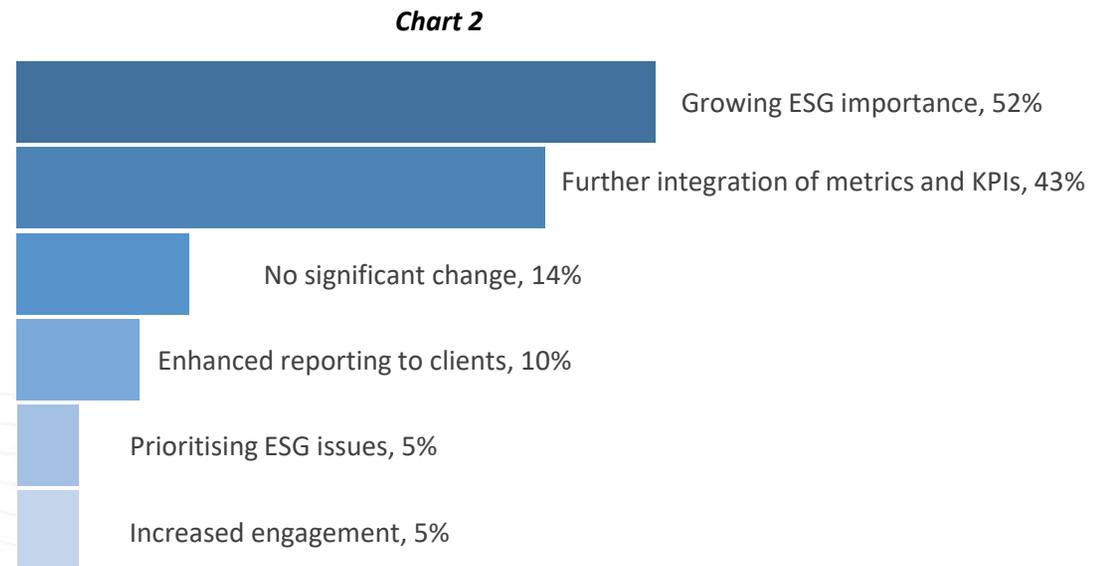
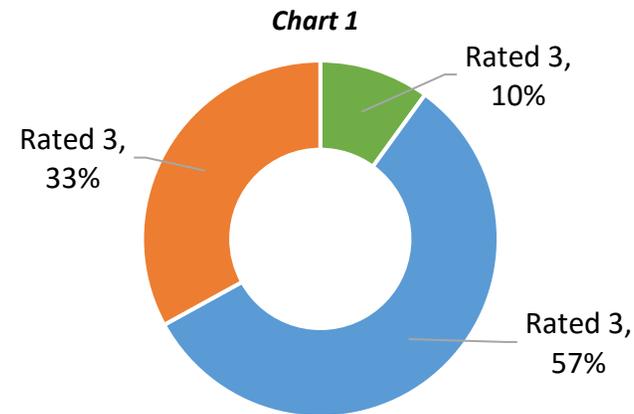


Investors and issuers are increasingly focused on Environmental, Social, and Governance (ESG) related disclosures and engagements. BNY Mellon conducted a survey of the attitudes of investors and issuers toward ESG disclosures. The survey consisted of 40 interviews with 21 institutional investors (“investors”) representing **\$3.9 trillion** in equity AUM and 19 issuers with combined market capitalization of **\$731 billion** between May and October 2021. 76% of the investors were from North America and 14% were from Europe.

### Key Findings

#### Investors believe ESG is an important consideration

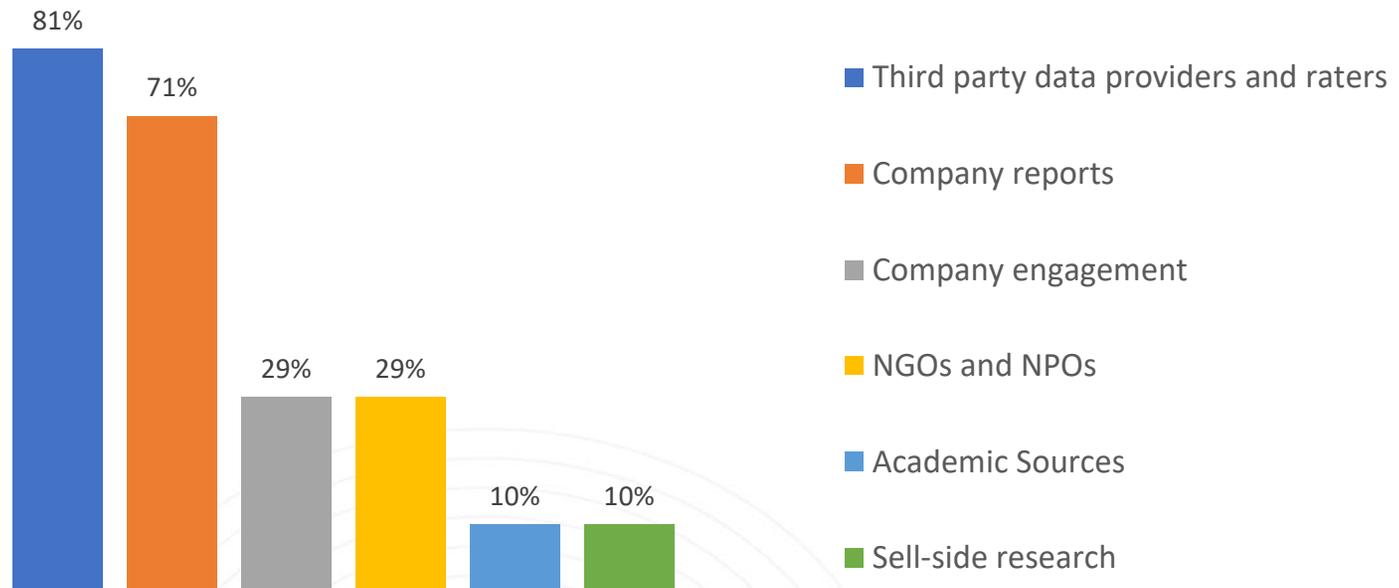
- On a scale of importance from 1 to 5 (where 5 indicates the most important), investors on average rated ESG at 4.24 (see chart 1 on the right)
- 81% of the investors surveyed incorporate ESG qualitatively
- 57% of the investors incorporate ESG quantitatively
- 19% of investors incorporate ESG into company engagements
- 52% of investors believe that ESG considerations are increasingly important in their decision making (see chart 2)



According to the Survey, Investors view ESG as a method of making risk-adjusted company assessments. In their perspective, companies with poor ESG profiles also have direct financial risks or other hazards. Thus, they find it useful, especially for funds with long term investment horizons, to use ESG factors as an additional layer of information to enhance financial analysis.

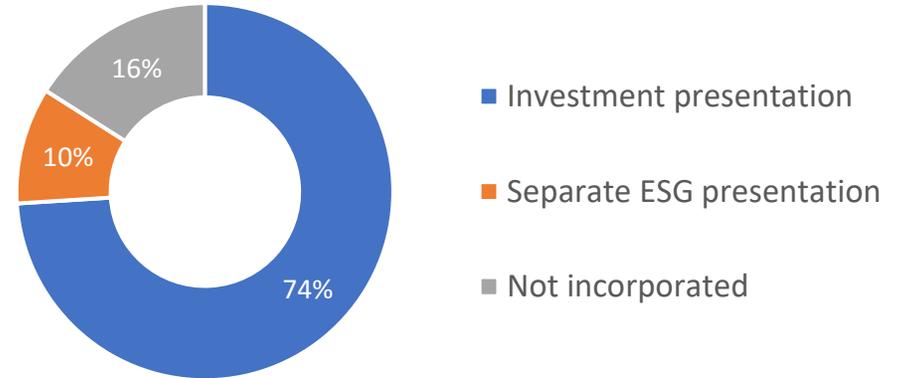
### ESG Disclosures

- Approximately 62% of the investors believe reporting needs to be standardized
- Investors expressed that quantitative reporting, such as science-based target setting and KPIs are important. Investors were also interested in **reporting consistency**, so that they can track changes over time
- Investors vet and cross-verify the information disclosed by companies and third parties, with 81% using third party data providers and raters (see chart below)



### Issuers Perspective on ESG Disclosure

Issuers are increasingly integrating ESG disclosures into their Investor Relation (IR) presentations or a separate ESG presentation (see chart).



### Key Takeaways for Companies based on Investor Feedback

- Provide increased quantitative data and standardized metrics for comparability
- Set targets to promote accountability
- Focus on recent KPIs in quarterly reporting
- Use longer meetings for more in-depth presentations
- Tie in and relate ESG to the investment case
- Emphasize all ESG outcomes (not just environmental) in discussion of goals and progress

### What ZMH Can Do for You

*Our Proprietary ESG Engagement Dashboard™ allows you to leverage technology and data to optimize your shareholder interactions.*

Know what could be asked during an engagement

Stay up to date on investor's ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

**CONTACT US TO SCHEDULE A DEMO**

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