long-term value creation and sustainable market outcomes.

Securities Industry and Financial Markets Association (SIFMA)

Our Director of Strategy—Responsible Investing and our Director of Environmental Research and Engagement are participants in the SIFMA Asset Management Group ESG Task Force, which is active in responding to relevant sustainability regulatory and standard-setting issues that asset managers in the US and Europe face. For example, in 2021, the group responded to multiple climate disclosure—related consultations.

Themis

Our Director of Social Research and Engagement works closely with Themis, which helps corporate clients and members identify and manage their financial crime risks through a combination of innovation, insight and intelligence. With support from AB, Themis developed the Anti-Slavery Digital Learning for the Financial Services Industry training course, which was commissioned by the UK Independent Anti-Slavery Commissioner with additional support from RedCompass Labs' RedFlag Accelerator. This digital learning module is available to 70,000 UK financial institutions as a free resource and is accredited by the London Institute of Banking & Finance. The training was awarded Best Sustainable Investment Education Initiative at *Investment Week*'s Sustainable Investment Awards.

In 2023, we continued to extend our involvement by:

- Engaging policymakers, including but not limited to:
    - Participating in a survey requested by a member of the National Assembly of the Republic of Korea and the South Korea Financial Supervisory Service regarding financial institutions' awareness of climate risk and how climate risk is being addressed in their operations or investment processes
    - Engaging through the ESG working group of the FSC to the Australian Treasury on climate-related financial disclosures
    - Providing input on the Australian Modern Slavery Act consultation through IAST APAC and the FSC responses
    - Being selected as one of 10 industry players to discuss the feasibility of Taiwan's proposed TCFD reporting obligations, climate change scenario analysis disclosure and Scope 3 calculations with the Securities Investment Trust & Consulting Association (SITCA)
    - Participating in adjusting the details of the new Disclosure Guideline for ESG funds by the Financial Supervisory Service
    - Through the Investment Association (IA), submitting to Financial Conduct Authority Discussion Papers
    - Commenting on the European Securities and Markets Authority funds' names rule through the European Fund and Asset Management Association (EFAMA) ESG and Stewardship sustainable workstream
    - Participating in the SFDR consultation on the implementation of SFDR through working groups or committees under the EFAMA, Association of the Luxembourg Fund Industry and PRI
    - Responding to the European Securities and Markets Authority's Joint Consultation Paper on the Review of SFDR Delegated Regulation through the EFAMA SFDR and Taxonomy workstream

For our letters to policymakers, please see our website.

- Joining new responsible investing or stewardship-focused organizations, including:
    - World Benchmarking Alliance as an Investor Ally
    - Access to Medicine Foundation as an Investor Signatory
- Deepening our involvement with organizations that we were already members of, including:
    - Sitting on the IA's Sustainability & Responsible Investment Committee
    - Sitting on the OPSWF's Renewables in Emerging & Developing Markets working group
    - Participating in EMIA, including the Agriculture & Extractives and Sovereign Decarbonization working groups
    - Producing a research publication on the intersection of climate change and modern slavery risks with Walk Free
    - Launching the Natural Hazards Index Tool 2.0 and the Climate Academy 2.0 with Columbia Climate School
    - Participating in Ceres's Paris Aligned Investment Initiative Working Group
    - Joining the CA100+ Just Transition Workshop Series
    - Joining a Just Transition working group run by Ceres
    - Participating in the IA's TCFD implementation forum
    - Participating in PRI's Advance initiative
- Publishing thought leadership, including white papers, articles, blogs and videos on topics such as the following across ESG issues and asset classes (not everything below is available in all regions, but most can be found on our website):
    - Modern Slavery in Mining Looms as a Key Risk to Investors
    - Factoring Next-Gen Inflation Resilience into Multi-Asset Strategies
    - China's Green Enablers Deserve a Place in Equity Funds
    - The Road to Decarbonization Is Bumpy. Carbon Allowances Can Help
    - Diversity and Inclusion—an Investor's Handbook
    - Water Scarcity: Sustainable Investors Address a Growing Scourge
    - Unlocking the Investment Potential of "S" in ESG: The Key? More Research and Data on Social Issues
    - Homing in on Quality in Climate Investing Strategies
    - Sustainability-Linked Bonds: The Good, the Bad and the Ugly
    - Help Wanted: Why Smart Companies Recruit for Diversity
    - From the Ground Up: Sowing the Seeds of Biodiversity Investment
    - Do Financials Have a Role in Sustainable Equity Portfolios?
    - ESG-Labeled Bonds: Are Greeniums Doomed to Dwindle?
    - Record Heat, Climate Policies Energize Low-Carbon Investing
    - Financing a Sustainable World: Global Banks Take Center Stage
    - Tree Spotting: Detecting Deforestation Risks One Company at a Time
    - Energy Addiction: AI's Next Big Challenge
    - How Muni Impact Investors Can Help Issuers Ace Their ESG Tests
    - The Connection Between Climate Change and Modern Slavery

- Seeking Balance in Sustainable Multi-Asset Investing
- Diversity of Thought: A New Approach to Equity Alpha
- Municipal Impact Investing: The First Step Is Identifying the Need
- Investing Lessons from Climate School, Class of 2023
- Six Metrics Light the Path to Sustainability for Emerging-Market Sovereigns
- A Changing World: The New Psychological Workplace Contract
- When Disaster Strikes: Gauging the Investment Risk of Natural Hazards
- Reflections on COP28: Opportunities amid Challenges

- Speaking at conferences and webinars, including but not limited to:
  - Private Placements Industry Forum (US)
  - Morningstar Sustainalytics ESG Roundtable—Outlook for 2023 (England)
  - Harvard Corporate Governance Roundtable (US)
  - Bloomberg and Government Pension Fund Sustainability Forum—Can Tech Manage the World Go Green? (Thailand)
  - ICR ESG and Shareholder Activism Symposium (US)
  - The Summit for Asset Management (TSAM)—The Summit for ESG (US)
  - CII Spring Conference (US)
  - Institutional Investors—Governance Week (US)
  - Securities Analysts Association of Japan—International Seminar (Japan)
  - Sustainable Finance and Regulation—European Green Bond Regulation (UK)
  - Natixis—Public Development Banks' Catalytic Role in Achieving the UN SDGs (Virtual)
  - Environmental Defense Fund and Ceres—Tackling Transferred Emissions: Climate Principles for Oil and Gas Mergers and Acquisitions (Virtual)
  - EMIA—Introduction to ESG: Federation of Euro-Asian Stock Exchanges (Virtual)
  - APG—6th Annual Green Bond Roundtable (US)
  - Energy Council—New York Energy Capital Assembly (US)
  - Nasdaq—Fireside Chat & Wine: Impact of ESG on Investor Relations (Australia)
  - Themis—Anti-Slavery Digital Learning Roadshow (Wales, UK)
  - Human Capital Management Association Japan—Human Capital Management Seminar (Japan)
  - Gentosha—ESG Seminar (Japan)
  - Columbia University Center on Global Energy Policy—The Intersection of Debt and Climate in Emerging Market and Developing Economies (US)
  - Insurance Asset Risk—How Can the UN SDGs Serve as an Investment Tool (Virtual)
  - CFA Society Philadelphia—SG Scores: Challenges and Opportunities (Virtual)
  - Bloomberg Buy-Side ESG Roundtable (US)
  - EMIA—Strengthening Conditionality in IMF Sri Lanka Program (US)
  - Deutsche Bank and Forest Stewardship Council—Labeled Bond Roundtable (US)
  - Columbia University—Sustainable Development: Investing in Nature and Sustainable Economies in the Global South (US)
  - SINA—ESG Global Leaders Conference (China)
  - Portfolio Adviser—Autumn Congress (England)
  - Portfolio Adviser—ESG Congress (England)
  - Institutional Investor—Value in Responsible Investing Forum (US)
  - Environmental Finance—ESG in Fixed Income Americas 2023: Ensuring Credibility and Integrity in the Sustainable Market and Labelled Transactions Panel (US)
  - TSAM ESG Conference—Sustainable Finance Product Innovation: Putting the Spotlight on the Next Generation of Impact-Driven Assets (England)
  - AB—Diversity & Inclusion Symposium (Germany)
  - AB—Women in Responsible Investing (UK)
  - Columbia Climate Law & Finance Initiative—Decarbonising the Real Economy: What Does This Mean for Financial Institutions? (US)
  - S&P Global Ratings Roundtable—Sustainable Labelled Debt and Use of Proceeds SPOs (Virtual)
  - Columbia University School of International and Public Affairs—Roundtable Report: ESG Challenges in Latin America's Mining Sector (Virtual)
  - EMIA—ESG Conference (US)
  - Willis Towers Watson—Thinking Ahead Institute Sustainability Shapers Podcast (Virtual)
  - SITCA Conference (Taiwan)
  - AB—European Insurance Forum (London)
  - World Bank—Panel on the Just Transition (United Arab Emirates [UAE])

    - COP28—Bloomberg Asset Owner Breakfast Roundtable (UAE)
    - AIF Global—Institute Sustainable Investing Symposium (US)
    - Columbia University Center on Global Energy Policy—American Geographical Society Symposium (US)
- In 2023, AB received the following awards and designations in recognition for its work in responsible investing:
    - Combatting Modern Slavery Award (Themis)—AB's Director of Social Research and Engagement
    - Innovation Award in Asset Management (Pyramids of Wealth Management 2023)
    - Notable Leaders in Sustainability 2023 (Crain)—AB's Director of Environmental Research and Engagement
    - Human Rights Initiative of the Year 2023, Australia (*Wealth & Finance International* Ethical Finance Awards)
    - Best Sustainable Investment Education Initiative, for supporting the Anti-Slavery Digital Learning tool created by Themis (*Investment Week* Sustainable Investment Awards 2023)

Conclusion

We viewed the shifts in 2023 as an invitation to strengthen our corporate responsibility and responsible investing practices, which we continued to do by improving AB's sustainability practices, prioritizing our proprietary research and delivering innovative solutions to our clients. We also continued to foster a diverse, connected, collaborative culture that encourages differentiated insights. We embraced innovation to address increasingly complex investing challenges, including those related to material ESG factors. We integrated material ESG factors into our investment process for most of our actively managed strategies, and encouraged issuers to address material ESG risks or take advantage of ESG opportunities, all on behalf of our clients.

As we move into 2024, we expect the responsible investing space to continue to evolve. However, our focus on delivering better outcomes for our clients will remain constant. To do so, we will educate ourselves, our clients and our investee companies on how to better mitigate material ESG risks and take advantage of the opportunities they present. We will develop our knowledge base on new material ESG topics, such as research on the Just Transition, water security and emerging markets. Data science will elevate our ability to deliver novel thought leadership. And we will continue to integrate material ESG issues, engage issuers and exercise our right to vote on behalf of our clients. We look forward to providing an update in 2025 on our 2024 progress.

Appendix

Alignment with the ICGN Global Stewardship Principles

PRINCIPLE 1: Internal governance: the foundation of effective stewardship Investors should keep under review their own governance practices to ensure consistency with the aims of national requirements and the ICGN Global Stewardship Principles and their ability to serve as fiduciary agents for their beneficiaries or clients.	Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function
PRINCIPLE 2: Developing and implementing stewardship policies Investors should develop and implement stewardship policies which outline the scope of their responsible investment practices.	Section 1 About AB Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation
PRINCIPLE 3: Monitoring and assessing investee companies Investors should exercise diligence in monitoring companies held in investment portfolios and in assessing new companies for investment.	Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 6 Engaging with Issuers
PRINCIPLE 4: Engaging companies and investor collaboration Investors should engage with investee companies with the aim of preserving or enhancing value on behalf of beneficiaries or clients and should be prepared to collaborate with other investors to enhance engagement outcomes.	Section 6 Engaging with Issuers
PRINCIPLE 5: Exercising and protecting voting rights Investors with voting rights should seek to vote shares held and make informed and independent voting decisions, applying due care, diligence, and judgement across their entire portfolio in the interests of beneficiaries or clients.	Section 7 Exercising Voting Rights
PRINCIPLE 6: Promoting long-term value creation and integration of ESG factors Investors should promote the long-term performance and sustainable success of companies and should integrate material ESG factors into investment decision-making and stewardship activities.	Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 6 Engaging with Issuers Section 7 Exercising Voting Rights Section 9 AB: A Proactive Member of the Global Investment Community
PRINCIPLE 7: Meaningful transparency, disclosure and reporting Investors should publicly disclose their stewardship policies and activities and report to beneficiaries or clients on how they have been implemented so as to be fully accountable for the effective delivery of their duties.	Section 8 Transparency, Disclosure and Reporting

Alignment with the Japan Stewardship Code (2020 Revision)

PRINCIPLE 1: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	Section 1 About AB Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation Section 6 Engaging with Issuers
PRINCIPLE 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function; see "Managing Conflicts of Interest" Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation Section 7 Exercising Voting Rights
PRINCIPLE 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	Section 1 About AB Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function; see "Managing Conflicts of Interest" Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 6 Engaging with Issuers
PRINCIPLE 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 6 Engaging with Issuers Section 7 Exercising Voting Rights Section 8 Transparency, Disclosure and Reporting Section 9 AB: A Proactive Member of the Global Investment Community
PRINCIPLE 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	Section 7 Exercising Voting Rights Section 8 Transparency, Disclosure and Reporting
PRINCIPLE 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	Section 7 Exercising Voting Rights Section 8 Transparency, Disclosure and Reporting
PRINCIPLE 7: To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 8 Transparency, Disclosure and Reporting Section 9 AB: A Proactive Member of the Global Investment Community
PRINCIPLE 8: Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.	Although we recognize that this principle is not directed at us as an institutional investor, we regularly exchange information with service providers for institutional investors, such as proxy advisors and investment consultants for pensions, to enhance the functions of the entire investment chain. More details on this process are provided in Section 5.

Alignment with the UK Stewardship Code

PRINCIPLE 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	Section 1 About AB Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process
PRINCIPLE 2: Signatories' governance, resources and incentives support stewardship.	Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process
PRINCIPLE 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function Section 7 Exercising Voting Rights
PRINCIPLE 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	Section 2 AB's Governance, Responsibility and Stewardship Structure: Form Enables Function Section 4 AB Corporate Responsibility Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 6 Engaging with Issuers Section 9 AB: A Proactive Member of the Global Investment Community
PRINCIPLE 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.	Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation Section 8 Transparency, Disclosure and Reporting
PRINCIPLE 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	Section 1 About AB Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 8 Transparency, Disclosure and Reporting
PRINCIPLE 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfill their responsibilities.	Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process Section 6 Engaging with Issuers Section 7 Exercising Voting Rights
PRINCIPLE 8: Signatories monitor and hold to account managers and/or service providers.	Section 3 Responsibility, Responsible Investing, and Stewardship Policy Development and Implementation Section 5 Responsible Investing: Integrating Material ESG Considerations Throughout the Investment Process
PRINCIPLE 9: Signatories engage with issuers to maintain or enhance the value of assets.	Section 6 Engaging with Issuers

PRINCIPLE 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.	Section 6 Engaging with Issuers; see "Collaborative Engagement" Section 9 AB: A Proactive Member of the Global Investment Community
PRINCIPLE 11: Signatories, where necessary, escalate stewardship activities to influence issuers.	Section 6 Engaging with Issuers; see "Approach to Escalating Issues" and "Policy Advocacy Engagement" Section 9 AB: A Proactive Member of the Global Investment Community
PRINCIPLE 12: Signatories actively exercise their voting rights and responsibilities.	Section 7 Exercising Voting Rights Section 8 Transparency, Disclosure and Reporting

The AllianceBernstein L.P. Board of Directors approved this statement and report, which constitutes AB's Global Stewardship Statement and Report for the fiscal year ended December 31, 2023, on February 12, 2024.

By Seth Bernstein
For and on behalf of AllianceBernstein L.P.
Director, President and CEO

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