




The image shows two overlapping forms from the PRI LEA (Leadership Engagement) toolkit. The top form is LEA 02, titled 'Discretionary', and the bottom form is LEA 03, titled 'Mandatory'. Both forms are designed for recording engagement activities and are structured with columns for 'Type of engagement', 'Reason for interaction', and 'Outcome'. The forms are partially filled out with handwritten text.

Type of engagement	Reason for interaction	Outcome
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other: specify	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other: specify
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other: specify	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other: specify
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other: specify	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other: specify

# RI TRANSPARENCY REPORT

2013/14

AllianceBernstein L.P.



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	-	n/a							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	✓	Public	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	-	n/a		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

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Reported Information

Public version

Organisational Overview

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

☐ <10%

☐ 10-50%

☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

☒ <10%

☐ 10-50%

☐ >50%

☐ Other, specify

☐ Execution and advisory only services

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

☐ 1

☐ 2-5

☐ 6-10

☒ >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

3295

OO 03

Mandatory

Descriptive

General



OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☒ Yes

OO 03.2

List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary	RI implementation reported here on a consolidated basis
W.P. Stewart & Co., Ltd.	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

☐ No

OO 03.3

Additional information. [Optional]

In December 2013, AllianceBernstein acquired W.P. Stewart & Co., Ltd. who is a PRI signatory. In 2014, W.P. Stewart's will fall under AllianceBernstein as a PRI signatory and cease to be a separate signatory.

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2013

OO 04.2

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		450	411	416	112
Currency	USD				
Assets in USD		450	411	416	112

**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	10-50%	0
Fixed income – other	<10%	0
Private debt	<10%	0
Private equity	0	0
Property	<10%	0
Infrastructure	<10%	0
Commodities	<10%	0
Hedge funds	<10%	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0

Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 11	Mandatory	Gateway	General
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**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ Fixed Income – other
- ☐ Private debt
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Cash
- ☐ None of the above

**OO 12****Mandatory****Gateway****General****OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers****Direct - Listed Equity incorporation**

- ☒ Listed Equity incorporation

**Direct - Listed Equity active ownership**

- ☒ Engagements
- ☒ (Proxy) voting

**Direct - Fixed Income**

- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

**Closing module**

☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Reported Information

Public version

Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

☒ Yes

☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Our responsible investment policy includes our approach to how we consider environmental, social and governance factors in our investment process. It outlines how we fulfill our obligations as a PRI signatory, and provides information on our Responsible Investment Committee, which is responsible for assisting AllianceBernstein personnel to further implement our firm's RI policies and practices, and to make progress on implementing all six Principles.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

☒ Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

[https://www.alliancebernstein.com/abcom/Our\\_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf](https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf)

☐ No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

☒ Yes

☒ Yes, all

☐ Yes, some

<b>OA 02.4</b>	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Policy and Procedures: Proxy Voting	<a href="https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/ABProxyVotingPolicy.pdf">https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/ABProxyVotingPolicy.pdf</a>
UK Stewardship Code	<a href="https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/UKStewardshipCode.pdf">https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/UKStewardshipCode.pdf</a>
Statement on Controversial Weapons	<a href="https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20on%20Controversial%20Weapons.pdf">https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20on%20Controversial%20Weapons.pdf</a>
Proxy Voting Manual	<a href="https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Proxy%20Voting%20Manual.pdf">https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Proxy%20Voting%20Manual.pdf</a>

☐ No

<b>OA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,2</b>
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<b>OA 03.1</b>	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM



OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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As a fiduciary we owe our clients an undivided duty of care. We strive to avoid even the appearance of a conflict that may compromise the trust our clients have placed in us, and we insist on strict adherence to fiduciary standards and compliance with all applicable federal and state securities laws. We place the interests of our clients first and attempt to avoid any actual or potential conflicts of interest. It is the responsibility of every employee to be sensitive to situations and relationships which may create conflicts of interest and bring any related questions or concerns to the Chief Compliance Officer or Conflicts Officer.

Our Code of Business Conduct and Ethics and Compliance manual provides our policies on conflicts of interest.

The key components included in our Compliance Manual that cover conflicts of interest in the investment process are noted below.

- Investment Guidelines for Services& Clients
- Fair allocation of investment opportunities
- Research activities
- Best execution and brokerage allocation
- Cross trades in discretionary accounts
- Security transactions with AB affiliates
- Proxy voting
- Portfolio, market& performance manipulation
- Beneficial ownership reporting
- Daily restricted list pre-clearance

The sections in Our Code of Business Conduct and Ethics that relate to conflicts of interest include:

- Conflicts of interest
- Personal trading
- Gifts, entertainment and inducements
- Political contributions/activities

☐ No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** | Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

**OA 05.2** | Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year  
☐ Less than once per year

**OA 05.3** | Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly  
☐ Biannually  
☒ Annually  
☐ Every two years or less  
☐ It is not reviewed

☐ No

OA 06	Voluntary	Descriptive	General
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**OA 06.1** | List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☒ Add responsible investment objective 1

Objective 1	Integration/Education:
Key performance indicators	Implement new third party ESG service provider and train analysts. Educate advisors on responsible investment, AB's processes, and support client inquiries
Describe the progress achieved	Completed

☒ Add responsible investment objective 2

Objective 2	Implement Engagement tracking and framework
Key performance indicators	Build and launch engagement tracking database. Develop framework for engagement.
Describe the progress achieved	Engagement database was rolled out in June 2013. Gathered input and data points to develop engagement framework which will be completed in 2014.

☒ Add responsible investment objective 3

Objective 3	Improve Transparency
Key performance indicators	Publicly disclose proxy votes. Reorganize RI related information on public website.
Describe the progress achieved	Completed

<b>OA 06.2</b>	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Enhance tracking of ESG engagement activities; develop and implement ESG-related company engagement and framework
Key performance indicators	Increase number of engagements captured; most engagements are based on new framework.

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Integration
Key performance indicators	Identify additional training opportunities for analysts. Determine how to leverage more robust processes broadly

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Increase awareness more broadly within the firm and externally
Key performance indicators	Hold knowledge sessions with advisors and other staff. Generate blog content.

## Governance and human resources

<b>OA 07</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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**OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

AllianceBernstein created the Responsible Investment Committee in 2011. The Committee is responsible for assisting AllianceBernstein personnel to further implement our firm's RI policies and practices, and to make progress on implementing all six Principles.

The RI Committee has a diverse global membership, including senior representatives from investments, the client group, and legal. In addition, we have a Proxy Committee comprised of individuals from investments, operations and legal. Both committees are chaired by the same individual.

Within the investment teams, the portfolio managers and/or directors of research have responsibility to oversee the integration of ESG factors into the investment process, and ensure the issues are appropriately addressed.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
<b>OA 08.1</b>	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.		

## Roles present in your organisation

- ☒ Board members or trustees
  - ☐ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other Chief-level staff or head of department, specify
- ☒ Portfolio managers
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

2

Our research analysts are responsible for integrating ESG factors into their investment research process. The output of their research is reviewed with directors of research and/or portfolio managers/chief investment officers who are responsible for ensuring ESG factors have been considered and the impact of those included in the investment thesis. In addition, the analysts, directors of research and/or portfolio managers/chief investment officers will engage companies on a variety of ESG-related issues.

Our dedicated responsible investment staff include the chair of the proxy and responsible investment committees, our ESG Analyst & Proxy Manager, and a business analyst.

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We have had several meetings with the CDP to learn of their initiatives and to assess membership.

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☒ Council of Institutional Investors (CII)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are an educational sustainer member of the CII. We attend their meetings and participate in teleconferences on proxy-related issues and share our insights.

- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We have attended the ICGN Conference and are considering membership.

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We participate on two working groups -- one staff member is on the Equity Integration working group and another on the Fixed Income working group. We have participated in feedback on the reporting framework and hosted the PRI reporting launch in December 2013 at our offices.

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

US SIF: We have attended the USSIF Conference.

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify

☐ No

OA 11

Mandatory

Core Assessed

PRI 4



<b>OA 11.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

<b>OA 11.2</b>	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☐ Provided financial support for academic or industry research on responsible investment
- ☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☐ Spoke publicly at events and conferences to promote responsible investment
- ☐ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

<b>OA 11.3</b>	Additional information. [Optional]
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We hosted two thought leadership panel discussions in 2013 -- one on Corporate Governance and another on Investing in Africa. Panelists consisted of outside experts and one internal expert. Attendance was open to clients, consultants and staff.

<b>OA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 4,5,6</b>
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<b>OA 12.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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☐ Yes

☒ No

## ESG issues in asset allocation

<b>OA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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☐ Yes

☒ No

<b>OA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**OA 14.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☐ Yes

☒ No

## Assurance of responses

**OA 19**

**Voluntary**

**Additional Assessed**

**General**

**OA 19.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

☒ Yes

**OA 19.2**

Indicate who has reviewed, validated and/or assured your reported information.

☐ Reviewed by Board, CEO, CIO or Investment Committee

☒ Validated by internal audit or compliance function

☐ Assured by an external independent provider, specify name

**OA 19.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

The firm's Chief Compliance Officer and the Responsible Investment Committee review the report prior to submission.

☐ No

AllianceBernstein L.P.

Reported Information

Public version

Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 01	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	PRI 1
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### LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

#### Strategies

☒ Passive

% of internally managed listed equities

- ☐ <10%  
☒ 10-50%  
☐ >50%

☐ Active – quantitative (quant)

☒ Active – fundamental and other active strategies

% of internally managed listed equities

- ☐ <10%  
☐ 10-50%  
☒ >50%

LEI 02	Voluntary	Descriptive	PRI 1
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### LEI 02.1

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

We include ESG factors in our extensive fundamental research and consider them carefully when we believe they are material to our forecasts and investment decisions. If we determine that these aspects of an issuer's past, current or anticipated behavior are material to its future expected returns, we address these concerns in our forecasts, research reviews, investment decisions and engagement. Our fundamental analysts conduct detailed company research, culminating in forecasts of earnings, balance sheet strength and cash flows. They conduct thousands of management and company visits per year and routinely investigate environmental, social and governance issues as an integral part of their fundamental research of a stock.

In addition, we have well-developed proxy voting policies that incorporate ESG issues and engagement.

Due to increased legislation in Europe, we restrict investments in controversial weapons in many of our Luxembourg based funds. In addition, upon client request, we screen out certain securities at the client's direction.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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#### LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☒ Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)



- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)



- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed listed equities

100%

**LEI 03.2**

Describe your primary reasons for choosing a particular ESG incorporation strategy.

AllianceBernstein is appointed by our clients as an investment manager with a fiduciary responsibility to help them achieve their investment objectives over the long term. Generally, our clients' objective is to maximize the financial return of their portfolios within appropriate risk parameters. We recognize that environmental, social and governance ("ESG") issues can impact the performance of investment portfolios. Accordingly, we have sought to integrate ESG factors into our investment process consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests.

**LEI 03.3**

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

All of our active equity strategies take ESG factors into consideration as noted in 3.2. For those client's who have directed us to restrict certain securities, we apply negative screening and for the balance of the portfolio, assess ESG factors. In many of our Luxembourg-based funds, we restrict investments in controversial weapons due to the increased legislation in Europe.

**LEI 04****Voluntary****Additional Assessed****PRI 1****LEI 04.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- ☐ Raw ESG company data
- ☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☐ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☐ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Screened stock list

**Indicate who provides this information**

- ☒ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

**LEI 04.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

Our analysts use information from a variety of sources to evaluate environmental, social and governance issues. All of our analysts have access to a third-party ESG service provider and the information is incorporated into their research tools. In addition, we subscribe to two other service providers, one for controversial weapons, and the other for a variety of client-directed screens.

**LEI 04.3**

Indicate if you incentivise brokers to provide ESG research.

- ☐ Yes
- ☒ No

**LEI 04.5**

Additional information.

A few sell side firms have focused ESG analysis. When pertinent to the companies we cover, we may meet with the analysts to discuss their ESG research and determine independently how it may impact our investment research and decision making.

LEI 05

Voluntary

Additional Assessed

PRI 1

<b>LEI 05.1</b>	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

<b>LEI 05.2</b>	Additional information. [Optional]
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Many of our ESG and proxy related engagements are held in conjunction with the analyst and/or the portfolio manager.

## (A) Implementation: Screening

<b>LEI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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### Type of screening

☒ Negative/exclusionary screening

#### Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance



	Description
--	-------------

Other than our controversial weapons restriction for some of our Luxembourg-based funds, all other exclusions are client-directed exclusions.

- ☐ Positive/best-in-class screening
- ☐ Norms-based screening

<b>LEI 06.2</b>	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
-----------------	---

Screens are generally developed in conjunction with our clients and discussed at regular client review meetings. Some clients provide us with a list of companies to be restricted from their portfolio. Other clients prefer that we screen using a third party research provider - these screens can take several forms, including industry screens as well as screening by ESG factors. Once the companies to be screened are identified, they are captured electronically in our compliance systems and monitored daily. Updates to these screens are made regularly - as our clients or our research providers provide updated data.

Within our Luxemburg Fund platform, we screen for controversial weapons based on research from a third-party service provider.

<b>LEI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>LEI 07.1</b>	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

<b>LEI 07.2</b>	Additional information. [Optional]
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For those portfolios who have screening criteria applied, generally at the client's request, the list of securities to be excluded are either provided through a third-party service provider with the client's consent, or directly from the client. We have a Client Guideline Management team who is responsible for monitoring to ensure holdings comply with the portfolio policies.

LEI 08	Voluntary	Additional Assessed	PRI 1
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<b>LEI 08.1</b>	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
- ☒ Systematic
  - ☐ Occassional
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

<b>LEI 08.2</b>	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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Despite our best efforts, from time to time trade errors and/or inadvertent breaches of guidelines do occur. Upon identification that an error has occurred, the individual who found the error notifies the associate portfolio manager (if not the same person) and the error coordinator. The error coordinator consults with the APM and determines what actions should be taken to bring the account back into compliance promptly. Where an error on our part has generated a loss for our client, we make our client's account whole, and inform our client.

## (C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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**LEI 10.1**

Describe how you integrate ESG factors into investment decision making processes.

We include ESG factors in our investment process and consider them carefully when we believe they are material to our forecasts and investment decisions. If we determine that these aspects of an issuer's past, current, or anticipated behavior are material to its future expected returns, we address these concerns in our forecasts, research reviews, investment decisions, and engagement. For most teams, analysts are required to bring copies of our third-party service provider's ESG ratings to research reviews. Portfolio managers and/or directors of research seek to understand drivers of low ratings and how those factors impact the analyst's investment thesis.

**LEI 11****Mandatory****Core Assessed****PRI 1****LEI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 12****Voluntary****Descriptive****PRI 1****LEI 12.1**

Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

<b>LEI 12.2</b>	Describe how ESG information is held and used by your portfolio managers.
-----------------	---

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

<b>LEI 12.3</b>	Additional information.
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While most of the investment teams have incorporated the ESG information into their research packet, we are in the process of rolling it out with a few remaining teams.

<b>LEI 13</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 13.1</b>	Indicate into which aspects of investment analysis you integrate ESG information.
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- ☒ (Macro) economic analysis
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Industry analysis
  - ☒ Systematically
  - ☐ Occasionally
- ☒ Analysis of company strategy and quality of management
  - ☒ Systematically
  - ☐ Occasionally
- ☒ Idea generation
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Portfolio construction
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Fair value/fundamental analysis
  - ☒ Systematically
  - ☐ Occasionally

<b>LEI 13.2</b>	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
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- ☒ Adjustments to income forecasts (sales, earnings, cash flows)  
☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)  
☐ Other adjustments to fair value projections, specify  
☐ Other, specify

## ESG incorporation in passively managed listed equities

<b>LEI 14</b>	<b>Mandatory to Report</b>	<b>Voluntary to Disclose</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 14.1</b>	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
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☒ Yes

<b>LEI 14.2</b>	Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.
-----------------	--

	(% of total passive listed equity funds)
--	--

- ☒ <10%  
☐ 10-50%  
☐ 51-90%  
☐ >90%

<b>LEI 14.3</b>	Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.
-----------------	---

☒ Index/fund 1

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
FTSE4GOOD (Ethical Retirement Strategies)	<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

- ☐ Index/fund 2  
☐ Index/fund 3  
☐ Index/fund 4  
☐ Index/fund 5

☐ No

LEI 14.4	Additional information. [Optional]
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The investment strategy for each Target Date Fund is to gain exposure to a diversified portfolio of ethical investments (as defined by equities approved for inclusion in the FTSE4Good indices) and UK government debt, which becomes progressively more conservative as the members of that Target Date Fund approach their target retirement date.

## Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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- ☐ Screening
- ☒ Integration of ESG issues

	Select which of these effects followed your ESG integration:
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- ☐ Reduce or prioritise the investment universe
- ☐ Overweight/underweight at sector level
- ☒ Overweight/underweight at stock level
- ☒ Buy/sell decisions
- ☐ Other, specify
- ☐ Index incorporating ESG issues (for passively managed funds)

LEI 15.2	Additional information.
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For accounts with screening criteria, the investment universe is narrowed down by the securities restricted.

For all our portfolios, ESG factors are incorporated into our buy/sell/weight decisions across all our client portfolios when we believe they are material to our forecasts and investment decisions. If we determine that these aspects of an issuer's past, current, or anticipated behavior are material to its future expected returns, we address these concerns in our research forecasts, research review meetings and investment decisions.

LEI 16	Voluntary	Descriptive	PRI 1
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LEI 16.1	Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.
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a) Impacted funds' financial performance		
--	--	--

Screening	Integration of ESG issues	Index incorporating ESG(for passively managed funds)
<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No

b) Reduced funds' risk or volatility		
--------------------------------------	--	--

Screening	Integration of ESG issues	Index incorporating ESG(for passively managed funds)
<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No

c) Improved funds' ESG performance		
------------------------------------	--	--

Screening	Integration of ESG issues	Index incorporating ESG(for passively managed funds)
<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No

<b>LEI 16.3</b>	Additional information.
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We have not conducted any empirical research to determine the impact of ESG considerations. Where we believe they are material, they are considered like other risk factors.

<b>LEI 17</b>	Voluntary	Descriptive	<b>PRI 1</b>
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<b>LEI 17.1</b>	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
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- ☐ ESG issue 1
- ☐ ESG issue 2
- ☐ ESG issue 3
- ☐ ESG issue 4
- ☐ ESG issue 5

<b>Communication</b>			
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<b>LEI 18</b>	Mandatory	Core Assessed	<b>PRI 2,6</b>
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**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- ☒ We disclose it publicly

Provide URL

[https://www.alliancebernstein.com/abcom/Our\\_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf](https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf)

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation  
☐ Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently  
☐ Between quarterly and annually  
☐ Less frequently than annually  
☒ Other, specify

The information is available on our public website at all times.

- ☐ No

- ☐ We disclose it to clients and/or beneficiaries only  
☐ We do not proactively disclose it to the public and/or clients/beneficiaries



AllianceBernstein L.P.

Reported Information

Public version

Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 02

Mandatory

Gateway

PRI  
1,2,3

LEA  
02.1

Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

LEA  
02.2

Additional information. [Optional]

We regularly discuss ESG matters with company management as part of our investment research process when those issues are material, or we determine they are likely to become material. Our analysts conduct thousands of management/company visits per year. Some of these discussions are driven by proxy proposals.

### Process

## Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- ☐ Yes  
☒ No

LEA 03.3

Additional information. [Optional]

Our research analysts, portfolio managers, and/or directors of research engage with senior management of companies on a regular basis, as part of the research process. In addition, our proxy team engages with companies. We decide whether to engage on ESG issues based on whether we believe the issue is material or may become material to our forecasts. One of our goals for 2014 is to develop a framework for engagement on proxy-related issues.

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1

Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
- ☒ Yes, for all engagement activities
  - ☐ Yes, for the majority of engagement activities
  - ☐ Yes, for a minority of engagement activities
- ☐ No

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☐ Yes, in all cases
  - ☒ Yes, in the majority of cases
  - ☐ Yes, in the minority of cases

**LEA  
04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

Our analysts regularly engage with companies and will follow up on material ESG issues to understand what actions the company has taken. The Proxy team may also have follow up discussions with companies to provide feedback and hear their plans to address issues raised in proxies.

☐ No

### General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**LEA  
09.1**

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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**LEA  
10.1**

Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input checked="" type="radio"/> No, we do not track and cannot estimate our engagements

**LEA  
10.2**

Additional information. [Optional]

In 2013, we launched an engagement database to capture ESG-related engagements. Given the volume of analyst interactions with companies, and the wide variety and materiality of ESG issues discussed, we do not capture every single discussion. However, in 2014, we are focusing on increasing the tracking of our significant engagements.

## Outputs and outcomes

<b>LEA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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**LEA  
12.1**

Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA  
12.2**

Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

**100%**

<b>LEA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA  
13.1**

Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.

- ☐ Yes  
☒ No

<b>LEA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA  
14.1**

Provide examples of the engagements that your organisation carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	Social
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Understand how the company was responding to changes in its industry with most competitors moving away from gestation crates for pigs in their supply chain, and addressing a shareholder proposal that the company report on the business risks and impact of gestation crates in its supply chain.
Scope and Process	Most of the company's competition had put plans in place to shift away from gestation crates. We were approached by a third-party regarding the company's use of gestation crates in its supply chain and the potential financial and reputational risk that imposed. We subsequently engaged with the company to understand how it was addressing these issues and to understand the impact on the firm's financial forecast.
Outcomes	Initially, the company felt it was up to the farmers who supply the pork to determine how to raise the animals, and did not feel this would have an impact on them. Subsequently, in January 2014, the company publicly shared a letter it sent to hog producers urging them to implement responsible animal treatment practices. For company owned animals, improved practices must be in place by end of 2014. As a result of these actions, the third party withdrew their proposal.

☒ Add Example 2

Topic or ESG issue	Social
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	How the company was managing its supply chain and impact and response to Rana Plaza Factory fire in Bangladesh in April 2013.
Scope and Process	We have been in dialogue with the company over the past 3-4 years on their supply chain management, as they have accelerated their offshore strategy as part of their larger turnaround strategy. We had conversations with them in 2013 as a result of the Rana Plaza factory fire and found they had practices consistent with good ethical principles.
Outcomes	No change to investment thesis.

☒ Add Example 3

Topic or ESG issue	Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	To influence the company to increase shareholder value by spinning off one of its businesses
Scope and Process	<p>The company was strongly influenced by the founding family members, and we believed there was potential to unleash shareholder value. Subsequent to our investment, an activist fund took a significant position to push the company to spin-off one of its businesses.</p> <p>We engaged with the activist fund and with company management to weigh their opposing views about the operational improvements made to the business, asset allocation, potential dissynergies from spinning off the business, and corporate governance more generally including the compensation of the CEO and separate Chairman (a founding family member). Ultimately, the company retained an investment bank to perform an analysis of a spin off.</p> <p>We also discussed the Chairman's role and that another acquisition would not be a good idea as dividends and repurchases would be a better use of capital.</p>
Outcomes	We continue to hold the position and closely monitor the situation and progress as it appears the Board is taking its responsibilities to shareholders seriously.

☒ Add Example 4

Topic or ESG issue	Environmental
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Understand the magnitude and impact of a toxic wastewater discharge
Scope and Process	Local press reported that one of an electronic company's plants had discharged toxic wastewater into a key irrigation stream and had been ordered to suspend operations by their local Environmental Protection Bureau. We engaged with the company to better understand what happened.
Outcomes	We established that the incident had genuinely been an accident, not intentional as implied by the original press report, and that the company has taken appropriate measures to fix the problem. Therefore, we maintained our position.

☒ Add Example 5

Topic or ESG issue	Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Understand how company was responding to changes in incentives on their business
Scope and Process	<p>The homebuilder market in Mexico had been growing strongly with many incentives for new homebuyers. The company we were assessing capitalized on this growth trend. However, the government subsequently introduced changes to incentives. We felt the company may still have had strong upside potential but needed to understand how they were assessing the impact of these changes.</p> <p>Our equity and fixed income analysts assessed this jointly, made a trip to Mexico together and met with the company, bankers, other stakeholders and conducted site visits. After gathering information from a variety of sources, they felt company management did not understand the magnitude of the changes on their business model.</p>
Outcomes	We did not purchase the equity position.

☒ Add Example 6



Topic or ESG issue	Environmental & Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Understand plans for infrastructure improvements and address governance concerns
Scope and Process	This mining company is in an area that contains very large deposits that have been mined for years. Much of their processing technology was old and did not meet modern pollution standards. Governance issues at company have historically been poor. We engaged with the company on governance issues, to encourage them to produce greater disclosure on their emissions and get an update on their new facility to replace old technology.
Outcomes	Maintained position. The company improved emissions disclosure and have reduced sulphur emissions significantly through a new processing facility. Enhancements have been made to improve shareholder value, including establishing significant minimum dividend payout targets.

☒ Add Example 7

Topic or ESG issue	Social
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	To gain more clarity on how the company planned to manage risks related to Bangladesh following a factory collapse
Scope and Process	<p>This company is an industry bell weather and leader. We engaged with the CFO who made it clear that they were committed to doing what was right and has dedicated much time to these issues. They are planning to revise their inspection programs to be more frequent and include fire safety training. They are also collaborating with the National Retail Federation to better establish comprehensive safety measures.</p> <p>While they perform inspections on their private labels, they are reliant on other brands to perform their own inspections which we discussed as a concern. They do require its manufacturers to be the sole occupant in the building which we considered to be positive. In addition, they have strict policies related to the presence of enclosed, fire resistant stairwells and prohibitions against locked doors and windows which would impede egress in an emergency.</p>
Outcomes	No change in investment. We felt they had good policies in place to manage their supply chain risk. We continue to have dialogue with the company.

☒ Add Example 8

Topic or ESG issue	Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Determine whether changes in company management presented upside potential.
Scope and Process	<p>We were researching a company for a potential investment and learned about serious bribery allegations. Several years back, the company won a number of contracts to operate in an African country, and as these contracts entered the execution phase in 2012, allegations of bribery surfaced. The company brought these to the attention of their home country prosecutor who, together with the US Department of Justice, started looking into the issues. The company also started an internal investigation in December 2012. We needed to understand (a) What had happened exactly? (b) What would be the consequence of the outcome? (c) Was this representative of a wider company issue?</p> <p>The CEO resigned in December 2012 and the CFO was fired. The company's internal investigation concluded in July 2013 that brokers and subcontractors had made unapproved payments. There was no proof of payments being made to government officials or that it had happened at other occasions. The COO was suspended in May 2013. As a result of the investigations, the stock price came under pressure.</p> <p>To understand if this was part of the culture of the company, we engaged with management quarterly through 2013. The new management hired an external consultant to review the contract bidding and awarding procedures. The fact that the entire senior management had left gave a strong signal. We also engaged with the company's largest customers.</p>
Outcomes	We concluded that new management has taken sufficient measures to manage the situation and were comfortable taking a position given the strong upside return potential. However, we continue to monitor the situation very closely by engaging company management on these issues every quarter.

☒ Add Example 9

Topic or ESG issue	Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Address governance concerns and IPO structure.
Scope and Process	We had an investment in a European state-owned company which was sold as part of the fiscal support package provided to the country by the ECB, EU and IMF. The change from being a state owned company to a commercial business required a change in governance structure as well as a new incentive scheme for management to ensure private shareholders' interests were properly protected. We engaged with the company to discuss the IPO and the deal structure. We had a follow up discussion a few months later to get more information on the new structure.
Outcomes	Our main concerns raised in the earlier meeting were addressed in the IPO structure, and we were assured the company could make independent business decisions. The company's relationship with the government is a transaction-based payment scheme. This allows the company to, for example, close business units which are not profitable. The dividend structure met our concerns.

☒ Add Example 10

Topic or ESG issue	Social
Conducted by	<input checked="" type="checkbox"/> Individual / Internal
Objectives	Understand actions company took after a tragic event
Scope and Process	<p>The company owned a radio station which made a prank call that resulted in a suicide. We felt the company's initial response was very weak, and were concerned over the sustainability of earnings due to this incident and what seemed to be a repeating pattern of programming missteps. We subsequently sold our position in early 2013.</p> <p>We continued engagement with the company, and, after the initial inadequate response, were encouraged by the management and cultural response to this tragic event.</p>
Outcomes	In early 2013, we sold out of the company following the event. We subsequently re-entered the position later in the year after we felt the company took appropriate actions.

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
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- ☐ We disclose it publicly
- ☐ We disclose it to clients and/or beneficiaries only
- ☒ We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

LEA 16	Voluntary	Descriptive	PRI 2
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LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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As an investment advisor, we are shareholder advocates and have a fiduciary duty to make investment decisions that are in our clients' best interests by maximizing the value of their shares. Proxy voting is an integral part of this process through which we support strong corporate governance structures, shareholder rights, and transparency.

We believe a company's environmental, social and governance practices may have a significant effect on the value of the company, and we take these factors into consideration when voting. Our Proxy Policy, which is updated annually by the Proxy Committee, drives our voting decisions. Our policy and the results of our proxy votes are available on our public website.

### Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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	Approach
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- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain

☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 19	Voluntary	Descriptive	PRI 2
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**LEA 19.1** To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

- ☒ Obtain confirmation that votes have been lodged:
  - ☒ for a majority of votes
  - ☐ for a minority of votes
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

**LEA 19.2** Provide additional information on your organisation's vote confirmation efforts.

We have a two-tier voting process. Votes are cast by our proxy manager and a separate team is responsible for quality control, which includes ensuring votes are cast in a timely manner. In addition, our service providers generate reports of upcoming proxies that have not been voted.

LEA 20	Voluntary	Additional Assessed	PRI 2
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**LEA 20.1** Indicate if your organisation has a securities lending programme.

☒ Yes

**LEA 20.2** Indicate how voting is addressed in securities lending programme.

Please select one of the following

- ☐ We recall most securities for voting on all ballot items
  - ☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
  - ☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
  - ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
  - ☒ We do not recall our shares for voting purposes
  - ☐ Other (please specify)
- ☐ No

LEA 20.3	Additional information. [Optional]
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We generally do not recall shares for voting purposes unless we determine that the benefit of voting outweighs the costs and lost revenue to the client or fund and the administrative burden of recalling the securities.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- ☐ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☒ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
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We may engage with companies on significant proxy issues to share our rationale. Often times, in these cases, we have been in continued dialogue with the company over a period of time.

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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**LEA  
22.1**

For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

☒ We do track or collect this information

Votes cast (to the nearest 1%)

%

98

Specify the basis on which this percentage is calculated

- ☒ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

**LEA  
22.2**

If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

Not voted due to being a share blocking market. 1.1%

Power of Attorney required to vote was not on file. .7%

Ballot was delivered by the custodian too late to vote. .1%

Beneficial ownership information was required. .1%

☐ We do not track or collect this information

**LEA 23**

**Voluntary**

**Descriptive**

**PRI 2**

**LEA  
23.1**

Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

☒ Yes, we track this information

**LEA  
23.2**

Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	<div> <div></div> <div>%</div> </div> 92.1
Against (opposing) management proposals	<div> <div></div> <div>%</div> </div> 7.6
Abstentions	<div> <div></div> <div>%</div> </div> .3

100%

**LEA  
23.3**

For the reporting year, describe your approach towards voting on shareholder resolutions.

We evaluate all shareholder resolutions and vote according to our policy. If an issue arises which isn't addressed by our policy, we consult the Proxy Committee Chair and/or the Proxy Committee and Portfolio Manager or analyst. We may engage with the entity putting forth the shareholder resolution as well as the company involved.

☐ No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2
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**LEA  
24.1**

Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

☐ Yes

☒ No

LEA 25	Voluntary	Descriptive	PRI 2
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**LEA  
25.1**

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☒ Add Example 1



Topic or ESG issue	Governance
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To minimize the impact on the company's share price and support a smooth transition of exiting Board members
Scope and Process	<p>The company had a series of issues at the management and board levels. In addition, they had been criticized for overpaying for an acquisition which resulted in a multi-billion dollar write-down. A campaign was administered by a third party to oppose two directors deemed most responsible for the continuing poor oversight and lack of accountability.</p> <p>We had discussions with the third party to fully understand their concerns. We also engaged with company management and the Chairman of the Board to hear their response and their plans to resolve the evident problems. We were given indications that there was a likelihood that the two directors targeted by the third party's vote-no campaign would resign after the annual meeting in order to ensure a smooth transition as opposed to sudden departure.</p> <p>Based on these discussions, we chose not to vote against the directors at the 2013 shareholder meeting. We believed change was expected and felt it was in our shareholders' best interests to wait for their resignation.</p>
Outcomes	<p>Following the shareholder meeting, the two directors narrowly received majority support. An announcement was made that these two directors would leave the board within a few months. The Chairman also stepped down, but he would remain a director.</p> <p>We continue to monitor the impact of the changes on the rebuilding and recovery of the company.</p>

☒ Add Example 2

Topic or ESG issue	Capital Structure
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To influence the company on how to best return value to shareholders
Scope and Process	<p>The company proposed amendments that would eliminate preferred stock from their charter. A campaign was initiated by a third-party urging shareholders to oppose these amendments as this would restrict the Board's ability to unlock shareholder value. Discussions were held with both the third party and the company to understand what each perceived as the material impact of eliminating preferred stock in order to take an informed decision on how to vote.</p> <p>We agreed the company needed to do a better job returning value to shareholders, but we preferred to let management decide on how to accomplish this instead of letting a third party dictate the terms. While the third party's arguments were compelling, the path to return cash to shareholders via preferred stock was not something we considered the best course of action.</p> <p>We engaged with the company's CFO and discussed other options. This option could be done without using the proceeds to buy back stock as the benefit of that would be one time in nature. The CFO was very open to this suggestion and we anticipated the company would increase the dividend yield in the near-term.</p>
Outcomes	The company announced after the shareholder meeting an expanded capital plan that included issuing debt for the first time to fund significant share repurchases and higher dividends until the end of 2015.

☒ Add Example 3

Topic or ESG issue	Governance
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Improve shareholder value
Scope and Process	<p>In 2012, an activist hedge fund announced it was taking a position in the company. At this point, the company had consistently and significantly underperformed its closest peer. There were several factors. Sum-of-parts analysis suggested that one of their businesses was valued by the market at a significant discount to the average valuation paid by the firm for other related acquisitions. Pressure from the activist resulted in positive changes in management behavior. This included a dividend per share increase, a capital plan for share repurchases, improved disclosure of business operations, and more frequent meetings with investors.</p> <p>At the 2013 annual meeting, the activist had contested the election of select directors and put forth its own slate of nominees. We held numerous meetings with the CEO, COO, and investor relations, and with the activist, and their Board of Director candidates.</p>
Outcomes	We determined that giving the activist a small number of seats on Board of Directors would help ensure company management continued to improve as a steward of shareholder funds, and voted in favor of most of the new directors and management nominees.

☒ Add Example 4

Topic or ESG issue	Compensation
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Evaluate changes to the company's compensation practices
Scope and Process	<p>We have been engaging with this company for a couple of years on this topic. In 2012, we voted against their compensation proposal due to concerns over discretionary elements, poor disclosure, and low performance thresholds. The 2012 vote subsequently received majority opposition. After the 2012 vote, we engaged with them to share our thoughts on improvements. Prior to their 2013 proxy, we met with the Chairman of the Board to discuss the changes to their compensation program.</p>
Outcomes	Many of the suggestions we made to the company were incorporated into their 2013 compensation proposal and we voted in favor.

☒ Add Example 5

Topic or ESG issue	Social
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Assess company's position on GMO disclosure
Scope and Process	In 2013, a shareholder proposal was put forth for the company to report on genetically engineered materials. We voted in favor of the disclosure. Subsequently, the company reached out to us in anticipation for the shareholder proposal to be on the 2014 ballot. We met with the CEO and investor relations in late 2013 to further discuss our perspective for supporting disclosure.
Outcomes	We supported the shareholder proposal for additional disclosure.

☒ Add Example 6

Topic or ESG issue	Majority voting
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Understand terms of company's operating agreement to make informed decision on majority voting
Scope and Process	<p>The company had a very unique operating structure that allowed the founding members to designate two board members each. Should their designees not be elected, a provision allowed for the founding members to assume operating control of the company.</p> <p>We engaged with management to ensure we had a clear understanding of the terms of the operating agreement. We felt it was in the shareholders best interests to minimize the risk of control being turned over.</p>
Outcomes	While we would typically vote in favor of majority voting, in this case, in order to maintain control by existing shareholders, we voted against.

☒ Add Example 7

Topic or ESG issue	Governance
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Gain insight into why the directors rejected a deal to purchase another company at the final stage
Scope and Process	<p>The board had approved a deal to purchase another company and gave management the consent to proceed with negotiations within a certain offer price range. Towards the end of the process, the board reversed course and rejected the deal, even though it was lower than the initial range they provided.</p> <p>We considered the acquisition to be a positive event for the company. We engaged with the company to understand the decision making process and gain some insight as to why the directors pulled back.</p>
Outcomes	We voted against those directors who voted against the acquisition, since we felt the acquisition was in our shareholders best interests.

☒ Add Example 8

Topic or ESG issue	Chair/CEO and Director
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Gain insight into directors up for election and combined Chair/CEO role
Scope and Process	<p>The company was facing a great deal of scrutiny as a result of significant risk oversight failures. A third party led a "vote no" campaign against the members of the risk committee. In addition, several other investors sponsored a proposal requiring the Board Chairman to be an independent member of the Board.</p> <p>We had been monitoring the situation since the oversight failure, and engaged with the company to understand what actions they had taken or were planning to take. We also met with the other parties to hear their perspectives.</p>
Outcomes	We voted against the two Risk Committee members of the board who had the least amount of risk-related experience. We voted against the shareholder proposal for independent Board Chair, because we felt the risk of the outcome would not be in our shareholders' best interests.

☒ Add Example 9

Topic or ESG issue	Compensation
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Share with management why we voted against their say on pay vote
Scope and Process	The company reached out to us to engage on the failure of their Say on Pay proposal at their 2013 Annual Meeting. We did not believe the pay structure was warranted given the poor total shareholder performance over the past 1, 3 and 5 year periods. The CEO did not meet the performance goals tied to his bonus, however the board decided to retest and vest his bonus. This displayed a weak alignment between pay and performance and pay for shareholder return.
Outcomes	We will assess their 2014 proxy statement and determine if the compensation proposal should be supported or not.

☒ Add Example 10

Topic or ESG issue	Dual share class structure
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Gain company's perspective on their share structure
Scope and Process	Company management requested a meeting to discuss our support for a one vote per share shareholder proposal. The company has had a good track record and was the only company in their industry who didn't take government funding during the financial crisis. We reviewed the alignment of management incentives with shareholders.
Outcomes	While we voted in favor of the shareholder proposal to approve a recapitalization plan for all stock to have one vote per share, we will consider these situations on a case by case basis, based on what we believe to be in our shareholders' best interests.

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

**LEA  
26.1**

Indicate if your organisation proactively discloses information on your voting activities.

- ☒ We disclose it publicly

provide URL

<http://vds.issproxy.com/SearchPage.php?CustomerID=447>

**LEA  
26.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

**LEA  
26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☒ All voting decisions  
☐ Some voting decisions  
☐ Only abstentions and opposing vote decisions  
☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions  
☐ Explain some voting decisions  
☐ Only explain abstentions and votes against management  
☒ No explanations provided

**LEA  
26.4**

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)  
☐ Continuously (soon after votes are cast)  
☐ Quarterly or more frequently  
☒ Between quarterly and annually  
☐ Less frequently than annually  
☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

AllianceBernstein L.P.

Reported Information

Public version

Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Overview

FI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – corporate

### Strategies

☒ Passive

Percentage of internally managed fixed income - corporate

☒ <10%

**Report on your strategies that represents <10% of corporate fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active – quantitative (quant)

Percentage of internally managed fixed income - corporate

☒ <10%

**Report on your strategies that represents <10% of corporate fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate

☐ <10%

☐ 10-50%

☒ >50%

Fixed income – government

### Strategies

☒ Passive

Percentage of internally managed fixed income - government

☒ <10%

**Report on your strategies that represents <10% of government fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active – quantitative (quant)

Percentage of internally managed fixed income - government

☒ <10%

**Report on your strategies that represents <10% of government fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - government

☐ <10%

☐ 10-50%

☒ >50%

**FI 01.2** Additional information. [Optional]

Most of our portfolios are constructed using a combination of both quantitative and fundamental research.

**FI 02**

**Mandatory to Report**

**Voluntary to Disclose**

**Peering**

**General**

**FI 02.1**

Provide a breakdown of your internally managed fixed income investments by credit quality.

Credit quality	Fixed Income - Corporate	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

**FI 02.2**

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

**FI 02.3**

Additional information. [Optional]

While this data is not formally tracked, we have provided our best estimates

**ESG incorporation in actively managed fixed income**
**FI 03**

Voluntary

Descriptive

PRI 1

**FI 03.1**

Provide a brief overview of how you incorporate ESG issues in fixed income investments.

## Fixed Income - Corporate

We include ESG factors in our extensive fundamental research and consider them carefully when we believe they are material to our forecasts and investment decisions. If we determine that these aspects of an issuer's past, current or anticipated behavior are material to its future expected returns, we address these concerns in our forecasts, research reviews, investment decisions and engagement.

For Corporate Issuers: We incorporate ESG factors into our fundamental credit research process for all portfolios. As part of their in-depth research, our credit analysts analyze all aspects of a company, including how ESG issues are currently affecting that company's profitability as well as how they may in the future. If they deem ESG factors material enough that they contribute to the risk of that issuer, that assessment will be reflected in the analyst's formal opinion and forecast and it will be discussed with the portfolio managers and the traders during our regular credit meetings.

Due to increased legislation in Europe, we restrict investments in controversial weapons in many of our Luxembourg based funds. In addition, upon client request, we screen out certain securities at the client's direction.

## Fixed Income - Government

For Sovereign Issuers: Our economists consider ESG factors as part of their overall evaluation of a sovereign issuer. They evaluate how ESG issues are currently affecting the country's ability to meet payment obligations as well as how they may affect them in the future. As mentioned, if ESG factors are deemed material enough that they impact the risk/return profile of the sovereign issuer, that assessment will be reflected in the analyst's opinion and forecast for that issuer and will be discussed with the portfolio managers and the traders during regular research review/investment strategy meetings. ESG issues may also be addressed with government officials and central bankers via engagement.

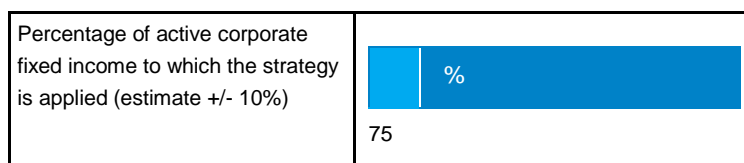
## Fixed Income - Corporate

### Implementation processes

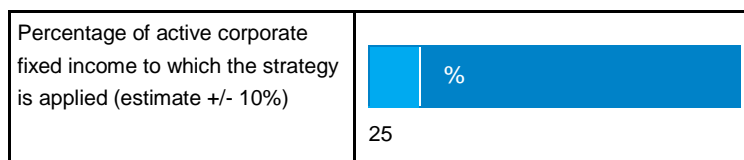
FI 04	Mandatory	Gateway/Core Assessed	PRI 1
FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.		

**ESG incorporation strategy** (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☒ Integration alone (i.e. not combined with any other strategies)



- ☒ Screening + Integration strategies



- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed fixed income - corporate
---

100%

<b>FI 04.2</b>	Describe your primary reasons for choosing a particular incorporation strategy.
----------------	---

AllianceBernstein is appointed by our clients as an investment manager with a fiduciary responsibility to help them achieve their investment objectives over the long term. Generally, our clients' objective is to maximize the financial return of their portfolios within appropriate risk parameters. We recognize that environmental, social and governance ("ESG") issues can impact the performance of investment portfolios. Accordingly, we have sought to integrate ESG factors into our investment process consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests.

<b>FI 04.3</b>	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
----------------	---

All of our active equity strategies take ESG factors into consideration as noted in 3.2. For those client's who have directed us to restrict certain securities, we apply negative screening and for the balance of the portfolio, assess ESG factors. In many of our Luxembourg-based funds, we restrict investments in controversial weapons due to the increased legislation in Europe.

FI 05	Voluntary	Additional Assessed	PRI 1
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FI 05.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
---------	---

#### Type of ESG information

- ☐ Raw ESG company data
- ☒ Issuer-related analysis or ratings

	Describe who provides this information.
--	---

ESG Research provider

- ☐ Sector-related analysis or ratings
- ☐ Country-related analysis or ratings
- ☒ Screened bond list

	Describe who provides this information.
--	---

ESG Research provider

- ☐ Issue-specific analysis or ratings
- ☐ Other, specify

FI 05.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
---------	---

Our analysts use information from a variety of sources to evaluate environmental, social and governance issues. All of our analysts have access to a third-party ESG service provider and the information is incorporated into their research tools. In addition, we subscribe to two other service providers, one for controversial weapons, and the other for a variety of client-directed screens.

### (A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
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FI 06.1	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
---------	---

#### Type of screening

☒ Negative/exclusionary screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

**Description**

Other than our controversial weapons restriction for some of our Luxembourg-based funds, all other exclusions are client-directed exclusions.

☐ Positive/best-in-class screening

☐ Norms-based screening

**FI 06.2**

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Screens are generally developed in conjunction with our clients and discussed at regular client review meetings. Some clients provide us with a list of companies to be restricted from their portfolio. Other clients prefer that we screen using a third party research provider - these screens can take several forms, including industry screens as well as screening by ESG factors. Once the companies to be screened are identified, they are captured electronically in our compliance systems and monitored daily. Updates to these screens are made regularly - as our clients or our research providers provide updated data.

Within our Luxembourg Fund platform, we screen for controversial weapons based on research from a third-party service provider.

**FI 07**

**Mandatory**

**Core Assessed**

**PRI 1**

**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

**FI 08****Voluntary****Additional Assessed****PRI 1****FI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.

- ☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
  - ☒ Systematic
  - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

**FI 08.2**

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

Despite our best efforts, from time to time trade errors and/or inadvertent breaches of guidelines do occur. Upon identification that an error has occurred, the individual who found the error notifies the associate portfolio manager (if not the same person) and the error coordinator. The error coordinator consults with the APM and determines what actions should be taken to bring the account back into compliance promptly. Where an error on our part has generated a loss for our client, we make our client's account whole, and inform our client.

## (C) Implementation: Integration of ESG factors

**FI 10****Voluntary****Descriptive****PRI 1**



**FI 10.1**

Describe how you integrate ESG issues into investment decision-making processes.

We include ESG factors in our investment process and consider them carefully when we believe they are material to our forecasts and investment decisions. If we determine that these aspects of an issuer's past, current, or anticipated behavior are material to its future expected returns, we address these concerns in our forecasts, research reviews, investment decisions, and engagement.

For Corporate Issuers: We incorporate ESG factors into our fundamental credit research process for all portfolios. As part of their in-depth research, our credit analysts analyze all aspects of a company, including how ESG issues are currently affecting that company's profitability as well as how they may in the future. If they deem ESG factors material enough that they contribute to the risk of that issuer, that assessment will be reflected in the analyst's formal opinion and forecast and it will be discussed with the portfolio managers and the traders during the weekly investment grade credit meetings.

We incorporate ESG factors into our fundamental research process for all portfolios. Our credit analysts are responsible for determining an ESG rating for each of the issuers in their universe, and it is their responsibility to monitor these issuers-including the ESG factors that may impact them-on an ongoing basis. As part of this process, they review third-party ESG research that is available through an automated feed. They synthesize these insights, and based on this analysis, they derive an ESG rating for each credit: "Strong," "Average" or "Weak." A rating is not to be viewed in absolute terms but rather in terms relative to that issuer's peers. All ratings are entered into the credit scoring model of RAP, our proprietary research tool.

**FI 11**
**Mandatory**
**Core Assessed**
**PRI 1**
**FI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 12	Voluntary	Descriptive	PRI 1
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FI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
---------	---

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 12.2	Describe how ESG information is held and used by your portfolio managers.
---------	---

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify

## Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
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FI 13.1	Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.
---------	---

☒ Yes

FI 13.2	Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.
---------	---

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

FI 13.3	Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.
---------	--

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**FI 13.4**

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

Our economists consider ESG factors as part of their overall evaluation of a sovereign issuer. They evaluate how ESG issues are currently affecting the country's ability to meet payment obligations as well as how they may affect them in the future. If ESG factors are deemed material enough that they impact the risk/return profile of the sovereign issuer, that assessment will be reflected in the analyst's opinion and forecast for that issuer and will be discussed with the portfolio managers and the traders during regular research review/investment strategy meetings. ESG issues may also be addressed with government officials and central bankers via engagement.

☐ No

## Outputs and outcomes

FI 16	Voluntary	Descriptive	PRI 1
<b>FI 16.1</b>	Indicate if you believe (by applicable strategy) that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.		

### Fixed Income - Corporate

a) Impacted funds' financial performance
--

<b>Screening</b>		<b>Integration of ESG issues</b>	
<input type="radio"/> Yes		<input type="radio"/> Yes	
<input type="radio"/> No		<input type="radio"/> No	

b) Reduced funds' risk or volatility

<b>Screening</b>		<b>Integration of ESG issues</b>	
<input type="radio"/> Yes		<input type="radio"/> Yes	
<input type="radio"/> No		<input type="radio"/> No	

c) Improved funds' ESG performance

<b>Screening</b>		<b>Integration of ESG issues</b>	
<input type="radio"/> Yes		<input type="radio"/> Yes	
<input type="radio"/> No		<input type="radio"/> No	

#### Fixed Income - Government

a) Impacted funds' financial performance

<b>ESG incorporation (for actively managed funds)</b>	
<input type="radio"/> Yes	
<input type="radio"/> No	

b) Reduced funds' risk or volatility

<b>ESG incorporation (for actively managed funds)</b>	
<input type="radio"/> Yes	
<input type="radio"/> No	

c) Improved funds' ESG performance

<b>ESG incorporation (for actively managed funds)</b>	
<input type="radio"/> Yes	
<input type="radio"/> No	

FI 16.3	Additional information.
---------	-------------------------

We have not conducted any empirical research to determine the impact of ESG considerations. Where we believe they are material, they are considered like other risk factors.

FI 17	Voluntary	Descriptive	PRI 1
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FI 17.1	Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.
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☒ ESG issue 1

	Fixed Income - Corporate and/or Government
<input checked="" type="checkbox"/> Corporate	
<input type="checkbox"/> Government	
	ESG issue and explanation
	<p>A global gold mining company, domiciled in South Africa, had material ESG concerns, including its safety record, labor relations, and other operational risks. As we looked across the universe of emerging-market miners, we believed the company was ahead of its peers on these issues. The issuer's corporate governance standards were high in our view, especially when compared to other emerging market companies-including a listing on the NYSE, membership in the ICMM (one of only two mining companies in the CEEMEA region), and the existence of leading independent board members and sustainable development committees. Also, in the wake of recent strikes, the company had been communicating frequently with both union leaders and the broader employee base.</p> <p>While we were comfortable with the company, we became more concerned about the risks across the industry after visits with management teams and other industry-related organizations in mid-2013. We concluded that labor relations in South Africa would likely get more difficult and industry risks were increasing. Based on these broader findings, we reduced exposure to the company.</p>
	ESG incorporation strategy applied
<input type="checkbox"/> Screening	
<input type="checkbox"/> Thematic	
<input checked="" type="checkbox"/> Integration	
<input type="checkbox"/> Combination of ESG incorporation strategies	

☒ ESG issue 2

Fixed Income - Corporate and/or Government	
<input checked="" type="checkbox"/> Corporate <input type="checkbox"/> Government	
<b>ESG issue and explanation</b>  <p>Early in 2013, we held a position in a privately-owned company in Croatia which had large market share in several business lines, including food retailing. While its bonds appeared attractively valued given the company's defensive business and market positioning, we had ongoing concerns with its poor transparency and disclosure. As we moved through the year, we also became concerned about the company's accounting practices-in particular the potential for irregularities in their agricultural accounting. We contacted the company to seek clarity and were uncomfortable with the lack of detail in the responses we received. We subsequently sold our position in the bonds.</p>	
<b>ESG incorporation strategy applied</b>  <input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies	

☒ ESG issue 3

Fixed Income - Corporate and/or Government	
<input checked="" type="checkbox"/> Corporate <input type="checkbox"/> Government	
<b>ESG issue and explanation</b>  <p>Within our corporate bond portfolios, one of the issuers within the benchmark-a global consumer products company that manufactures and sells beauty and related products to consumers worldwide-had been plagued with governance concerns. Our analysis found that the management team has been historically weak, and the company was involved in investigations by the SEC and corruption scandals. While the company's bonds are included in the benchmark index, we have held zero weight in the issuer in part because of these governance concerns.</p>	
<b>ESG incorporation strategy applied</b>  <input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies	

☒ ESG issue 4

Fixed Income - Corporate and/or Government	
<input checked="" type="checkbox"/> Corporate	
<input type="checkbox"/> Government	
ESG issue and explanation	
<p>Within the European high yield market, we had concerns about transparency and corporate communications at a Spanish-based engineering and construction company. Analyzing the company's cash flows proved challenging because despite having many different businesses, they report cash flow figures on a consolidated basis. The firm's management did not adequately respond to requests from our credit analysts to obtain more data. Of additional concern was a recent sale of a business unit, where the price that the company disclosed it received for the business was subsequently shown to be overstated; it included convertible bonds that should have been valued at a lower price. For these reasons, we opted to take an underweight in the issuer.</p>	
ESG incorporation strategy applied	
<input type="checkbox"/> Screening	
<input type="checkbox"/> Thematic	
<input checked="" type="checkbox"/> Integration	
<input type="checkbox"/> Combination of ESG incorporation strategies	

☒ ESG issue 5

Fixed Income - Corporate and/or Government	
<input checked="" type="checkbox"/> Corporate	
<input type="checkbox"/> Government	
ESG issue and explanation	
<p>Within the US investment-grade corporate bond market, we had concerns over governance at a pharmaceutical company that develops, manufactures, and markets vaccines and medicines, as well as health-related consumer products. We considered the company to have heightened governance risks, given their history of lawsuits and improper marketing of drugs. We maintained an underweight in this issuer and continue to monitor the CEO's renewed focus on internal controls.</p>	
ESG incorporation strategy applied	
<input type="checkbox"/> Screening	
<input type="checkbox"/> Thematic	
<input checked="" type="checkbox"/> Integration	
<input type="checkbox"/> Combination of ESG incorporation strategies	

## Communication

FI 18

Mandatory

Core Assessed

PRI 2,6

<b>FI 18.1</b>	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
----------------	--

☒ We disclose it publicly

	Provide URL
--	-------------

[https://www.alliancebernstein.com/abcom/Our\\_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf](https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf)

<b>FI 18.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
----------------	---

☒ Yes

<b>FI 18.3</b>	Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.
----------------	---

☒ Broad approach to ESG incorporation

☐ Detailed explanation of ESG incorporation strategy used

<b>FI 18.4</b>	Indicate how frequently you typically report this information.
----------------	--

☐ Quarterly or more frequently

☐ Between quarterly and annually

☐ Less frequently than annually

☒ Other, specify

The information is available on our public website at all times.

☐ No

☐ We disclose it to clients/beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

## Engagement in fixed income investments

### Fixed Income - Corporate

FI 19	Voluntary	Descriptive	PRI 2
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<b>FI 19.1</b>	Indicate if you engage with corporate issuers.
----------------	--

☒ Yes



**FI 19.2**

Describe your organisation's approach to engagement in corporate fixed income.

As a bondholder, our primary objective is to seek companies that can not only generate the cash flow necessary to make timely payments of interest and principal on their outstanding debt, but whose bonds may also increase in value, further benefiting our clients.

To help us better achieve these objectives, we build engagement activities into our credit research and investment processes. Our portfolio managers and credit analysts conduct more than 2,000 management meetings and phone calls every year, and some portion of these discussions is typically dedicated to corporate governance-related issues. In performing their research, our analysts often engage directly with CFOs and CEOs. Our equity analysts and our credit analysts often work together closely on given issuers, and our credit analysts use research generated by our equity research group. Our credit and equity analysts compare company management responses to ensure consistency of message. In fact, we find it useful to hold combined meetings with corporate management whenever possible.

In some cases, achieving our objectives may involve a level of engagement that includes participating in bondholder-led investor groups whose objective is to help ensure bondholders - including ourselves on behalf of our clients - are treated fairly during a specific event, such as a bankruptcy proceeding. These situations tend to focus heavily on governance-related issues.

Engagement will typically be most significant with those issuers where debt is a greater proportion of their capital structure, as well as with those issuers in the high yield, emerging-market, utilities, and financials sectors.

☐ No

## Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
FI 20.1	Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.		

☒ Yes

**FI 20.2**

Please describe your organisation's approach to engagement in government fixed income.

When we believe ESG issues are material or likely to become material enough to impact the risk / return profile of the government issuer, our economic analysts will engage with sovereign issuers about them during their visits and meetings with government officials.

☐ No