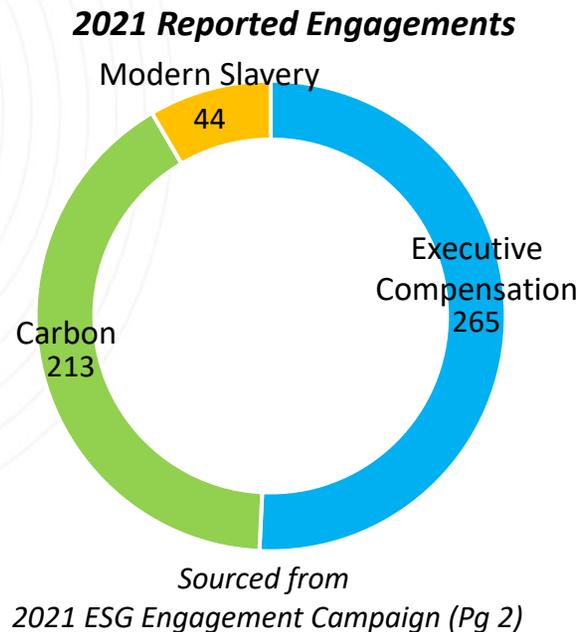


AllianceBernstein (AB) is an asset management firm with **\$667 billion in AUM** (August 31, 2022). AB released its 2021 ESG Engagement Campaign report in April 2022 to detail its ESG campaign priorities and active engagement efforts for the year. In 2021, AB engaged with **432** unique issuers (an increase from 358 issuers in 2020) on three critical ESG issues (see graph):

1. ESG Metrics in Executive Compensation Plans
2. Climate-Risk Goals and Disclosures
3. Modern Slavery Risks



ESG Metrics in Executive Compensation Plans - Questions asked

Do you formally include at least one material ESG target in your executive compensation plan?

Yes

- Which metric(s) did you choose and why?
- How do you set your performance targets for these metrics?
- How do you disclose performance against the goal(s)?

No

- Why and how did you determine to exclude a material ESG target?
- Under what circumstances would you consider including an ESG target?
- Do you informally incorporate ESG metrics into executive compensation?

Results of Engagement Campaign

- 34% of the issuers said that they included ESG factors in their executive compensation plans
- 51% will consider adopting or improving targets/metrics
- 25% already had the appropriate targets/metrics
- Receptivity to the issue increased from the previous year
- AB had flagged 223 issuers from its 2020 campaign and followed up with 144 issuers on this topic in 2021. Of these, 52% improved their outcomes on the topic compared to the previous year

Climate-Risk Goals and Disclosures

AB Standards on Climate

Metrics

- Quantitative, comparable, material
- Internal GHG pricing
- Carbon emissions and weighted average carbon intensity
- Audited

Goals

- Scope 1/2/3 GHG emissions-reduction goals
- Renewable energy goals
- Science-based targets in line with the Paris Agreement

Disclosures

- Climate-related lobbying disclosures
- Scenario analyses
- Net-zero/ Paris-aligned strategy
- TCFD/CDP/Climate Disclosure Standards Board/GRI/International Integrated Reporting Council/SASB

Questions Asked

Have you set goals to drive decarbonization through emissions-reduction targets, carbon-neutrality goals, or renewables and energy-efficiency investments?

Yes

- What are your goals?
- What scope or scopes do you consider, and are they aligned with the Paris Agreement?

No

- How did you determine that these goals were unnecessary?
- Through what circumstances would you consider setting goals?

Have you chosen to disclose your climate-related efforts?

Yes

- Do you or do you intend to report through CDP Worldwide or the TCFD?

No

- Why have you chosen not to disclose?
- Under what circumstances would you consider further disclosure?

Results of Engagement Campaign

- 46% already had some climate targets or disclosures in place; 32% already had appropriate targets/metrics in place
- 14% did not respond/ refused to discuss their climate-risk goals and disclosures
- AB finds that receptivity to climate engagement has decreased. The effectiveness of climate engagement has also reduced from the previous year
- AB engaged with a great percentage of emerging and frontier market issuers than it had in 2020 on climate
- AB reengaged with 60 issuers on climate change, 52% had made progress from the previous year

Topic Spotlight- Modern Slavery

AB uses a two-dimensional matrix to assess issuers that are high-risk-to-people in terms of their operations and supply chains. An issuer might have a low risk of modern slavery exposure in its own operations, but high risk in its supply chain.

After assessing issuers, AB engages with them on best practices to reduce modern slavery risk. It has identified five criteria that, in its view, capture best practices.

| | |
|-----------------------------|---|
| Governance Framework | Steps taken to align the business with the goal of reducing modern slavery risk |
| Risk Identification | How well does the firm understand the challenge and how robust are the techniques used to identify the risk |
| Action Plan to Reduce Risks | Is the plan a realistic solution to reduce risk? Does the company train employees and suppliers to identify and reduce risks? |
| Action Plan Effectiveness | To what extent has the company's actions reduced risk, and how is it measuring progress? What procedures are in place to ensure that follow up actions are implemented and monitored? |
| Future Improvement | Evaluate progress each step of the way and make changes to continuously improve performance against the previous four criteria |

Results of Engagement Campaign

- AB engaged with 44 issuers on modern slavery risks
- Majority of issuers – 82% – were receptive to the conversation
- AB targeted sectors that were high risk like consumer products and materials, and targeted fewer issuers in generally lower-risk sectors like financials or telecommunications
- AB found that issuers with the lowest risk often lagged on adopting best practices



Understand How ESG Weighs into Investor Considerations to Make Your Next Engagement More Successful.

[ESG Roadshows](#)

[Data-Driven ESG Strategy](#)

What ZMH Can Do for You

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

ZMH Advisors LLC. is a technology-based shareholder and ESG advisory firm. We combine two decades of corporate governance and investor engagement experience with next-gen data analytics to deliver customized solutions for clients ranging from pre-IPO to S&P 500 companies. Our data-driven approach is powered by a proprietary **ESG Engagement Dashboard™**, which provides unique insights on investors with \$50T AUM.

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

info@zmhadvisors.com | <https://zmhadvisors.com>