



ALLIANCEBERNSTEIN®

June 2024



# **Global Slavery and Human Trafficking Statement and Report**

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# Reporting Entity: AllianceBernstein and Its Subsidiaries

AllianceBernstein’s (AB’s) purpose is to pursue insight that unlocks opportunity. Our mission is to help our clients define and achieve their investment goals, explicitly stating what we do to unlock opportunity for our clients. Because we are an active manager, our differentiated insights can drive our ability to deliver alpha and design innovative investment solutions. For more details on AB’s purpose and values, please see our [Responsibility Report](#).

The foundation of our business is high-quality, in-depth research, which we believe can enable us to achieve long-term, sustainable investment success on behalf of our clients. Our global research network spans many disciplines, including economics, fundamental equity and fixed income, and quantitative research. We also have experts focused on multi-asset strategies, wealth management and alternative investments.

As a business and as investors, we’re committed to addressing material environmental, social and governance (ESG) issues—both as a corporate citizen and in striving to deliver better outcomes for clients. We foster a culture of diversity, equity and inclusion because different backgrounds and perspectives can lead to better decisions and insights. We’ve built our business model on a strong risk-aware culture, prudent risk-taking and a robust governance framework that continues to evolve.

We adhere to and promote a culture of strong professional ethics. And we’re dedicated to doing business with the highest standards of honesty and fairness, not only to comply with applicable laws and regulations but also to earn and keep the trust of our clients, employees, shareholders, business partners and other stakeholders. We also have ongoing regard for best practices, including the

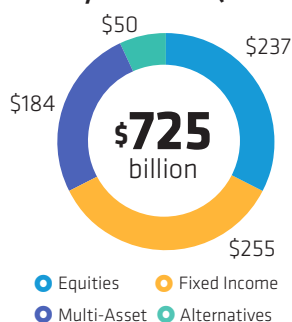
Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights.

AB and our subsidiaries (which we’ll collectively refer to as AB, “we,” “our,” “us” and other similar pronouns) are independently operated and majority owned by Equitable Holdings, Inc. We provide research, diversified investment management and related services globally to a broad range of clients through our three distribution channels—Institutional, Retail and Private Wealth Management—as well as our brokerage services, Bernstein Research Services<sup>1</sup> (*Display 1*). As of December 31, 2023, AB managed US\$725 billion on behalf of our clients.

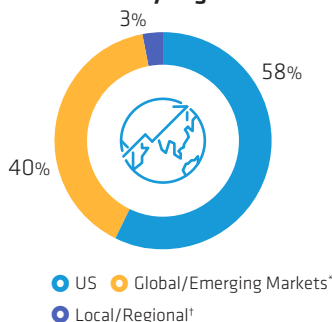
This statement is also made by AB’s subsidiaries, including AllianceBernstein Limited (ABL), Bernstein Autonomous LLP (BALLP), AllianceBernstein Preferred Limited, AllianceBernstein Holdings Limited and Sanford C. Bernstein Limited, pursuant to Section 54 of the UK Modern Slavery Act 2015 with respect to the financial year ending December 31, 2023, and AllianceBernstein Investment Management Australia Limited (ABIMAL) ABN 58 007 212 606 pursuant to Section 13 of the Modern Slavery Act 2018 of the Commonwealth of Australia (AMSA). It sets out the steps that AB has taken during the 2023 fiscal year ending December 31, 2023, to combat and prevent modern slavery and human trafficking in its business and supply chains. This statement covers certain aspects of ABL’s and BALLP’s direct operations and certain aspects of our supply chains. This statement also seeks to provide the information that we’re required to disclose under Section 16 of AMSA in relation to ABIMAL with respect to the year ending December 31, 2023.

## DISPLAY 1: AB’S ASSETS UNDER MANAGEMENT (AUM)

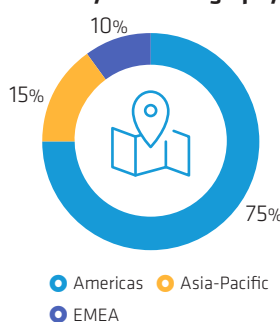
**AUM by Asset Class (USD Bil.)**



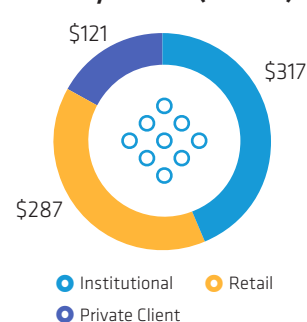
**AUM by Region**



**AUM by Client Geography**



**AUM by Channel (USD Bil.)**



Numbers may not sum due to rounding. | \*Global and EAFE services, including those that invest in emerging markets, as well as stand-alone global emerging-market services. †Single-country/regional services outside the US, including single-country/regional emerging-market services. | As of December 31, 2023 | **Source:** AB

<sup>1</sup> In April 2024, Bernstein Research Services finalized a joint venture with Société Générale, focusing on global cash equities and equity research. The Statement does not encompass the modern slavery–related activities of AB CarVal, except for those that have been vetted by AB.

# Governance

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## Board- and Management-Related

Our Chief Responsibility Officer spearheads the development of firmwide corporate responsibility and responsible investing policies and practices, including integrating material modern slavery considerations into AB's business activities. The Chief Responsibility Officer is responsible for reporting on these activities, which may include identifying and managing modern slavery risk, to AB's Board of Directors, including our Chief Executive Officer (CEO) and the Audit and Risk Committee of the Board.

AB's Board of Directors and the local boards for our UK and Australian entities approve our annual Global Slavery and Human Trafficking Statement before it's published.

## Investment-Related

Our investors—analysts, portfolio managers and traders—are at the heart of our responsible investing practices, and integrate material ESG investment risks and opportunities into the investment process for most of our actively managed strategies.

The Responsibility Steering Committee, chaired by our Chief Responsibility Officer, serves as an advisory council to the Responsibility team. This committee, which meets quarterly, comprises senior professionals from across AB, giving different businesses within the firm an opportunity to shape AB's approach, including our approach to managing modern slavery risk.

Our Proxy Voting and Governance Committee includes senior representatives from our equity and fixed-income investment teams, Responsibility team, Operations Department and Legal & Compliance Department. Through constructive debate, they establish our [Proxy Voting and Governance Policy](#), oversee proxy-voting activities and provide formal oversight of the proxy-voting process. They also ensure that our proxy policies and procedures capture our latest thinking, formulate AB's position on new proposals and consult on votes that are contentious or not covered by our policy. Our proxy-voting process may also consider ESG issues such as modern slavery and human rights, as well as other factors, when a vote may affect the valuation and performance of an issuer's securities.

The Controversial Investments Advisory Council includes senior representatives from across AB and is co-chaired by our CEO and Chief Responsibility Officer. The council provides a forum for discussing and debating emerging issues such as modern slavery, related international norms—including, but not limited to, the OECD Guidelines for Multinational Enterprises and UN Global Compact (UNGC)—and private prisons. The council discussion may inform specific investment decisions and/or help establish AB policy in these areas.

## Risk-Related

The Responsibility Risk Oversight Committee (R-ROC) is responsible for monitoring ESG-related risks, projects and policies. The R-ROC provides a forum for reporting and tracking ESG-related risk issues, overseeing implementation of strategic projects related to mitigating ESG-related risks, and developing risk-management policies and procedures to support our responsibility activities. Local risk-management functions present and escalate material sustainability risk issues that they have identified independently. The R-ROC also reviews, analyzes and makes determinations regarding ESG-related regulations that affect our products.

## Operations and Supply Chain-Related

Our Vendor Risk Management Committee, which is a subset of our risk-management efforts, provides firmwide oversight of our firm's critical and material vendor relationships. The committee sets the requirement for review of modern slavery risk as part of vendor oversight, and it is also a point of escalation for product managers (internal AB employees who manage relationships with vendors) who have a concern about modern slavery risk in a vendor<sup>2</sup> relationship they manage. The committee also sets training requirements for product managers, which includes training on modern slavery.

<sup>2</sup> "Vendors" are AB's third-party suppliers.

# Operations: Our Employees

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When considering our business's exposure to vulnerable populations, high-risk geographies, high-risk products and services, and high-risk business models, we believe that our operations would be deemed low risk, based on our analysis of the asset-management industry. In our operations, we take concrete steps to reduce the risk of modern slavery.

We adhere to a [Code of Business Conduct and Ethics](#), which summarizes our values, ethical standards and commitment to addressing potential conflicts of interest that arise from our activities. Each employee is apprised of the [Code of Business Conduct and Ethics](#) when employment begins. Additionally, each employee must certify compliance with the code and undergo training annually.

As an equal opportunity employer, we do not discriminate against current or potential employees on the basis of age, race, nationality, ethnic origin, gender, sexual orientation, religion, marital status or disability.

In 2023, for the eighth consecutive year, AB received a score of 100% on the Human Rights Campaign Foundation's 2023 Corporate Equality Index, the foremost benchmarking survey and report that measures corporate policies and practices related to LGBTQ+ workplace equality in the US.

Employees may raise concerns regarding modern slavery across a variety of official reporting channels, including our incident escalation hotline and other formal reporting channels, such as the Legal & Compliance and People divisions. AB also has a Whistleblowing Policy, and all employees have access to the appropriate policies via our intranet.

Separate and apart from these reporting channels, the AB Ombuds Office serves as an independent and off-the-record resource for raising work-related concerns. Our Ombuds is a neutral and independent third party who offers informal, confidential assistance to AB employees, as well as to consultants and on-premises vendor staff (including, but not limited to, janitorial and catering staff), regarding issues related to their work at AB, including modern slavery. The Ombuds Office provides a way to raise and address work-related concerns safely and anonymously. Consistent with these principles, the Ombuds is not authorized to accept notice of claims against AB, and notice will not be imputed.

AB encourages employees to share their concerns in the forum they find most appropriate, without fear of retaliation or reprisal.

# Operations: Our Supply Chain

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We purchase products and services from third-party vendors to conduct business operations and deliver on the expectations and requirements of our clients and business partners. These products and services include, but are not limited to, information technology, financial services data and professional services.

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

## Vendor Risk Analysis

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

2023, and in alignment with AB's research best practices, vendors were asked:

1. Does your company have a human rights policy/statement that is compliant with all applicable laws, regulations or guidelines relevant to your business?
2. Does your company have a Vendor Code of Conduct that incorporates all applicable laws, regulations or guidelines relevant to your business?
3. Does your company perform due diligence of vendors or other counterparties related to human rights or modern slavery in alignment with all applicable laws, regulations or guidelines relevant to your business?

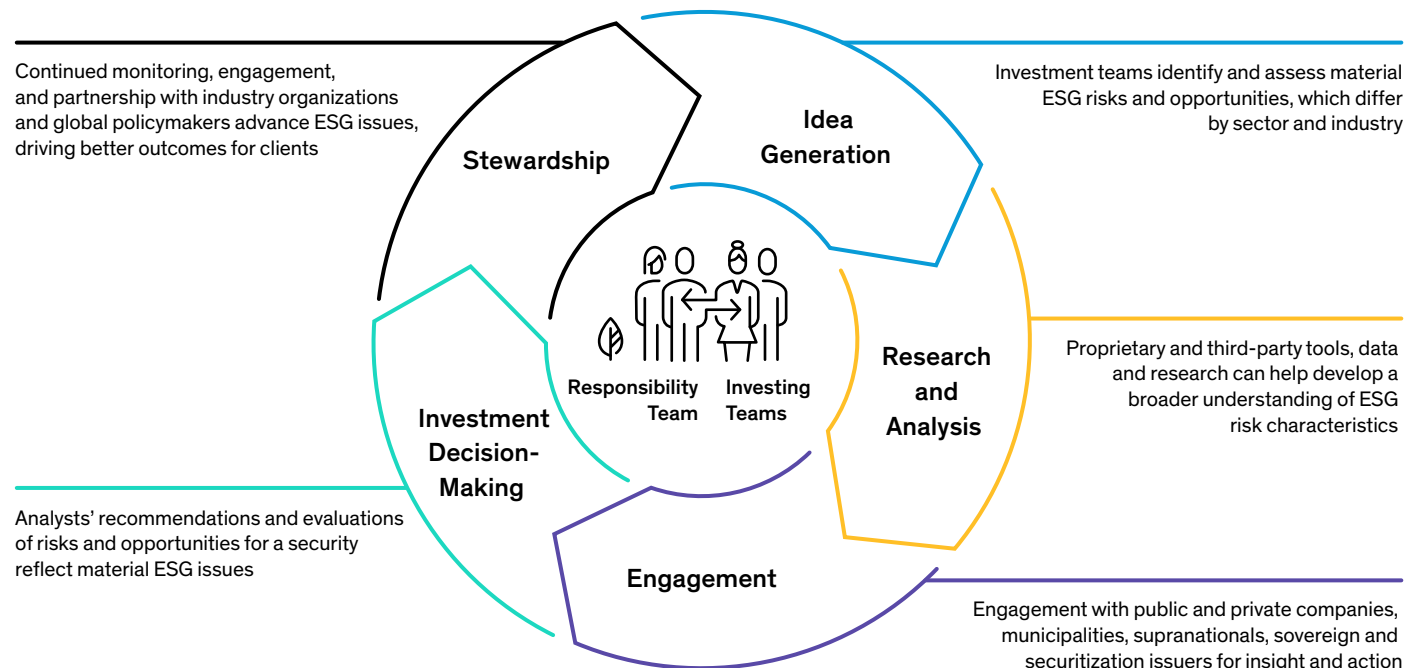
Based on their answers—as well as their geography and industry—vendors' responses were categorized as low risk, medium risk or high risk.

# Our Investment Activities

Evaluating ESG investment risks related to human rights and modern slavery can be important in forming insights and in presenting potential risks and opportunities that can affect the performance of the companies and issuers in which we invest and the portfolios we build. Our [Global Stewardship Statement](#) outlines our policy on responsible investing and ESG integration, engagement and voting.

We integrate material ESG risks and opportunities, which can include human rights risks, throughout most of our actively managed investment strategies. Because ESG issues can affect investment performance, thinking broadly and deeply about these issues can assist our analysts and investment teams in better identifying and quantifying material risks and opportunities for specific issuers and help create better financial outcomes for our clients (*Display 2*).

## DISPLAY 2: ESG INTEGRATION THROUGHOUT THE INVESTMENT PROCESS



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

Source: AB

## Idea Generation: Tools and Data

As a fundamental active manager, we consider research to be an essential part of our process. We equip our investors with high-quality tools and data to improve their ESG integration and investment decision-making processes. These tools are used to support our teams.

ESIGHT, AB's proprietary ESG research and collaboration tool, includes data from our ESG issuer assessments, proxy-voting history, engagements, and third-party research from MSCI and Sustainalytics. It's also a knowledge center with a wealth of ESG information, including academic studies, nongovernment entity reports, specialist sustainability and climate change think-tank papers, and the proprietary ESG ratings of investment teams within AB.

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

ESIGHT features an “action engagement” template for our investors to tag their engagements as action, laying out the topic and which type of action they're encouraging issuers to take to limit risk or to take advantage of investment opportunities. We also developed functionality to set milestones and end-date targets, including reminders for analysts to follow up with issuers. This addition can also help investors track year-over-year progress.

The engagement efforts of AB's fixed-income investors are enhanced by PRISM. This proprietary credit-rating and scoring system is built into our fixed-income research analysis portal, which is a fully digitalized data and security analysis platform. With PRISM, analysts can develop and share views on individual issuers in a consistent, comparable and quantifiable way across industries, ratings categories and geographies. Analysts also have access to MSCI scores through the system. ESG weights are determined by the industry being analyzed and are based on what we view as the most important factors for the company or issuer. Any fixed-income analyst, portfolio manager or trader can access PRISM's ESG scores in real time.

In 2023, we worked to develop an enhanced version of this system called PRISM 3.0. The goal of these developments was to enhance consistency of scoring globally and free up analysts' time to spend on activities such as engagements. Analysts focus their expertise on complementing the data-rich base-level ESG view of an issuer, rather than populating the base-level view from scratch. One of the major developmental aspects of PRISM 3.0 is to link the financially material E, S and G factors to specific ESG data metrics, which then can be leveraged to populate “objective” base scores across industries. That is, we identify those ESG factors that are financially material across industries and those that are specific to an industry. We link these factors to relevant, and available, corresponding ESG metrics and build a systematic input of these data sources into our PRISM system. We use data from NGOs, governments, data providers and other public sources, commercial third-party services, and proprietary sources. In total, we leverage over 150 metrics for our E, S and G assessments in PRISM 3.0. However, not all 150 metrics feed into every assessment because not all factors and hence not all metrics are universally financially material across industries. PRISM 3.0 aims to only take those metrics into account that were identified to be financially material for a specific industry. Specific metrics in PRISM 3.0 regarding modern slavery include: the Global Slavery Index, the World Benchmarking Alliance's Corporate Human Rights Benchmark and multiple other industry-specific human rights evaluations.

Additionally, we have proprietary tools to bolster our research and engagement process specifically for the issue of modern slavery risk. Our Modern Slavery Risk Exposure Tool visually displays our internally assigned risk ratings and rationales, allowing us to look at individual companies, analysts' company coverage, and portfolios. The portfolio view helps portfolio managers understand the risk-exposure profile of their strategy at the click of a button.

We also use applicable third-party data and tools. Third-party international norms compliance data capture companies' severe structural breaches of the Ten Principles of the UNGC and the OECD Guidelines for Multinational Enterprises. These standards focus on human rights, labor standards, the environment and anticorruption. Some third-party controversy data provide weekly summaries of controversies, including supply chain issues and labor rights. Third-party ESG ratings systematically analyze issuers' processes and procedures to prevent and address modern slavery.

Each tool and resource is an important input, allowing our analysts to research, discuss and engage with issuers.



## Research and Analysis: Assessing Modern Slavery and Human Trafficking Exposure

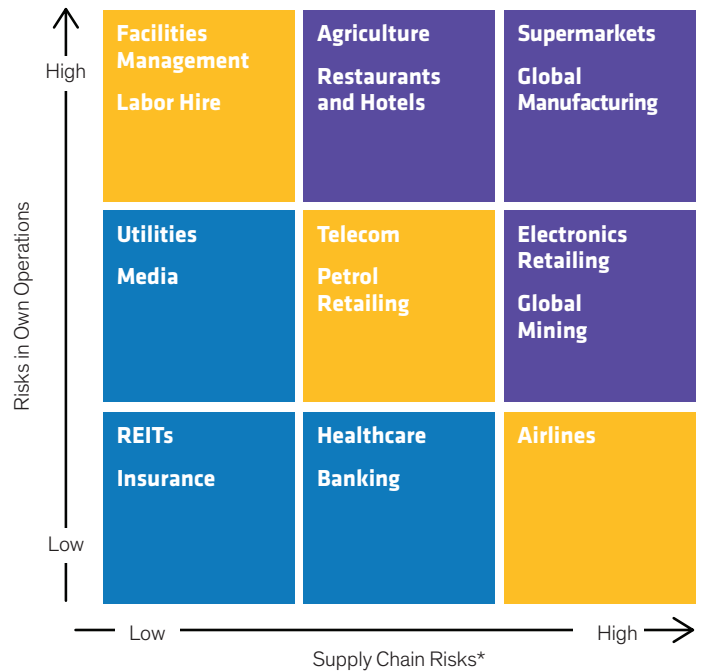
At AB, we've been considering the material social risks of our investments for many years, with a focus on modern slavery and forced labor.

Using our own fundamental research and leveraging third-party information as a guide, in 2020 we developed and began implementing a modern slavery research methodology to map companies on a matrix, indicating the potential level of exposure to modern slavery in their operations and supply chains. The matrix measures companies' exposure to high-risk-to-people factors, including vulnerable populations and high-risk geographies, products and services, and business models (*Display 3*).

The methodology enables our investment teams to sort holdings into nine categories across two dimensions: (1) modern slavery risk exposure in the company itself (low/medium/high) and (2) modern slavery risk exposure in the company's supply chain (low/medium/high). As of December 31, 2023, AB Group had assigned a risk exposure rating to 930 unique issuers. Mapping companies based on risk helps us determine which companies we may need to research or engage with to better understand how they manage modern slavery risk. We are able to apply our fundamental research to understand a company's risk exposure. Investors are able to assign and view modern slavery risk exposure ratings to issuers in ESIGHT.

AB also conducts in-depth research on ESG issues to develop key insights for our investment process. We often share these insights with our clients and other stakeholders in the form of thought leadership to provide them with the latest research on key issues in the investment industry. We've developed a deep knowledge of the complexity of modern slavery globally (see one of our recent blogs, in collaboration with the international human rights organization Walk Free, "The Connection Between Climate Change and Modern Slavery," page 8).

**DISPLAY 3: FRAMEWORK TO ASSESS HIGH-RISK-TO-PEOPLE STOCKS**



REITs: real estate investment trusts

\*Supply chain risks can include customers and extend to second- and even third-tier suppliers when the corporation's behavior contributes to modern slavery risks.

Source: AB

## The Connection Between Climate Change and Modern Slavery

Climate change is traditionally regarded as an environmental issue. But climate change also threatens human rights, with material implications for investors.

Climate change is one of the most pressing challenges of our time, but it's often seen as strictly an environmental cause. We believe that needs to change. That's because climate change is also a human rights issue that threatens everyone's lives and livelihoods, while putting the most vulnerable people at risk of human trafficking and modern slavery.

What's more, neglecting to account for climate-related modern slavery threats may present material financial risks to investors. AB recently partnered with [Walk Free](#), an international human rights group working to accelerate the end of all forms of modern slavery, on a report, [Bridging ESG Silos: The Intersection of Climate Change and Modern Slavery](#), that explores climate-related modern slavery risks in depth.

### Making the Climate Connection to Human Rights

Around 50 million people were living in modern slavery on any given day in 2021. But despite this shocking figure, the connection between climate change and modern slavery isn't well understood. The World Bank predicts that by 2050, 216 million people will be forced to migrate within their own countries solely because of climate change. This forced migration will make them more vulnerable to the risk of human trafficking and modern slavery.

We've made recommendations and developed tools to help investors assess, disclose and manage climate-related modern slavery risks. The first step is to identify the risks.

### Physical and Transition Risks to Human Rights

Climate change poses two primary sources of risk to human rights:

**1. Physical risks.** Acute physical risks refer to "sudden-onset" events such as storms and bushfires. Chronic physical risks involve gradual long-term changes, or "slow-onset" events, including drought, desertification, rising sea levels and ocean acidification.

Sudden- and slow-onset events can destroy homes, infrastructure, food and water sources, and livelihoods. People affected by severe weather events can find themselves working in poor job conditions or forced to migrate in search of new work. This increases their susceptibility to human traffickers and can also result in labor exploitation.

**2. Transition risks.** The shift from high-carbon fossil fuels to decarbonized, renewable energy sources creates two types of transition risk:

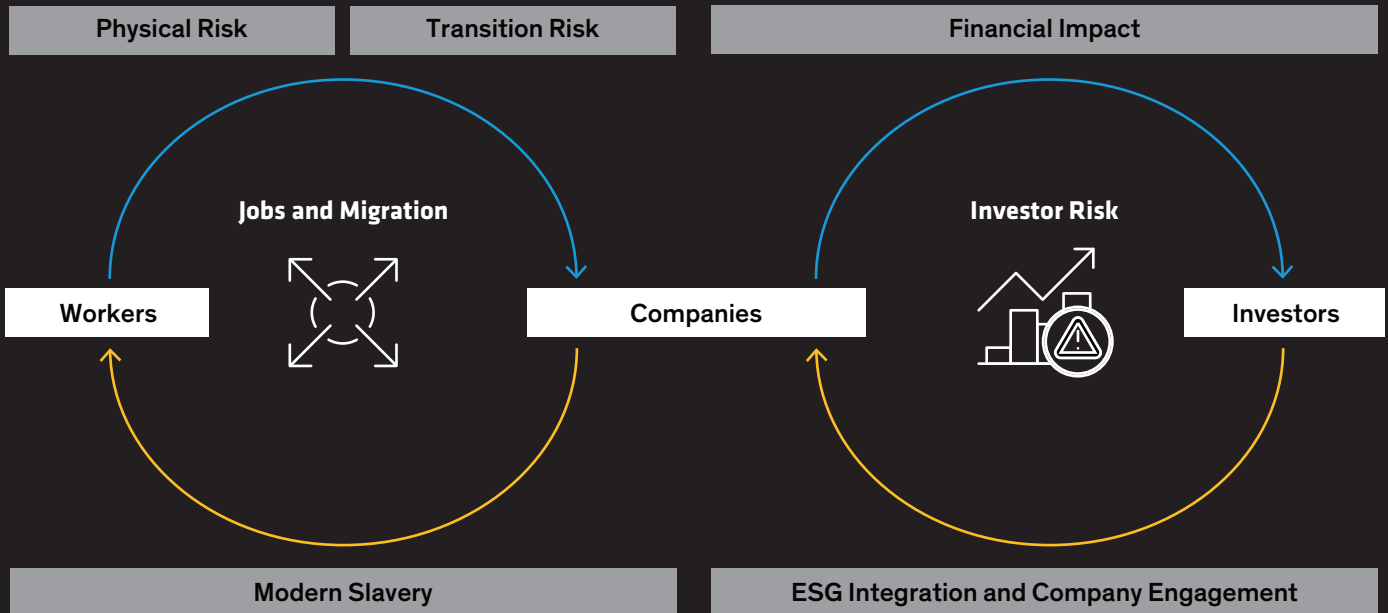
- Phasing out fossil fuels can affect workers who either lack the skills for the green economy or are not in the right location. This increases their vulnerability to poor working conditions and human trafficking.
- Phasing in renewable energy can create human rights risks in the project-implementation and supply chain stages, such as land acquisition, resource extraction, material processing and equipment manufacturing. Examples include reported practices of child labor in cobalt mining and forced labor in polysilicon production.

Climate-related modern slavery and human rights risks can also create risks to businesses and investors. These include legal risks (running afoul of modern slavery disclosure laws or human rights due diligence), reputational risks (harming a brand by falling short of client, shareholder and customer expectations) and operational risks (destabilizing a company's operations and supply chains).

These risks can result in legal fees, fines, penalties and declining shareholder value—and could divert resources from a firm's core business activities (*Display, page 9*).

Of course, the transition to renewable energy also presents opportunities to improve economic and social outcomes. Related technological innovations can help communities adapt better to weather events, while creating clean energy jobs and opening new avenues for economic development. But the transition is bumpy—particularly in emerging markets, where the vulnerability of fossil fuel—industry workers might be greater—and investors should be aware of the risks.

## CLIMATE CHANGE POSES MATERIAL RISKS



As of August 31, 2023 | Source: Walk Free and AB

### Climate Change and Human Rights Risks: Real-World Examples

To put human rights risks from climate change into context, consider two real-world case studies, one related to physical risk and the other to transition risk.

#### Case Study: Super Typhoon Haiyan

Super Typhoon Haiyan killed 6,300 people and displaced 4.4 million others when it struck the Philippines in November 2013. The hardest-hit region, the Eastern Visayas, was one of the country's poorest, and its people were among the most susceptible to human trafficking.

The super typhoon forced tens of thousands of residents to flee devastated areas, with many heading to the capital city of Manila. In the wake of the storm, reports of human trafficking surged, with 54% of surveyed villages reporting children working in dangerous conditions and 39% of villages reporting a spike in the number of child-labor cases.

#### Case Study: Extracting Cobalt for Renewable Energy

Cobalt is an important mineral used in lithium-ion batteries, which power the renewable-energy industry. But serious human rights violations have been reported in cobalt mining. It's estimated that at least 35,000 children are working in cobalt mines worldwide. These mines frequently operate illegally, and miners are exposed to toxic dust, which can lead to hard-metal lung disease.

Companies that use modern slavery—either directly or indirectly—in renewable-energy supply chains could face legal consequences, including fines, penalties or lawsuits. In 2019, a US class-action lawsuit was filed against five major technology companies, alleging they knowingly benefited from the use of child labor in their cobalt supply chains. Beyond litigation risks, increased regulatory scrutiny can bring more stringent supply chain reporting requirements and audits, with severe penalties for noncompliant firms.

## A Game Plan for Investors to Identify Risks

The relationship between climate change and human rights risks can be opaque. Given the high stakes, we believe that taking a systematic approach to identifying climate-related modern slavery risks can help investors ensure that their due diligence includes:

- Identifying whether a company's most labor-intensive operations are located in regions susceptible to slow- and sudden-onset climate-related events
- Assessing how companies located in high-risk regions account for labor considerations, such as the risk of large-scale migration following sudden-onset climate-related events, or the risk of forced labor in renewable energy supply chains

- Understanding how companies located in high-risk regions conduct human rights due diligence to identify modern slavery risks, and how firms work to reduce those risks
- Exploring how companies engage and collaborate with employees, suppliers, customers and affected communities to assess and address the impact of decarbonization plans

Climate change can have complex, far-reaching human rights repercussions beyond its environmental impact. We believe that these risks can and should be an integral component of investors' fundamental research. With awareness and tools that include relevant frameworks and supplementary metrics, investors can improve risk assessments and make better-informed capital-allocation decisions.

## Engagement: An Extension of Our Investment Process

Engagement is a natural extension of our active investment process—we regularly engage issuers and stakeholders directly, giving us the opportunity to share our research assessment while working to understand a company's modern slavery risk exposure profile. We also strive to understand how the company is managing material modern slavery risks.

Using our proprietary, comprehensive best practices framework, which we developed in collaboration with leading corporations, expert organizations such as the Mekong Club and Be Slavery Free, academics, and social auditors, we evaluate the companies in which we invest (*Display 4, page 11*). The framework assesses companies' governance framework, risk identification, action plan to mitigate risks, action plan effectiveness and future improvement. The main goal of the framework—particularly the future improvement component—is to recognize best practices and encourage continuous learning and improvement. With the framework, our analysts can systematically evaluate companies and have a basis for corporate engagements.

Since we first began tracking our modern slavery engagements in early 2020, AB Group has engaged on modern slavery with 125 companies during 191 meetings, as of December 31, 2023, to assess investment risks. Consistent with our other engagements related to modern slavery risk in recent years, we found that issuers with the lowest risk (based on our proprietary matrix) lagged on adopting best practices, while issuers with the highest risk were further along. AB also has a proprietary engagement guide on modern slavery aimed at supporting investors with their work. This guide is available to AB's investment teams on ESIGHT.

Our analysts and the Responsibility team document their research and engagement in our proprietary research and engagement tools. Our investment teams maintain a running catalog of company engagements and outcomes on the issue of modern slavery risk and share engagement insights on ESIGHT with other analysts throughout the firm. Importantly, our research and engagement tools allow analysts to receive automatic notifications to follow up with companies to assess progress.

**DISPLAY 4: AB'S MODERN SLAVERY BEST PRACTICES ENGAGEMENT GUIDE**



<p><b>Governance Framework</b></p>	<p><b>Risk Identification</b></p>	<p><b>Action Plan to Mitigate Risks</b></p>	<p><b>Action Plan Effectiveness</b></p>	<p><b>Future Improvement</b></p>
<p>What steps are the board and senior management taking—through policies and procedures, culture and values—to align the business with the goal of reducing modern slavery risk?</p>	<p>The criminal and covert nature of modern slavery practices makes risk identification a difficult and delicate task—but a critical one. How well does the firm understand the challenge, and how robust are the techniques and processes it uses to identify the risk?</p>	<p>Is the plan a realistic solution to reduce risks to people within the company's operations and supply chains? Does the company appropriately and effectively train and empower employees and suppliers to identify and reduce risks?</p>	<p>To what extent have the company's actions reduced risk, and how are the board and senior executives measuring progress? What procedures are in place to ensure that follow-up actions are implemented and monitored?</p>	<p>For many companies, the road to reducing modern slavery risk will be long and stretch through unfamiliar territory. The best firms will be able to evaluate their progress each step of the way and make changes with an eye toward continuously improving their performance against each of the four previous criteria.</p>

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

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

In December 2022, AB joined PRI's newly launched Advance initiative—a collaborative stewardship initiative on human rights and social issues. Human rights-related issues, such as modern slavery, community health and safety, and mine site-level security management, can expose mining companies to material operational, regulatory and reputational risks. AB is co-leading engagements, alongside co-leads and collaborative investors, with Industrias Peñoles and Freeport-McMoRan, two mining companies. Through PRI Advance, AB is looking to engage with companies on social issues that can have a financial impact on them. We seek to achieve open dialogue between the company and the collaborative investor group, and to build a mutually beneficial relationship where investors can better understand how the company is addressing financially

material social issues and where the company can better understand what investors are looking for in that regard.

As part of these efforts, we engaged with Industrias Peñoles to discuss why human rights due diligence is important for the mining industry's long-term performance.

We discussed the systems the company has in place to carry out regular human rights due diligence across its operations to assess and address material human rights risks, and how having a strong human rights due diligence framework can reduce the risk of costly legal action, operational disruption, and damage to a company's reputation, all of which can have financial implications and affect shareholder value.

For mining companies, securing a social license to operate reduces the risk of conflicts, legal challenges and project delays. Having a robust free, prior and informed consent policy signals responsible governance and reduced investment risk. To that end, we also discussed the systems the company has in place to ensure its operations respect the rights, interests, and needs of Indigenous peoples and local communities potentially affected by its operations, and the grievance mechanisms and systems it has in place to address and remediate reported issues.

The company has been forthcoming in our conversations, and we have provided it with practical steps it can take to improve its disclosure around the issues discussed.

## **Investment Decisions: High-Risk Areas**

Analysts' recommendations and evaluations of risks and opportunities for a security reflect material ESG issues, including social risks and opportunities.

### **Private Prisons**

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

### **UNGC Breaches**

Throughout most actively managed investment strategies, we monitor for UNGC breaches. However, we believe that whether an issuer is breaching international norms is subjective.

We have found that there is no reliable source of data and that the various lists published by third-party providers differ, often with very little overlap. Also, these data sources are historical in nature; many

of the breaches occurred several years (if not decades) in the past, and it is unclear what an issuer must do to be removed from the list. Instead of relying on third-party data in this regard, we believe that the risk of breaching international norms is best understood and addressed through ongoing in-depth fundamental research, which enables us to fully analyze a wide range of information and properly assess the risk at an issuer-specific level. Where our selected major third-party service provider has deemed an issuer to be in violation of international norms, our investment teams are required to research and document the nature of the breach, including, if applicable, why our internal research demonstrates that the security remains a reasonable investment. Our Responsibility team, in conjunction with our risk and compliance divisions, has implemented a process to ensure that this research is completed.

### **Long-Term Stewardship**

In most cases, ESG consideration doesn't stop once we've made an investment. AB's Responsibility team and analysts monitor issuers through continued stewardship, including engagement and proxy voting. We also partner with industry organizations and engage global policymakers to address systemic risks and promote well-functioning markets when doing so is in the best interest of our clients.

# Training

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We believe that training is important to reducing modern slavery risk: people should be aware of what modern slavery is, how to identify it and how to escalate it with an eye toward reducing and, eventually, eliminating it.

## **Our Operations and Vendor Management**

Our mandatory product manager annual training includes a module on modern slavery. In 2023, 100% of product managers completed this training. In 2023, we also disseminated the “Anti-Slavery Digital Learning for the Financial Services Industry” training course (which we developed with Themis) to employees in the UK as a mandatory training and to employees in Australia as a voluntary training.

## **Our Investment Teams**

AB’s Responsibility team conducts training programs, with investment staff receiving ongoing ESG training, including training on external data, systems and tools. Educational sessions can cover a suite of topics, including modern slavery.

In May 2023, AB was joined by staff from the Grantham Research Institute on Climate Change and the Environment to speak about the relevance of a Just Transition to investors, and how investors can incorporate material Just Transition risks and opportunities into

the investment process. Countries comprising roughly 90% of the world’s GDP have made some degree of net zero commitment, and there is growing momentum toward a low-carbon economy. The critical need for the energy transition to be both fast and fair has been recognized in the Paris Agreement, and evidence shows that the shift to a low-carbon economy can boost prosperity and be a net driver of job creation if managed well. Even so, the energy transition will inevitably bring about transitional challenges as human, financial and regulatory resources are reallocated to facilitate this change. For investors, a Just Transition approach provides a framework for connecting climate action with the social dimensions involved in the transition, and a way to incorporate the full range of environmental and social dimensions of responsible investment in investor strategies. As long-term investors, how well companies navigate the transition to a low-carbon economy is a critical factor in companies’ long-term profitability and can have a direct effect on investment outcomes. In July, we also collaborated with eCornell, Cornell’s external education unit, to deepen investor knowledge of our three social research priorities: a Changing World, a Just World and a Healthy World.

Recordings of several of these training modules are available on our internal Responsible Investing training web page.



# Industry Participation

We believe that industry collaboration is key to reducing modern slavery: no individual or entity can address this issue alone. AB is a member of several industry initiatives explicitly focused on addressing modern slavery.

**May 2020:** AB signed the KnowTheChain Investor Statement, *Investor Expectations on Addressing Forced Labor in Global Supply Chains*. KnowTheChain provides investors with supplemental materials they can consider when relevant, including benchmarks. We also became a member of the FAIRR Initiative, which aims to raise awareness of ESG risks and opportunities in the protein supply chain, including labor risks.

**November 2020:** AB joined the Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) initiative.

**March 2021:** AB became a co-lead investor of the IAST APAC initiative collaborative engagement workstream II.

**March 2022:** With support from AB, Themis developed the “Anti-Slavery Digital Learning for the Financial Services Industry” training course, which was commissioned by the UK’s Independent Anti-Slavery Commissioner and had additional support from RedCompass Labs’ RedFlag Accelerator. This free digital learning module is available to 70,000 UK financial institutions and is accredited by the London Institute of Banking & Finance.

**August 2022:** At the Australian Council of Superannuation Investors 2022 Annual Conference, AB was pleased to partner with Anti-Slavery Australia at the University of Technology Sydney to present Human Mart, an interactive pop-up art installation representing what modern slavery looks like.

**September 2022:** AB’s Director of Social Research & Engagement contributed to the paper [Investors’ ESG Expectations—Labour Practices: An Asian Perspective](#) by ASIFMA, the Asia Securities Industry & Financial Markets Association.

**November 2022:** Members of AB’s Responsibility team sat on the Financial Services Council (FSC) and IAST APAC Modern Slavery Act review working groups. The final submissions from both FSC and IAST APAC broadly included our recommendations. AB has also been a member of their joint Data Working Group since July 2022.

**December 2022:** AB announced its role as co-lead investor in PRI’s Advance initiative with Freeport-McMoRan and Industrias Peñoles.

**February 2023:** AB’s UK Institutional team hosted a Modern Slavery Risk Seminar to discuss the critical issue of modern slavery and how we as investors can take steps to help reduce these risks. Industry leaders led several sessions throughout the day on topics such as identifying the different forms of modern slavery, how the financials sector can detect and disrupt modern slavery, how investors can research the risks to portfolio companies and engage with issuers on these risks, and a deep dive on the mining industry. AB was joined by Unseen, Themis and Endeavour Mining to share our expertise in the respective sessions.

**March 2023:** AB became an Investor Ally to the World Benchmarking Alliance, developers of a series of benchmarks (including the Corporate Human Rights Benchmark) assessing 2,000 of the world’s most influential companies, ranking and measuring them on their contributions to sustainable development.

**October 2023:** AllianceBernstein and Walk Free officially published a research paper, [Bridging ESG Silos: The Intersection of Climate Change and Modern Slavery](#). This in-depth analysis examines the investment decision-making process, and how investors can consider both environmental and social factors together.

**Ongoing:** AB’s Director of Social Research and Engagement and Director of Data Science are providing input on the requirements of an application programming interface (API) developed by the Business & Human Rights Resource Centre (BHRR) and on the impact it can have in the investment world. An API will make it easier to create a data feed to facilitate the integration of BHRR data into proprietary systems such as ESIGHT, AB’s ESG research and collaboration tool, in a timely fashion.

Other investors are also providing input on this project, which is funded by Humanity United.

# Measuring Effectiveness

As investors, we scrutinize the behavior of the companies we analyze. As a business, we scrutinize the behavior of our own operations and supply chains. To gauge how effective we are in addressing material modern slavery risk, we measure certain key performance indicators in our own operations and investment activities.

We believe that training can help people better understand, identify and address modern slavery risks. In our own operations, we provide guidance to our employees on modern slavery issues and training to our product managers.

Finally, within our investment activities, we believe that material ESG risks—including modern slavery risks—are best addressed through extensive research and engagement with issuers. Using our proprietary frameworks, issuer disclosures and third-party data, we research and evaluate the modern slavery risks facing the issuers we invest in. To gain insight and to encourage issuers to better address material ESG risks or take advantage of ESG opportunities, we engage with issuers directly (*Displays 5 and 6*).

## DISPLAY 5: MEASURING EFFECTIVENESS IN OUR INVESTMENTS

	As of December 2021	As of December 2022	As of December 2023
Cumulative Lifetime-to-Date Engagements on Modern Slavery	100	150	190
Cumulative Lifetime-to-Date Companies to Which We Have Assigned a Modern Slavery Risk Exposure Rating	380	800	930

As of December 31, 2023 | Source: AB

## DISPLAY 6: MEASURING EFFECTIVENESS IN OUR OPERATIONS AND SUPPLY CHAIN

	As of December 2021	As of December 2022	As of December 2023
<b>Operations</b>			
Human Rights Campaign Foundation's Corporate Equality Index Score	Score of 100	Score of 100	Score of 100
<b>Percentage of Supply Chain</b>			
Due Diligence Questionnaires Received from Vendors Identified as Critical and Material	67%	96%	98%

As of December 31, 2023 | Source: AB

# Future Plans

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## Investment Activities

Leveraging our proprietary frameworks, our investment analysts will continue to assign risk-exposure ratings to the issuers they cover.

We plan to continue working with leading industry organizations to improve on our proprietary frameworks, recognizing that modern slavery is best understood and assessed from multiple viewpoints. We are currently in the process of exploring how we can use technology to assist in performing an initial assessment of how companies manage modern slavery risk according to our proprietary framework. We will also continue researching the topic of modern slavery to help our investors identify and address material modern slavery risks in our investee companies.

Our analysts will also continue engaging with issuers on material modern slavery risks—both for insight and action. We plan to follow

up on previous modern slavery–related engagements from prior years and engage with new issuers on the topic—including high-risk issuers in the hospitality industry. Compounding crises in recent years—including the COVID-19 pandemic, armed conflicts and climate change—have heightened the risk of modern slavery globally.

Therefore, addressing these risks is increasingly important as we think about managing our portfolios in our clients' best interests.

## Operations Activities

We will continue to leverage our investment insights on modern slavery in our operations. In 2024, we will refine our risk-based approach to vendor management to further understand the risks of modern slavery in our supply chain. We also plan to refine our training so our product managers are better prepared to assess these risks.

The Board of Directors approved this statement on or by June 30, 2024, which constitutes AB's Global Slavery and Human Trafficking Statement and Report for the relevant periods as stated above and, unless otherwise stated, including the 12 months ended December 31, 2023.



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



**By John McConnell**  
Director  
For and on behalf of Sanford C. Bernstein Limited



**By Joanna Green**  
Director  
For and on behalf of AllianceBernstein Limited



**By Alexandra Perricone**  
Member  
For and on behalf of Bernstein Autonomous LLP



**By Eileen Koo**  
Responsible Member, Director and CEO  
For and on behalf of AllianceBernstein Investment Management Australia Limited



**By Joanna Green**  
Director  
For and on behalf of AllianceBernstein Holdings Limited



**By Joanna Green**  
Director  
For and on behalf of AllianceBernstein Preferred Limited

# Appendix

## Alignment with UK Modern Slavery Act 2015

Matter	Section Where Found
Organization structure and supply chains	Reporting Entity: AllianceBernstein and Its Subsidiaries; Governance; Operations: Our Employees; Operations: Our Supply Chain
Policies in relation to slavery and human trafficking	Governance; Operations: Our Employees; Operations: Our Supply Chain
Due diligence process	Operations: Our Supply Chain
Risk assessment and management	Governance; Operations: Our Employees; Operations: Our Supply Chain; Our Investment Activities; Training; Industry Participation
Key performance indicators to measure effectiveness of steps being taken	Measuring Effectiveness
Staff training on modern slavery and trafficking	Training

## Alignment with Modern Slavery Act 2018 of the Commonwealth of Australia

Matter	Section Where Found
Identify the reporting entity for the purpose of the Modern Slavery Act 2018 (Cth)	AllianceBernstein Investment Management Australia Limited ABN 58 007 212 606 in its own capacity and as the responsible entity of the AllianceBernstein Managed Volatility Equities Fund ARSN 099 739 447; AllianceBernstein Dynamic Global Fixed Income Fund ARSN 165 810 686; AllianceBernstein Global Equities Fund ARSN 099 296 607; AB Concentrated Australian Equities Fund ARSN 102 668 100; AB Global Research Insights Fund ARSN 604 172 750; and AB Sustainable Global Thematic Equities Fund ARSN 659 443.
Describe the reporting entity's structure, operations and supply chains	Governance; Operations: Our Employees; Operations: Our Supply Chain
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Operations: Our Employees; Operations: Our Supply Chain; Our Investment Activities
Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	Governance; Operations: Our Employees; Operations: Our Supply Chain; Our Investment Activities; Training; Industry Participation
Describe how the reporting entity assesses the effectiveness of these actions	Measuring Effectiveness
Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls	Reporting Entity: AllianceBernstein and Its Subsidiaries
Any other information that the reporting entity, or the entity giving the statement, considers relevant	Future Plans

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