



Equitable Holdings

Climate change statement

Equitable Holdings, a leading financial services company with \$930bn in assets under management and administration,¹ is committed to being good environmental stewards of our business, creating programs and practices that drive sustainable, positive change. Equitable Holdings has taken deliberate steps across its two operating entities, Equitable and AllianceBernstein (AB),² to assess the environmental impact of its operations and business practices and consider the impact of material ESG factors in its investment decision-making processes. For more information, reference [Equitable](#) and [AllianceBernstein](#) disclosures under the Task Force for Climate-related Financial Disclosure Index (TCFD).

- Equitable benefits from a close collaboration with AB, a global asset manager and recognized leader in responsible investing. Equitable integrates material ESG factors into the investment decision process for c.\$64 billion of its \$99 billion General Account (GA).³ This means Equitable considers AB's ESG rating for an issuer as part of its evaluation of the risk and return of the investment opportunity. In addition, the company has developed a stress testing and limits framework to help identify and manage material climate risks. Equitable also developed a greenhouse gas emissions (GHG) inventory to understand and account for the environmental impact of its operations. Equitable quantifies and discloses greenhouse gas (GHG) emissions from its operationally controlled, leased corporate offices and branch locations in the United States (Scope 1 and Scope 2). It also discloses GHG emissions for air and rail business travel (Scope 3, Category 6).
- AB's approach to identifying and integrating material climate-related risks and opportunities is multi-faceted and includes: drawing on expertise from academic and industry partners; training its investment teams on the science behind climate change and the potential implications of clients' investments; incorporating climate insights into research and decision-making processes, which can lead to better client outcomes; being active stewards through engagement on material climate-related issues with issuers and regulators as well as via proxy voting; and providing investment solutions, Portfolios with Purpose, that aim to achieve financial objectives with a dedicated ESG focus.

¹ Current as of December 31, 2023; AUM amounts are not mutually exclusive as AB manages approximately 68% of Equitable Financials' and other insurance subsidiaries' General Account assets and 35% of their separate account.

² 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 an administrative office located in Charlotte, NC; and Equitable Distributors, LLC.

³ Represents carrying value as of December 31, 2023. Excludes cash and short-term investments of \$4.7bn. Certain figures may not sum due to rounding.



ESG governance

At the Equitable Holdings level, in accordance with Board committee charters, the Equitable Holdings Board of Directors oversees Equitable's ESG strategy directly, through its commitments, and through certain subsidiary boards and committees, including:

- **Audit Committee:** Oversight of legal, regulatory and compliance; internal controls and operational risk, including cybersecurity and data privacy.
- **Compensation and Talent Committee:** Oversight of human capital management including diversity, equity and inclusion.
- **Finance and Risk Committee:** Oversight of enterprise risk management, including physical and transition risks of climate change.
- **Investment Committee:** Oversight of investment risk within the General Account portfolio, including ESG investment philosophy and guiding principles, ESG integration and impact investing activities.
- **Nominating and Corporate Governance Committee:** Oversight of overall ESG strategy including board diversity, experience and independence and governance profile.

At Equitable, the company's ESG framework is under the direction of the company's ESG Steering Committee and overseen by an Executive Sponsor who reports to the Chief Executive Officer. Equitable's ESG Steering Committee is comprised of leaders from across the organization who help ensure the strategy is on target and commitments are met. This model reflects the company's belief that those who run its biggest systems should have a seat at the table to drive decision making and proactively identify ESG-related risks and opportunities. The Head of ESG Strategy and Operations sits at the heart of its ESG operating model and collaborates closely with Equitable's ESG Executive Sponsors and the ESG Steering Committee members to help build, grow and evolve the company's ESG strategy to deliver on its commitments.

AB has created a robust governance structure to oversee corporate responsibility, responsible investing and climate-related activities. AB's oversight of climate risk involves a multi-layered governance model that extends upward from the investment and operational teams through AB's Risk Management team and Operating Committee and ultimately to the Board of Directors, via AB's Audit and Risk Committee. In 2020, AB's Board of Directors and CEO established the position of Chief Responsibility Officer (CRO) and the Responsibility Strategic Business Unit (SBU) to increase focus on and augment capabilities in this area. Since establishing this supervisory structure, AB's diverse group of committees and SBUs have continued to evolve their response to the development, implementation and oversight of AB's climate approach.

Responsible investing

Leveraging its research heritage, AB integrates material ESG factors throughout most of its actively managed strategies with its global investment team. Following an investor-driven approach, AB's sector research



analysts, portfolio managers and responsibility teams work in partnership to determine which ESG issues are material for a particular issuer or industry. From idea generation to ongoing stewardship, AB considers material ESG risks and opportunities throughout the investment process for most of its actively managed strategies. AB's investment teams engage with issuers and companies to generate research insights and advocate for action. When teams ultimately make investment decisions, they understand the effect that ESG factors may have on financial outcomes. Finally, AB continues its stewardship role by remaining engaged with issuers, striving to create long-term client value. These active connections allow for assessment, discussion and encouragement of addressing material ESG risks or taking advantage of ESG opportunities in the best interest of their clients.

Material ESG factors are integrated into Equitable's investment process for c.\$64 billion of its \$99 billion General Account assets using AB's proprietary rating system and integration methodology.⁴ This means that Equitable considers AB's ESG rating for an issuer as part of its evaluation of the risk and return of the investment opportunity. Equitable's investment philosophy is driven by its long-term commitments to clients, robust risk management and strategic asset allocation. As investors with a long-term horizon, Equitable believes that companies are often prepared to face potential changes in regulation, changes to the way in which customers engage with their products or services and attract and retain top talent. This belief underpins Equitable's approach to responsible investing, where the company considers the impact of material ESG factors in its investment-decision process.

Equitable partners with AB to measure the carbon emissions of its public corporate bonds and sovereign bonds on a weighted average carbon intensity basis, leveraging MSCI's climate data. This year, Equitable began to calculate the absolute emissions of its investment portfolio, as having access to multiple data sets enhances its ability to track and analyze data.

While ESG integration and active engagement are fundamental to AB's responsible investment and research process for most of its actively managed strategies, many investors want solutions that enable them to pursue specific financial objectives while also utilizing a dedicated ESG or climate-related focus through AB's Portfolios with Purpose, such as carbon neutrality. In some cases, AB analysts may shape the available issuer universe by applying explicit screens and exclusions. AB's Portfolios with Purpose also include a suite of sustainable portfolios, some of which are aligned with the United Nations Sustainable Development Goals in health, climate and empowerment, meeting investors' present needs without compromising the well-being of future generations.

Managing climate change risk

Equitable understands its business obligation to identify and manage climate risk. Over the last few years, Equitable established processes for managing climate change risk and conducting materiality assessments based upon a stress testing analysis to verify the probability of material climate risks.

⁴ Represents carrying value as of December 31, 2023.



Consistent with best practices as an asset owner, Equitable's approach considers both physical and transition risks of climate change. The physical risk assessment considers the risk to investments with 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 of the speed of transition away from carbon, specifically, the risks of more rapid or gradual transitions to a low-carbon economy than markets anticipate. Equitable's analysis is completed on a quarterly basis and reported to the Equitable Holdings Board of Directors Finance and Risk Committee. Overall, Equitable's climate stress testing covers more than half of the fixed income assets in its General Account portfolio. Consistent with prior years, the results demonstrate that climate risks do not constitute a material portion of Equitable's risk profile in comparison to the economic capital required to be held against investment risk. The full results of Equitable's stress testing and limits framework for Equitable's public corporate bonds and commercial mortgage loans can be found in its [Taskforce for Climate-related Financial Disclosures Index](#). Equitable recognizes that industry standards for modeling climate-related risks are evolving and its approach to climate stress testing will be further refined as industry standards mature.

Similarly, AB investors have access to climate scenario analysis which, along with other tools and resources, can help them understand how the physical and transition risks and opportunities of climate change might affect a business over time. Climate scenario analysis for reporting, compliance and investment decision-making is evolving as these models and their inputs improve and mature. As such, AB is committed to working to understand, assimilate and, over time, refine climate scenario analysis for the benefit of its clients and other stakeholders.

Sustainability of operations

Equitable quantifies GHG emissions from its operationally controlled, leased corporate offices and branch locations in the United States. In 2023, Equitable expanded its GHG inventory to measure GHG emissions for air and rail business travel (Scope 3, Category 6). Equitable is on track to reduce occupancy square footage across corporate locations by approximately 50% by 2024. As a result of this, in 2023 Equitable realized an 42% reduction in Scope 1 GHG emissions and a 22% reduction in Scope 2 GHG emissions. The reduction was primarily driven by reimagining their workspaces, allowing for better optimization of office square footage.

AB has pledged to achieve net zero operations across Scopes 1 and 2 emissions by 2050 from a 2019 baseline. AB is working to achieve this net zero commitment, in part, by locating 85% of its employees in greener workspaces by 2025, and by identifying opportunities to procure renewable energy. AB is also working to manage and reduce office waste.

Equitable Holdings, Inc. (NYSE: EQH) (Equitable Holdings) is a financial services holding company composed of two complementary and well-established operating entities, Equitable and AllianceBernstein. Equitable Holdings has approximately 12,900 employees and financial professionals, \$930 billion in assets under management and administration (as of December 31, 2023) and more than 5 million client relationships globally.