

Product name: International Health Care Portfolio

Legal entity identifier: 549300KKFDSHGK22IC22

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good Governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☐ ☒ **No**

☐ It made **sustainable investments with an environmental objective**: ___%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ___%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The environmental and/or social characteristics ("E/S Characteristics") promoted by the Portfolio included:

- ESG Integration: AB used fundamental research, including the consideration of ESG Factors, to assess target issuers.
- Engagement: AB encouraged companies to undertake actions that may promote better outcomes for environmental and social objectives as well as benefits to financial outcomes of the issuer and/or the Company.
- Exclusions: The Portfolio was in compliance with the exclusions mentioned in the prospectus.

How did the sustainability indicators perform?

AB measures the attainment of E/S Characteristics promoted through various quantitative and qualitative methodologies including the measurement of documented ESG research, engagement, and relevant investment exclusions, subject to satisfactory data and data sourcing.

As of 31 May 2023, 80% of the securities held by the Company was deemed to promote E/S Characteristics through documented ESG research and engagement on environmental and social issues. Specifically, in the year to 31 May 2023, there were 72 ESG engagement entries with 37 distinct companies held in the Portfolio. For these engagements, there were 27 discussions of environmental issues, and 61 discussions of social issues (for the avoidance of doubt, an engagement entry may include discussions on multiple topics). The most frequently discussed E/S issues were: Pay, Human Capital Development, Diversity & Inclusion, Organizational Culture, Labor Management.

AB has monitored the compliance with the exclusions listed in the prospectus and confirms they were met.

...and compared to previous periods?

N/A

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the Portfolio considered the following PAIs:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (#10)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (#11)
- Exposure to controversial weapons (#14)

For PAIs 10 and 11, AB monitored for breaches of the UN Global Compact principles for securities held by the Company. As of 31 May 2023, 0% of the securities held by the Portfolio were in violation of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Over the same time period, 0% of the Company had a lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (this percentage also includes securities that have no data on these processes).

For PAI 14, the Company excluded controversial weapons. As of 31 May 2023, 0% of the securities held by the Portfolio had exposure to controversial weapons.

☐ No



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

Largest investments	Sector	% Assets	Country
UnitedHealth Group, Inc.	Health Care	8.81	United States
Novo Nordisk A/S	Health Care	8.15	Denmark
Roche Holding AG	Health Care	7.32	Switzerland
Eli Lilly & Co.	Health Care	5.64	United States
Elevance Health, Inc.	Health Care	5.04	United States
Amgen, Inc.	Health Care	5.01	United States
Gilead Sciences, Inc.	Health Care	5	United States
Vertex Pharmaceuticals	Health Care	4.99	United States
Regeneron Pharmaceuticals	Health Care	4.54	United States
GSK PLC	Health Care	4.4	United Kingdom
Zoetis, Inc.	Health Care	3.1	United States
Genmab A/S	Health Care	3.02	Denmark
Edwards Lifesciences	Health Care	2.98	United States
Veeva Systems, Inc.	Health Care	2.91	United States
Intuitive Surgical, Inc.	Health Care	2.89	United States



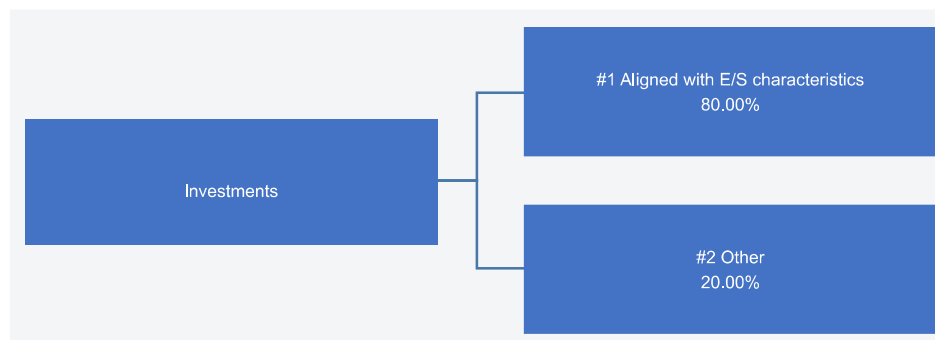
What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

☒ What was the asset allocation?

#1 Aligned with E/S: 80%

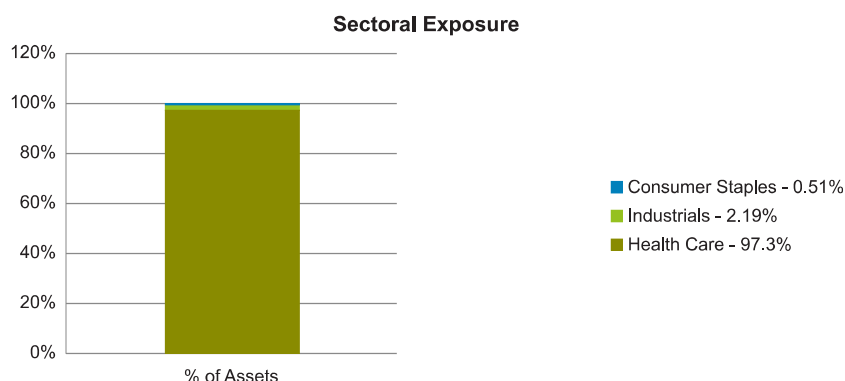
#2 Other: 20%



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

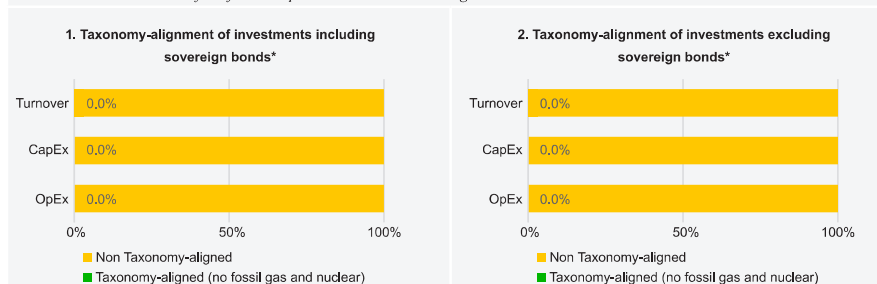
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

- ☐ Yes:
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

There is currently no data to measure whether the Portfolio has invested in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy. It may, as a result of the implementation of its specific investment strategy, hold investments having a marginal exposure to such activities but until there is external vendor data enabling measurement of such exposure, the Portfolio does not commit to any minimum exposure.

The graphs below show in light blue the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Taxonomy-alignment of investments including sovereign bonds: 0%

Taxonomy-alignment of investments excluding sovereign bonds: 0%

As of the data of this report, for Taxonomy alignment indicators Capex and Opex, AB does not have access to suitable data to accurately report on those indicators.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.

- capital expenditure (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- operational expenditure (OpEx) reflects the green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What was the share of investments made in transitional and enabling activities?**

As of the data of this report, AB does not have access to suitable data to accurately report on transitional and enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of socially sustainable investments?

N/A



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

This included:

- Securities that AB believed could be held by the Portfolio in order to achieve its investment objective but were not deemed to promote E/S Characteristics, subject to satisfaction of AB's Good Governance Policy.
- Cash and cash-equivalents held as liquidity, risk management purposes, or collateral management purposes.
- Derivatives used for the purposes outlined in the Prospectus.

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



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Portfolio promoted E/S Characteristics by holding securities that AB believed promoted E/S Characteristics. A security was deemed to promote one or more E/S Characteristics if the following binding elements were satisfied:

- Documented ESG integration via evidenced ESG research and Engagements. As of 31 May 2023, 85% of the Portfolio met this criteria.
- During the reference period, as applicable, all issuers of securities were compliant with AB's Good Governance Policy.
- The Portfolio's investment exclusions were all met.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The Portfolio did not use a designated reference benchmark for measuring sustainability or determining E/S Characteristics.