

# Sustainability-related disclosures

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## SSP/M – (ABE) US Equity

### ■ Resume

SSP/M – (ABE) US Equity (the “**Sub-Fund**”) promotes environmental and social characteristics but does not have a sustainable investment objective.

The Sub-Fund promotes E/S Characteristics by holding securities that the Investment Manager believes promote E/S Characteristics. A security may be deemed to promote one or more E/S Characteristics if the following binding elements are satisfied:

- *Documented ESG integration via evidenced ESG research and engagements ;*
- *The issuer of the security follows good governance practices according to the Investment Manager’s good governance policy (the “Good Governance Policy”); and*
- *The Sub-Fund’s investment exclusions are met.*

The Sub-Fund is actively managed and the Investment Manager uses the AB Stewardship Approach when seeking to achieve the investment objective. Through the AB Stewardship Approach, fundamental research includes a robust ESG integration process, whereby the Investment Manager assesses and incorporates ESG factors in all phases of the investment process.

This Sub-Fund follows Alliance Bernstein’s Stewardship approach and, when making investment decisions, AllianceBernstein investment teams are expected to consider the impact of material ESG or sustainability factors on those decisions. This assessment involves integrating material ESG issues at applicable steps of the research and investment process and monitoring that material ESG risks and opportunities are appropriately identified, assessed, and incorporated in decisions. Alliance Bernstein’s Stewardship Statement describes in more detail the process by which AllianceBernstein integrates material ESG factors into applicable steps of its investment decision-making process.

More information on the AB Stewardship Approach can be found at [www.alliancebernstein.com/go/ABGlobalStewardship](http://www.alliancebernstein.com/go/ABGlobalStewardship).

### ■ No sustainable investment objective

This product promotes environmental and social characteristics but does not have a sustainable investment objective.

### ■ Environmental or social characteristics of the financial product

The environmental and/or social characteristics promoted by the Sub-Fund include:

- ESG Integration : when making investment decisions, including the ongoing assessment and monitoring of the Sub-Fund’s holdings, the Investment Manager uses fundamental research to assess target issuers. As part of the AB Stewardship Approach, fundamental research includes the consideration of ESG factors, meaning the Investment Manager will assess ESG factors for a target issuer at every stage of the investment decision-making process. This includes ESG scoring of equity securities.
- Engagement : the Investment Manager encourages issuers to undertake actions that may promote better outcomes for environmental and social objectives as well as benefits to financial outcomes of the issuer and/or the Sub-Fund.
- Exclusions listed out in the Prospectus : the Sub-Fund excludes investments in certain sectors as further outlined in the Prospectus

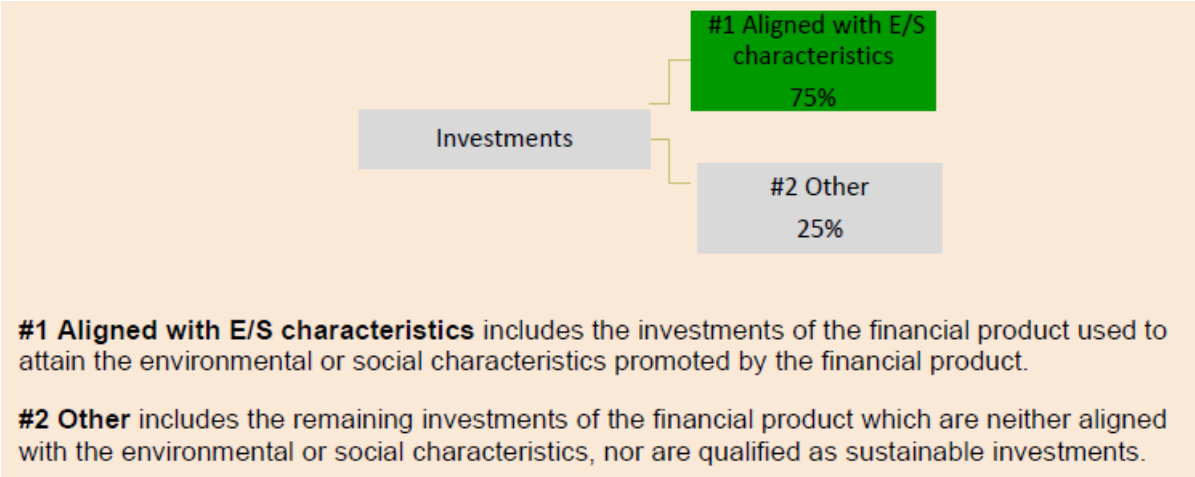
### ■ Investment strategy

As outlined in the relevant investment policy, the Sub-Fund is actively managed and the Investment Manager uses the AB Stewardship Approach when seeking to achieve the investment objective. Through the AB Stewardship Approach, fundamental research includes a robust ESG integration process, whereby the Investment Manager assesses and incorporates ESG factors in all phases of the investment process.

This Sub-Fund follows Alliance Bernstein’s Stewardship approach and, when making investment decisions, Alliance Bernstein investment teams are expected to consider the impact of material ESG or sustainability factors on those decisions. This assessment involves integrating material ESG issues at applicable steps of the research and investment process and monitoring that material ESG risks and opportunities are appropriately identified, assessed, and incorporated in decisions. Alliance Bernstein’s Stewardship Statement describes in more detail the process by which AllianceBernstein integrates material ESG factors into applicable steps of its investment decision-making process.

More information on the AB Stewardship Approach can be found at [www.alliancebernstein.com/go/ABGlobalStewardship](http://www.alliancebernstein.com/go/ABGlobalStewardship)  
More information on the Sub-Fund’s investment objective and investment strategy can be found in the Sub-Fund’s investment policy in the Prospectus.

■ **Proportion of investments**



The Sub-Fund has at least 75% of its investments used to attain the environmental and social characteristics promoted (**#1 Aligned with E/S characteristics**).

A minimum of 75% of the investments of the Sub-Fund are used to meet the environmental or social characteristics promoted by the Sub-Fund. All numbers are shown based on normal market conditions and are based on the average holdings of each month end for the fiscal year. The Sub-Fund will publish information regarding the percentage of net assets that promote E/S Characteristics in the Company’s annual report.

The allocation of pocket #2 Other will be made up to a maximum of 25%, which include :

- securities that the Investment Manager believes can be held by the Sub-Fund in order to achieve its investment objective but are not deemed to promote E/S characteristics, as outlined above, subject to satisfaction of the Investment Manager’s Good Governance Policy ;
- cash and cash-equivalents held as liquidity, risk management purposes, or collateral management purposes ;
- derivatives used for the purposes outlined in the investment policy of the Sub-Fund in the Prospectus. Exposure to securities that promote E/S characteristics will be captured in #1 Aligned with E/S Characteristics.

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

■ **Control of environmental or social characteristics of the financial product**

The Portfolio promotes E/S Characteristics by holding securities that AB believes promote E/S Characteristics. AB uses a minimum threshold with regards to the percentage of securities in the Portfolio that must promote E/S Characteristics. The threshold for the Portfolio is 75% as outlined above in section E. In order to establish compliance with this threshold, the assessment process includes, but is not limited to, reviewing, monitoring, and/or measuring the various ESG Factors or topics that are considered as part of the Portfolio’s quantitative and qualitative methodologies for ESG Integration and Engagement.

As part of the research process, the Investment Manager analyses individual issuers, focusing on exposure to ESG Factors. For corporate issuers, AB has established a proprietary materiality matrix, which serves as a comprehensive guide to the most material ESG Factors facing each subindustry. The results of the analysts' research on ESG Factors, and any corresponding ESG scoring, are incorporated in the investment decision-making process of the Portfolio. Analysts research includes an assessment of Principle Adverse Impact (“**PAIs**”) indicators. The manner in which PAIs indicators are considered may include exclusions, ESG integration, engagement, or proxy voting. Only PAIs which are considered consistently, for all holdings, on a repeatable and systematic basis are deemed relevant and reported. The exact PAIs considered for each AB product may differ depending on the policies implemented and procedures followed. The specific PAIs indicators that are taken into consideration may evolve over time. Additional information on PAIs will be published in the Fund's annual report, as required by SFDR Article 11(2).

AB also assesses various indicators in relation to its proprietary frameworks for establishing Good Governance. Fundamental research on ESG Factors, enhanced by third-party data, is critical to evaluating investment candidates under this framework. A proprietary methodology for evaluating issuers on the four good governance pillars, including sound management structures, employee relations, remuneration of staff and tax compliance, is used to conduct investment analysis, and ensure that portfolio holdings do not breach the minimum thresholds set. Additionally, all securities are monitored to ensure that they comply with a Portfolio's investment exclusion criteria. Only issuers that do not breach the exclusion criteria are eligible for investment.

## ■ **Methods applicable to environmental or social characteristics**

The Portfolio promotes E/S Characteristics by holding securities that AB believes promote E/S Characteristics. A security may be deemed to promote one or more E/S Characteristics if the following binding elements are satisfied:

- Documented ESG integration via evidenced ESG research and Engagements;
- The issuer of the security follows good governance practices according to AB's Good Governance Policy; and
- The Portfolio's investment exclusions are met.

### I. ESG Integration & Engagement

When making investment decisions, including the ongoing assessment and monitoring of the Portfolio's holdings, AB uses fundamental research to assess issuers. As part of the AB Stewardship Approach, fundamental research includes the consideration of ESG Factors, meaning AB will assess ESG Factors for a target issuer at each applicable stage of the investment decision-making process. This includes ESG scoring of equity securities.

AB uses data and records from its proprietary ESG system, ESIGHT, to calculate the level of documented ESG research and engagement activity and the specific E or S issues that were covered. If ESG research is not documented, and engagements are not conducted, for a particular security, it cannot be deemed to be promoting E/S Characteristics.

In addition, any securities that are poorly rated by third-party providers, or are in violation of global norms in accordance with the UN Global Compact, will be subject to review by an independent committee. This review will include an assessment of the relevant research and engagement activity on ESG Factors to determine if the security can be deemed to promote E/S Characteristics. Issuers may not be deemed to promote E/S Characteristics if the related documentation is not satisfactory.

### II. Good Governance

AB has developed a proprietary Good Governance Policy which consists of security-specific analysis and scoring based on specific governance criteria, including sound management structures, employee relations, remuneration of staff and tax compliance, using a combination of external and internal data sources. The specific governance

indicators include, inter alia, UNGC principles and controversies related to the aforementioned governance criteria. If at any point a security breaches the scoring threshold for any of the Good Governance indicators, then the security is deemed to fail the criteria for inclusion in the portfolio. This methodology, including the relevant data sources, may evolve over time as more data becomes available and tools evolve.

### III. Exclusions

This Portfolio utilizes exclusions as detailed in the relevant Exclusion Policy and offering materials. [www.alliancebernstein.com/go/ABSICAVIExclusionChart](http://www.alliancebernstein.com/go/ABSICAVIExclusionChart) [www.alliancebernstein.com/go/ABFCPIExclusionChart](http://www.alliancebernstein.com/go/ABFCPIExclusionChart) [www.alliancebernstein.com/go/ABFCPIIExclusionChart](http://www.alliancebernstein.com/go/ABFCPIIExclusionChart)

#### ■ Data sources and processing

Several data sources are used by the Portfolio to measure relevant indicators relating to the promotion of E/S Characteristics. The majority of the data sources used are internally sourced, based on fundamental research, and supported by external data, as well from direct due diligence and engagement with individual issuers.

In conducting ESG analysis, AB places most weight on its analysts' own proprietary analysis of ESG issues and resulting conclusions. External third-party ESG data is available via AB's proprietary screening tools and used as a reference by analysts, but it is rarely the sole basis for an investment decision.

All AB's Investment teams have access to a range of data services that enable them to supplement their understanding of the ESG characteristics of an issuer or a sector. These include but are not limited to ESG data from Bloomberg and FactSet, MSCI ESG Ratings, and MSCI Carbon Emissions data, Sustainalytics Risk Ratings, Global Norms and Controversies analysis, ISS-Ethix Controversial Weapons Analysis, and ISS and Glass-Lewis corporate governance and proxy research.

In order to enhance third-party data, AB conducts additional research and seek to identify opportunities to enhance data quality when we see gaps in coverage or when some data is outdated. The Responsible Investing Team continually evaluates its current and new providers to assess whether AB is providing AB's Investment Teams with the best possible data and information. Some of these data sets are used to implement investment exclusions and assist in the consideration of relevant PAIs where considered.

To augment third-party data and tool sets, AB has developed proprietary research and collaboration tools to strengthen ESG and climate research and systematize integration across the firm—including AB's ESIGHT platform for research and collaboration and PRISM for FI products that include credit ratings and scoring. AB has also created an Alternative Data Dashboard that combines the industry-specific knowledge of AB's fundamental analysts with the capabilities of AB's Data Science Team to create better insights from alternative data and AB research.

- **ESIGHT:** ESIGHT is a proprietary research and collaboration platform that integrates AB's ESG issuer research and assessments, proxy-voting history, engagements, and third-party data. ESIGHT houses ESG information including thematic sell-side research reports, academic studies, non-government entity reports, specialist sustainability and climate-change think-tank papers, and AB's own proprietary ESG ratings. It provides a common framework from AB's analysts to identify and evaluate material ESG issues. A key feature of ESIGHT is its ability to serve as a "check and balance" for the AB's Investment Teams by enabling the comparison of analyst's research conclusions from both internal and external resources. In addition, the tool catalogues company engagements and enables tracking of progress, which triggers reminders for follow-up at a specified time. This tool promotes transparency both internally and externally as engagement information is shared, reviewed, and acted upon.

Depending on the source of information used, data is processed on a regular basis by pulling the latest information on issuers which may be coded into AB's internal systems, where necessary. This information enables the terms of the Portfolio's exclusion criteria to be implemented. Data is sourced in several ways, some of which are automated data feeds received daily or monthly. Some data points are coded on a pre-trade and/or post-trade basis and are accessible to control functions in order to ensure compliance with investment guidelines.

## ■ Limits to methods and data

**Proprietary Data:** AB does not outsource any aspect of its ESG research, integration, engagement, or stewardship activities, meaning that proprietary data and analysis is often the basis for research conclusions. This data and analysis may differ from that provided by third-parties. For this reason, several of AB's proprietary tools, including ESIGHT, are used to serve as a "check and balance" by enabling the comparison of analyst's research conclusions from both internal and external resources. AB's compliance Team periodically reviews internal ESG research and engagement records for quality and quantity. AB's internal ESG Compliance Program also serves as an internal assurance mechanism through the sampling of ESG investment notes for reasonableness in ESIGHT and PRISM, our proprietary credit rating and scoring system, to evidence our stewardship activities.

**Third Party Data:** AB sources data from third-party providers to support its research teams in their analysis. Vendor coverage and methodology frequently changes and there may be significant differences in methodology between providers, resulting in different outcomes for similar datapoints.

AB's Responsible Investing Team continually evaluates its current and new providers to assess whether AB is comfortable with the methodologies being used and ensure that AB's Investment Teams are provided with the best possible data and information. Agreements with third-party sources are reviewed every three years, and AB's active working relationships with these organizations provide ongoing feedback on the quality and accuracy of data that is received.

Where AB's expectations have not been met by third-party data providers, AB provides timely and actionable feedback and requests to fully understand the relevant methodologies and proposes solutions to improve or augment those methodologies. AB helps identify discrepancies in data versus alternative providers and resolve.

**Estimated Data:** AB conducts rigorous evaluations of data vendors when identifying third-party data sets to support analysis. However, there are occasions where third party data coverage is limited and inadequate for the specific use case across the investible universe and associated benchmarks. On such occasions of inadequate data coverage, AB may use estimated data to support meaningful analysis at portfolio and benchmark levels. AB may employ one of several statistical methods to fill gaps as best as possible.

AB's frameworks for identifying securities that are deemed to promote E/S I Characteristics use both proprietary and third-party data. Where there are limitations to methodologies or data, AB may use alternative data sources, conduct further research, or engage with the issuer in question to ensure that it meets the standards of the investment framework. ESG research conclusions will have documented and demonstrable alternative data and/or research to ensure the issuer satisfies the requirements of the framework. Where there are limitations in data, and subsequent analysis fails to clarify that an issuer follows good governance practices, then the issuer in question will not be eligible for investment until this limitation is satisfactorily met.

## ■ Due diligence

The Portfolio follows AB's Stewardship approach. This involves actively integrating ESG issues at every step of the investment process, ensuring that the related risks and opportunities are thoroughly identified, assessed, and incorporated in investment decisions. AB's Stewardship Statement describes the process by which ESG Factors are integrated into its investment decision-making process in detail ([www.alliancebernstein.com/go/ABGlobalStewardship](http://www.alliancebernstein.com/go/ABGlobalStewardship)).

To evidence that the Portfolio follows AB's Stewardship Approach and promotes E/S Characteristics, AB uses a minimum threshold with regards to the percentage of securities in the Portfolio that must promote E/S Characteristics. The threshold for this Portfolio is 75% as outlined above in section E.

In order to measure compliance with this criteria, AB's Investment Teams must undertake fundamental research and engagement on environmental and social issues.

The starting point for corporate ESG research and analysis is AB's proprietary Materiality Matrix which determines the ESG issues that are material, and should be prioritized, for each issuer. This Materiality Matrix that covers more than 40 ESG Factors and spans almost 70 subsectors. For certain sectors, where AB deems the sustainability risks associated with investment to be significant, industry-wide exclusions may be used.

AB's analysts then research and analyse the E, S and G Factors highlighted by the Materiality Matrix and incorporate their findings into their investment process. AB's proprietary ESG research and collaboration tool, ESIGHT, assists analysts in doing this, as well as hosting a variety of third-party data as a starting point for their analysis. AB's investment professionals can access ESG research notes, proprietary scoring, and information on the engagement activity of other AB analysts and teams when formulating, and documenting, their research conclusions.

AB uses data and records these proprietary systems to calculate the level of documented ESG research, proprietary scoring, and engagement activity and the specific E, or S issues that were covered on an ongoing basis. If ESG research is not documented, and engagements are not conducted within a 12-month rolling period, for a particular security, it cannot be deemed to be promoting E/S Characteristics.

In addition, any holdings that are poorly rated by AB, external third-party providers, or are in violation of global norms, will be subject to review by an independent committee. This committee will review the relevant ESG research and engagement records to see if the holding can still be deemed to promote E/S Characteristics. The committee may also raise highly controversial names to the AB Controversial Investment Committee to review for firm-wide exclusion.

If AB analysts determine that, after integrating ESG Factors into their fundamental research, there are aspects of an issuer's ESG-related behaviour that are material to its future expected returns, they will reflect these concerns in their research forecasts and investment decisions. AB's Investment Teams also engage with certain companies where they believe they can encourage and work with them to improve their impact in relation to various E, S, or G issues.

As part of this process, AB assesses various indicators in relation to its proprietary frameworks for establishing Good Governance and relevant PAIs where considered. A proprietary methodology for scoring on the four good governance pillars is used to ensure that portfolio holdings do not breach the minimum thresholds set under the framework. Compliance with minimum scoring thresholds is also monitored on a pre-trade basis.

Finally, only issuers that do not breach the terms of the Portfolio's exclusion criteria are eligible for inclusion in the Portfolio. Pre-trade compliance systems prevent the Portfolio from purchasing securities of issuers that are not compliant with the criteria. If an existing holding breaches the criteria on the basis of updated data, post-trade compliance will flag this to the Portfolio Management Group (PMG). The PMG will then alert the Investment Team to confirm what investment action should be taken in a manner consistent with Portfolio shareholders' best interest.

## ■ **Commitment policies**

As part of the investment process for this Portfolio, AB engages with issues on a variety of topics for both gaining insights on the issuer and encouraging action that AB believes will benefit its clients as shareholders. More information on AB's approach to engagement including the most recent engagement reports can be found on the Investment Manager's website. More information on the AB Stewardship Approach can be at found at the Investment Manager's Company website.



With respect to engagement on ESG issues, AB encourages issuers to undertake actions that may promote better outcomes for environmental, social, and governance objectives as well as benefits to the financial outcomes of the issuer and/or the Portfolio. AB uses engagement in two ways: insight and action.

- **Insight:** AB engages for additional insight into issuers and that insight is integrated into AB's fundamental research on the investment. For example, through engagement AB gains a deeper understanding of an issuer's renewable energy strategy and therefore more insight on the investment when AB is assessing alignment to environmental and/or social characteristics and any potential material financial impact ;
- **Action:** AB engages to encourage issuers to take actions that AB believes will have sustainable and longterm benefits for the issuer. For example, AB may encourage an issuer to consider a reduction of its environmental footprint, outlining the benefits of improved resilience to future regulation, carbon taxes and an enhanced ability to retain market share and talented employees. This active engagement helps promote environmental and social advancement, creates long-term issuer value, and maintains the investment alignment to environmental and social characteristics.

AB engages with issuers of securities held by a respective Portfolio but may also engage with issuers into which that Portfolio have not yet, or will not, invest.

Engagements, which AB analysts and portfolio managers initiate directly with the issuer, may take place both before the initial investment is made and as part of AB's ongoing monitoring. Engagements are often with senior executives, including an issuer's CEO and CFO. During engagements, AB discusses strategy, business operations, governance, and a wide variety of other topics, including ESG issues, with company management. Over time, analysts build a forum for open dialogue. AB also engages with directors, generally either to share its perspective on specific issues, or to escalate specific concerns after AB has engaged with management. In addition, AB engages with other stakeholders such as suppliers and customers as part of the process.

When AB is prioritizing issuers to engage with, or themes and topics to discuss, a number of factors are considered. AB's analysts assess the ESG issue's materiality, using the proprietary AB materiality map and industry-recognized frameworks. They also consider the company or issuer's size and ESG ratings, AB's historical proxy-voting record at the company, the size of AB's portfolio exposure, the proportion of issuer assets held, the significance of AB's security holding and the history and success of previous conversations.

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

AB sometimes encounter situations where continued engagement is no longer productive or helpful in driving progress. In cases where AB deems the issuer's behaviour to be misaligned with its clients' best interests, it can escalate the engagement to communicate AB's stance on key issues, conveying the gravity of our concern, and encourage the issuer to take action. AB may escalate an engagement in one or more of the following ways: proxy voting; collaboration with other investors and/or stakeholders; publication of a public letter; filing a shareholder proposal; reducing a position or selling/not refinancing a security.

On a periodic basis, the relevant AB' Investment Teams for the Portfolio will create "Engagement Reports" that summarize issuer engagements and their outcomes. AB believes it is critical to integrate ESG Factors into ground-level fundamental research and documenting the engagement research and conclusions allows the AB Stewardship Approach to be successfully utilized.

## ■ Designated benchmark

No benchmark has been designated for the environmental or social characteristics promoted by the financial product.