



# AB ENGAGEMENT POLICY

Engagement is an integral part of AB's investment process as active owners. Engagement provides the opportunity to share our philosophy, our corporate governance values, and importantly, affect positive change with issuers. In addition, it augments our research and provides insight into issuer strategy, competitive positioning, and how they address and manage risks and opportunities, which may environmental, social and governance (ESG) issues when they are considered (potentially) material. Engagements inform our assessment of the quality of an issuer's management, strategy, operations, and governance structure.

Engagements are often with senior executives, including the CEO and CFO. We also engage with directors, generally either to share our perspective on specific issues, or to escalate specific concerns after we have engaged with management. Discussions may be held in face-to-face meetings, on conference calls and/or through written correspondence. Our investment teams collaborate on engagements when the interests of the teams align<sup>1</sup> and it is beneficial to express our views and ideas on certain issues. We may also collaborate externally with other fund managers when we believe it can be beneficial to address specific issues when we have arrived at the same conclusion independently of other fund managers.

AB takes a three-pronged approach to active ownership: 1) we directly engage with issuers and stakeholders as part of our research/investment process, 2) we utilize an engagement framework to assist us in identifying companies with whom we should engage on ESG issues, and 3) we selectively engage as part of our proxy voting process. These approaches are often used in a coordinated manner for particular investments.

- 1. Direct Engagement:** Direct communication with issuers and stakeholders is an important part of AB's research/investment process, and a fundamental part of AB's approach to responsible investment. Constructive engagements create a channel to discuss such matters as strategy, business operations, governance and a wide variety of other topics, such as, but not limited to, ESG issues. Over time, we build a forum for open dialogue. In addition, we engage with other stakeholders such as suppliers and customers as part of our process. Engagements take place both before the initial investment is made and as part of our ongoing monitoring of issuers. We vary our level of direct engagement based on several factors such as the size of the investment and potential impacts on the issuer and the AB fund.
- 2. ESG Engagement Framework:** AB's Responsible Investment (RI) team maintains an engagement universe which helps identify companies within our global holdings where we believe we are most likely to affect positive change, and/or where we have the greatest exposure at issuers with a potential ESG issue. The universe is created based on a number of quantitative factors, such as but not limited to, dollar amount invested and percentage of the issuer owned. A number of qualitative factors are added which identify ESG issues, for example, our historic voting pattern. Based on this universe the RI team developed an engagement strategy which drives our long-term strategic ESG engagements, and serves as a guide when selecting companies for ad hoc and event driven engagement. We also use the framework when evaluating whether or not to accept incoming requests for engagement from issuers.
- 3. Proxy Voting:** We are shareholder advocates and support strong corporate governance structures, shareholder rights, and transparency. We have a well-developed in-house proxy voting and governance policy and process that guides our proxy voting decisions. We may engage with companies in advance of their Annual General Meeting, and throughout the year. We also engage with proponents of shareholder proposals and other stakeholders to understand different viewpoints and objectives. We determine when to engage, both reactively when meetings are offered by issuers and proactively, based on the above-mentioned engagement framework and the potential materiality of the issue. We also take ESG factors into consideration when voting.

---

<sup>1</sup> When acting as a fiduciary, AB owes its investment advisory clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different clients; between the firm and clients; or between our employees and our clients. Where potential conflicts arise from our fiduciary activities, we take steps to mitigate, or at least disclose, them. Accordingly, we have developed conflict of interest policies to help guide us wherever a conflict might arise in our business. These policies are outlined in the firm's [Form ADV Part 2A<sup>\(1\)</sup>](#), [Code of Business Conduct and Ethics](#), and Proxy Voting Policy, amongst other internal policies.

AB recognizes that ESG issues can affect the valuation and performance of an issuer's securities. As such, ESG considerations are an underlying influence on all of our engagement efforts. ESG risk and opportunities are assessed on an issuer-by-issuer basis and the degree of focus will vary depending upon the materiality of the ESG issue. The underlying ESG issues may be different for each sector/industry, as well as the degree of their likely material impact.

Our engagements are often a joint effort between AB investment professionals, who are best positioned to comment on issuer-specific management, strategic, operational, governance topics, and AB's Responsible Investment team members, who offer a more holistic view of governance practices and relevant ESG issues. We also maintain an engagement database where material engagements are stored for follow up and reporting purposes.

**To arrange a corporate engagement, please contact [Engagement.Requests@ABglobal.com](mailto:Engagement.Requests@ABglobal.com). The Responsible Investment team will review your request and reply to schedule a meeting if appropriate. Please include agenda items and participants in all requests if possible.**

**For further information, please contact Saskia Kort-Chick, Vice President - ESG Analyst  
Email: [RIInquiries@abglobal.com](mailto:RIInquiries@abglobal.com)  
50/525 Collins Street, Melbourne, VIC, 3000, Australia, +61 (0)386 302247**