# Task Force on Climate-related Financial Disclosures (TCFD)

**Equitable's 2021 ESG report was developed in alignment with TCFD's recommendations on climate-related financial disclosures.** The disclosures below are specific to Equitable, the financial advice, protection and retirement subsidiaries of Equitable Holdings, Inc., unless otherwise noted.

Equitable Holdings ESG data center

AllianceBernstein Climate Change Statement and TCFD report

## TCFD: Governance

| Disclosure Focus Area | Recommended Disclosure | Response |
| --- | --- | --- |
| Disclose the organization's governance around climate-related risks and opportunities | **a** Describe the board's oversight of climate-related risks and opportunities. | In accordance with our charters, the Equitable Holdings and Equitable **Nominating and Corporate Governance Committees** (the "NCG Committees") oversee, among other matters, Equitable's strategy regarding environmental stewardship, sustainability and corporate social responsibility. The NCG Committees meet regularly and report to their respective Boards. The Boards may also receive direct reports from management on these matters. Climate-related risks and opportunities are also addressed at other Board and subsidiary board committees, including as follows:<br><br>**Finance and Risk Committee:** oversight of enterprise risk management, incorporating oversight of climate-related physical and transition risks.<br><br>**Investment Committee:** oversight of investment risk within the General Account portfolio, including investment philosophy and guiding principles.<br><br>**Compensation Committee:** oversight of compensation arrangements, including consideration of any ESG-related goals. |
| Disclose the organization's governance around climate-related risks and opportunities | **b** Describe management's role in assessing and managing climate-related risks and opportunities. | At Equitable, the ESG framework is managed by a cross-functional ESG Steering Committee, overseen by executive sponsors who report directly to the Chief Executive Officer. As climate-related strategies are integrated throughout Equitable's operations, members of the Equitable management committee, including the Chief Risk Officer, consult with senior managers responsible for managing financial and non-financial risks.<br><br>The ESG Steering Committee members are responsible for overseeing production of the annual Equitable sustainability report; coordination with AllianceBernstein on our sustainability reporting; disclosures aligned to certain ESG reporting frameworks, including SASB and TCFD; and ongoing monitoring and management of climate-related matters, including related commitments and policies. |

## TCFD: Strategy

| Disclosure Focus Area | Recommended Disclosure | Response |
|---|---|---|
| Disclose the actual and potential impacts of climate- related risks and opportunities on the organization's businesses, strategy and financial planning. | **a** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | Equitable takes climate risk issues seriously and strives to ensure that climate risks are adequately identified, measured and mitigated. As a financial advice, protection and retirement services provider with no property and casualty operations, the majority of our exposure to environmental factors lies within our General Account (GA).<br><br>Equitable is developing a stress testing and limits framework for certain investments in our GA. The stress testing and limits framework considers both (a) physical risks to climate change and (b) transition risks. The physical risk assessment considers the risk to investments with first order (direct) exposure to the effects of climate change, such as rising sea levels or exposure to extreme weather.<br><br>The transition risk assessment considers the risk to an investment to the speed of transition away from carbon — but considers the risk of both more rapid or more gradual transitions than markets anticipate to a low-carbon economy. The transition risk assessment seeks to limit exposure to enterprises sensitive to a transition to a low-carbon economy, including both swift and slow or delayed transitions.<br><br>We expect the impact to our market strategy to be largely confined to the impact to investments of the stress testing and limits framework on our portfolio yields and risk levels. To analyze to what extent certain asset classes and sectors could be affected by a transition to a low-carbon economy, our approach will consider emission-intensive sectors such as oil and gas, utilities, transportation and car manufacturing, metals and mining and construction. We plan to reference climate scenarios created by research institutions that are transparent and detailed enough to reflect the impact of climate risk across our broad investment portfolio.<br><br>As part of this effort, Equitable Financial Life Insurance Company announced its inaugural $500 million **sustainable financing issuance** in July 2021, following the publication of **Equitable Holdings' Sustainable Financing Framework.** The issuance was offered in the form of five-year funding agreement backed notes. Proceeds will fund green and social projects aligned to the United Nations Sustainable Development Goals (SDGs), such as climate action, affordable and clean energy, clean water and sanitation, sustainable cities and communities and reduction of inequalities. The transaction garnered strong participation from sustainable bond investors with approximately half of the allocations going to investors focused on environmental, social, and governance related investments. Equitable Financial is the third insurance company to complete a sustainable financing issuance of this nature.<br><br>For more information about Equitable Holdings' approach to managing climate risk, please reference the Equitable Holdings **Climate Change Statement.**<br><br>For more information about AllianceBernstein's approach to managing climate risk, please reference its **Climate Change Statement.** |
| Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. | **b** Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | Equitable does not believe climate risks constitute a material portion of our risk profile. Climate stress testing will be confined to our General Account (GA) as it is the only source of material exposure. Initial stress testing will be primarily confined to our portfolio of public corporate bonds and commercial mortgage loans. Within the GA, climate risks are limited due to portfolio composition and duration: investment grade corporate bonds are 50.0% of GA assets under management (AUM) with an average duration of 7.7 years while US Treasuries comprise 14.0% of our GA AUM. Risks more directly linked to climate change are being assessed: commercial mortgage loans are 12.0% of our GA AUM and will be examined for physical risks based on, among other factors, flood zone risk assessments; for our agriculture loan portfolio, which comprises 3.0% of our GA, a suitable risk management approach is being developed. (Current as of September 30, 2021)<br><br>For more information about Equitable Holdings' approach to managing climate risk, please reference the Equitable Holdings **Climate Change Statement.**<br><br>For more information about AllianceBernstein's approach to managing climate risk, please reference its **Climate Change Statement.** |
| | **c** Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy, and financial planning. | Our Risk Management function assesses that Equitable's principal climate change risks are concentrated in our investment portfolio as described above. Analyses are underway to examine these risks further, but potential exposures are expected to be relatively modest. |

## TCFD: Risk management

| Disclosure Focus Area | Recommended Disclosure | Response |
|---|---|---|
| Disclose how the organization identifies, assesses, and manages climate-related risks | a Describe the organization's processes for identifying and assessing climate-related risks. | Equitable takes climate risk issues seriously and strives to ensure that climate risks are adequately identified, measured, and mitigated. As a financial advice, protection and retirement services provider with no property and casualty operations, the majority of our exposure to environmental factors lies within our General Account (GA). Equitable is working with our investment management partners (including AllianceBernstein) to examine this risk further, however potential exposures are expected to be relatively modest given the generally shorter-term maturity and modest size of our energy and real estate loan portfolios. To that end, Equitable is developing a stress testing and limits framework for investments in climate-sensitive companies in our GA. The stress testing and limits framework considers both physical risks and transition risks of climate change. The physical risk assessment considers the risk to investments with first order (direct) exposure to the effects of climate change, such as rising sea levels or exposure to extreme weather. The transition risk assessment considers the risk to an investment to the speed of transition away from carbon — but considers the risk of both more rapid or more gradual transitions than markets anticipate to a low-carbon economy. The transition risk assessment seeks to limit exposure to enterprises sensitive to a transition to a low-carbon economy, including both swift and slow or delayed transitions. |
| | b Describe the organization's processes for managing climate-related risks. | Equitable employs various strategies with the objective of mitigating risks inherent in our business and operations, including climate change risks.<br><br>In addition, Equitable maintains a *de minimis* owned real estate portfolio and our core products/services (life and annuity products) are generally not climate sensitive. Our Risk Management function assesses that Equitable's principal climate change risks are concentrated in our investment portfolio as described in the response to (a) above. Analyses are underway to examine these risks further, but potential exposures are expected to be relatively modest. |
| | c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | Equitable believes integrating ESG factors into our investment process enhances the quality of our investment portfolio.<br><br>Equitable takes a multi-pronged approach to ESG investing:<br><br>• **ESG Integration:** Equitable and AllianceBernstein investment professionals, which include research analysts and portfolio managers, include ESG factors in day-to-day decision making and tracking for a considerable portion of our assets.<br><br>• **Impact Investing:** Equitable Financial plans to have $1-2bn of GA assets invested in environmental and social initiatives by year-end 2023.<br><br>Equitable's Enterprise Investment Management function also benefits from AllianceBernstein's investment professionals, which include research analysts and portfolio managers, who understand the companies and industries they cover in depth. This puts them in the best position to determine which ESG issues are material for a particular company, to determine the financial impact of an ESG issue and to incorporate that insight into their cash-flow, earnings and credit models. This also means AllianceBernstein is well suited to engage with company management teams. Investor-led engagement sends a clear message that AllianceBernstein takes ESG integration and companies' actions seriously and is willing to press companies to improve their practices. |

## TCFD: Metrics and targets

| Disclosure Focus Area | Recommended Disclosure | Response |
|---|---|---|
| Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities. | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities. | **Operations**<br>Equitable is focused on practicing sustainability and good environmental stewardship in our business operations while continuing our commitment to measuring our carbon footprint. Currently, Equitable continues our former parent company's annual environmental reporting process and collects the following information for our corporate locations:<br>• Energy consumption<br>• GHG emissions — from power consumption, business travel, and toner and ink cartridges usage<br>• Paper usage<br>• Waste<br>• Water consumption<br>As a newly public company, we are developing an environmental impact tracking methodology consistent with best practices for our operations. We look forward to sharing our metrics and associated reduction targets in 2022.<br>**Investment Portfolio**<br>Equitable integrates ESG considerations into our investment process using AllianceBernstein's rating system for approximately c. $45bn (the majority being public investment grade assets) of our $92bn General Account assets.[19]<br>Equitable also tracks LEED certifications within the $10.7bn Commercial Mortgage Loan portfolio for Equitable's General Account. As of September 30, 2021, c. 26% of the buildings in our portfolio are LEED-certified. We are currently in the process of calculating the carbon intensity across the entirety of our General Account starting with public corporate and sovereign bonds and intend to disclose additional information in the year ahead. |
| | b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | Currently, Equitable continues our former parent company's annual environmental reporting process and collects information on our GHG emissions from sources including power consumption, business travel, and toner and ink cartridges usage.<br>As a newly public company, we are developing an environmental impact tracking methodology consistent with best practices for our operations. We look forward to sharing our metrics and associated reduction targets in 2022. |
| | c Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | Equitable manages climate-related risks and opportunities in both our operations and investment portfolio. As a newly public company, we are developing an environmental impact tracking methodology consistent with best practices for our operations. We look forward to sharing our metrics and associated reduction targets in 2022.<br>Equitable works with our investment management partners (including AllianceBernstein) to manage risk within our General Account investment portfolio. Equitable plans to have $1-2bn of GA assets invested in environmental and social initiatives by year-end 2023. |

1 Amortized costs as of 9/30/21; excludes cash and short-term investments of $1 billion and repurchase and funding agreements of $(7) billion.

Equitable Holdings, Inc. (NYSE: EQH) ("Equitable Holdings") is a financial services holding company comprised of two complementary and well-established principal franchises, Equitable and AllianceBernstein. Founded in 1859, Equitable provides advice, protection and retirement strategies to individuals, families and small businesses. AllianceBernstein is a global investment management firm that offers high-quality research and diversified investment services to institutional investors, individuals and private wealth clients in major world markets. Equitable Holdings has approximately 12,000 employees and financial professionals, $871 billion in assets under management (as of 9/30/2021) and more than five million client relationships globally.

Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (NY, NY); Equitable Financial Life Insurance Company of America, an AZ stock company with main administrative headquarters in Jersey City, NJ; and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN).

Equitable Holdings owns an approximate 65% economic interest in AllianceBernstein. Equitable Holdings' indirect, wholly owned subsidiary is the General Partner of AllianceBernstein with the authority to manage and control AllianceBernstein, and accordingly, AllianceBernstein is consolidated in Equitable Holdings' financial statements. AllianceBernstein trades on the NYSE under the ticker symbol "AB."