



MISUM

Active ownership on environmental and social issues: What works?

A summary of the recent academic literature

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Mistra Dialogue: Connecting research and practice

Mistra, the Swedish Foundation for Strategic Environmental Research, funds academic and multi-stakeholder research with the aim of resolving important environmental problems and contributing to sustainable development. The determination to drive positive change is also key to Mistra in its role as an asset owner. All assets are invested according to sustainability criteria and with a long-term perspective.

These dual roles as research funder and asset owner give Mistra a unique opportunity to provide a bridge between the finance sector and frontier scientific research of relevance to asset management for sustainable development. The aim of the 2019 initiative Mistra Dialogue is to refine and adapt the ideas, knowledge and results derived from Mistra-funded programmes to reach different target groups, with investors as key actors.

The present report focuses on the important area of active ownership, where the prioritisation of asset owners' and asset managers' resources is key. Mistra believes that this review of the current state of knowledge will provide a useful basis for decision making by these actors and help to build a finance system that contributes to sustainable development.

Mistra, the Swedish Foundation for Strategic Environmental Research

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Executive summary

Active ownership is exercised by shareholders when they use their ownership position to actively influence company policy and practice. It is becoming increasingly common to be an active owner in the domain of social and environmental sustainability, as is evidenced for example by the constantly growing number of signatories to the Principles for Responsible Investment. Active ownership can take many forms. Shareholders might engage in dialogue with corporate management in order to instigate improvements in corporate conduct; shareholders can file resolutions that are voted on at corporations' annual general meetings or may choose to divest themselves of their shares in an entire sector; some may even file a lawsuit in an attempt to persuade a company to correct wrongdoing.

This raises questions about which strategies are most effective at achieving sought-after change, and what the factors might be that make the various strategies successful. This report summarises the key academic research from the past ten years on the topic of active ownership on environmental and social issues, and specifically on the efficiency and impact of the different strategies. The results can be used both to guide shareholders and to help form a future research agenda.

One key finding of the studies reported here is that for corporate dialogue to be successful, having a large shareholder stake in the company is not as important as one might think. Rather, several studies find that legitimacy is the most important attribute. This can be attained through who the investor is – for instance, by organisational reputation or the credibility of the engagement staff. It can also be attained through what the investor says – it is particularly important to present a strong business case, but it is also helpful to highlight an established practice and to show a willingness to understand the corporate perspective. The research also finds that forming coalitions with other stakeholders is important. Joint engagement platforms, such as the Principles for Responsible Investment, can add legitimacy as well as the infrastructure for persistence in engagement endeavours.

Other key insights concern the filing of shareholder resolutions. Research shows that it is easier to get support for transparency-oriented resolutions than for those asking for more substantive change. Resolutions asking for disclosure have a high propensity to actually generate improved disclosure. In addition, if the resolution receives a high level of support, implementation is quite likely to be adopted by

product peers, thereby reaching beyond the company itself. Large and consumer-facing companies are more likely to respond positively to shareholder requests. While large shareholdings do not seem crucial for company dialogue, they do play a role in resolutions. Companies are more likely to respond to shareholder requests if the filers have high socially or economically derived status, and shareholder resolutions are more likely to be withdrawn if the filer has a large overall holding and a high total percentage of stock.

Researchers have also addressed divestment as a way of pressuring corporations to reduce carbon emissions. There is some evidence that it can lower the share price of fossil fuel-based companies and that it can divert cash flows away from the fossil fuel sector. However, research has not set out to answer whether this brings about reduced emissions. Some indirect outcomes have been suggested, such as causing stigma and helping to mobilise the climate movement, as well as the divestment movement's potential to build anti-fossil-fuel norms over time.

The report also drafts an agenda for future research. Whereas many studies are identifying success factors for shareholder influence, the question about real-economy effects is largely left unaddressed. What tangible changes in corporate practice are resulting from shareholder interaction? Regarding climate change specifically, it would be valuable to explore whether restriction of debt funding to the fossil industry might be an efficient way to reduce production levels and thus curb greenhouse gas emissions, and how this compares to equity divestment in that regard. It would also be relevant to gain a deeper understanding of the process whereby shareholders might influence norms for corporate conduct. Furthermore, there is a need for a more fine-grained analysis of engagement, where different types of engagement such as incident-based or proactive engagement are analysed separately. Related to this, there is a need for studies that explore how the different strategies might interplay or perhaps even counteract each other. We also note that much of the data used is from the United States, and that studies from other geographical perspectives are also warranted, especially given the global reach of active ownership on social and environmental issues.

1. Introduction

In a **Financial Times** interview in the autumn of 2019, Bill Gates noted that “divestment, to date, probably has reduced about zero tonnes of emissions”.¹ At the same time, a 2019 survey showed that more than 20 per cent of asset owners, asset managers and service providers around the world were unsure about whether engagement or divestment was the more effective tool for influencing corporate action on climate change.²

A growing number of investors are committing to integrate not only climate change considerations, but also environmental and social issues more generally into their analysis and decision making, and to engage with companies on these issues.^{3 4} Faced with a toolbox of strategies for active ownership, and a range of different contexts and circumstances in which it can be used, shareholders could struggle to assess the efficiency of different methods and what works when.

Active ownership can be defined as **the use of an ownership position to actively influence company policy and practice**.⁵ It can take several forms. Shareholders could for example engage with companies through face-to-face meetings or other forms of direct dialogue, they can file shareholder resolutions and use their voting power at the annual general meeting, they can decide to divest their holdings or they could even file a lawsuit against companies to induce a sought-after change.

This study summarises the key academic research from the past ten years on the topic of active ownership on environmental and social issues, and specifically about the efficiency and impact of different strategies for active ownership. The results can be used both to guide shareholders and to help form a future research agenda.

In this report, the focus is limited to active ownership in relation to environmental and social issues. To ensure quality assurance, peer-reviewed articles in scholarly journals are primarily discussed. These were identified by searching the academic databases Business Source Premier, Google Scholar, JSTOR, ProQuest, Science Direct and SSRN. A number of relevant keywords⁶ were used as search terms, and the search was extended to the reference lists of reports that were identified as relevant in the database search.

The results were filtered manually so that only studies that had empirically evidenced results connected to the research question were selected. The intention was not to review the entire population of studies on the broad theme of active ownership, but only those that could directly inform the question of the efficiency and impact. The focus was on relatively recent studies, mainly those published in or after 2010.⁷ Although thorough and detailed, it is probable that the list of studies generated was not exhaustive.

1) Edgecliffe-Jonsson, A. & Nauman, B. (2019) Fossil fuel divestment has ‘zero’ climate impact, says Bill Gates, *Financial Times*, 17 September. Retrieved from <https://www.ft.com/content/21009e1c-d8c9-11e9-8f9b-77216ebe1f17>

2) RBC (2019) Evolving landscape: 2019 Responsible investment survey. Executive summary. Retrieved from <https://global.rbcgam.com/sitefiles/live/documents/pdf/rbc-gam-responsible-investing-survey-executive-summary-2019.pdf>

3) Principles for Responsible Investment (n.d.) About the PRI. Retrieved from <https://www.unpri.org/pri/about-the-pri>

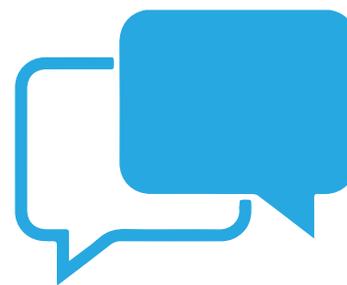
4) Global Sustainable Investment Alliance (2019) 2018 Global Sustainable Investment Review. Retrieved from http://www.gsi-alliance.org/wp-content/uploads/2019/03/GSIR_Review2018.3.28.pdf

5) Sjöström, E. (2008) Shareholder activism for corporate social responsibility: what do we know?, *Sustainable Development*, 16: 141–154.

6) Examples of search terms for the title and abstract included (but were not limited to): “divestment”, “shareholder proposal”, “shareholder resolution”, “shareholder engagement”, “shareholder dialogue”, “shareholder activism”, “shareholder AND withdrawal”, “shareholder AND litigation”, “shareholder AND class action”.

7) For a review of earlier studies, see for example Cundill, G.J., Smart, P. & Wilson, H.N. (2018) Non-financial shareholder activism: A process model for influencing corporate social and environmental performance, *International Journal of Management Reviews*, 20: 606–626, and Sjöström, E. (2008) Shareholder activism for corporate social responsibility: what do we know? *Sustainable Development*, 16: 141–154.

2. Corporate dialogue



Dialogue with corporate management is a core part of shareholder engagement. This report separates corporate dialogue from shareholder resolutions, although both are part of an engagement strategy.

The saliency of investors and their claims

A number of studies on corporate dialogue processes are concerned with **shareholder salience**.^{8 9 10 11} This is a concept from organisation theory that can help to explain what influences managers to give priority to competing stakeholders' claims in their decision-making processes. Theoretically, three main factors are said to increase stakeholder salience: that stakeholders have the **power** to influence the corporation; that their relationship with the corporation is **legitimate**; and/or that they have **urgent** claims on the corporation.⁸ Stakeholders do not have to possess all three of these attributes to be salient, but the more they have in the eyes of corporate management, the more salient they will be.

In a shareholder setting, power could for example stem from the provision or withdrawal of capital, public or private statements that can influence the corporation's reputation, the use of formal shareholder rights through resolutions or successful lobbying for regulation. Legitimacy can be derived from a societal perspective, where the shareholder reflects a position that is widely accepted in society; from an organisational or individual perspective, such as through the shareholder being a credible and respected member of the investment community; or from a pragmatic perspective, by the shareholder having a strong business case. Urgency is related to time-sensitivity and criticality, such as deadlines that create time pressure, or to an assertive tone.⁹

Empirical studies that have leaned on this framework have found **legitimacy** to be the most critical attribute for successful corporate engagement dialogues.^{10 11} In particular, having a strong argument for why the proposed activity is in the best business interests of the firm (a strong business case) is important for the success of engagement. Providing the company with new information on emerging issues as a way to help build the business case has also been shown to significantly enhance the prospects for success. Legitimacy is reinforced by the investor's willingness to try to understand the company and its complexities. Furthermore, highlighting an established practice to follow, and thereby activating a peer pressure mechanism, is helpful for shareholder salience.

8) Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997) Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22, 853–886.

9) Gifford, J. (2010) op. cit.

10) Gifford, J. (2010) op. cit.

11) Santos, J.C., Sealey, J. & Onuoha, AGC (2014). Shareholder engagement and Chevron's policy 520 on human rights: The role played by the United States Jesuit Committee on Investment Responsibility. *Socially Responsible Investment in the 21st Century: Does it make a difference for society?* Emerald Group Publishing.

“Perhaps surprisingly, the size of the shareholding does not seem critical to achieving success in corporate engagement dialogue”

Legitimacy has also been shown to be enhanced by a high degree of credibility among individual engagement staff members, for instance the seniority, and the organisational reputation of the engager.¹² For coalitions, which are addressed below, this could make it beneficial to consider the legitimacy perspective when selecting a lead engager. For example, an influential local investor may be considered more legitimate than a lesser-known foreign actor. A local investor may perhaps also have a higher degree of cultural sensitivity and could thus frame the business case in a more relevant manner. Legitimacy is thus a product both of what shareholders say and who they are.

Perhaps surprisingly, the size of the shareholding does not seem critical to achieving success in corporate engagement dialogue.^{13 14} Thus, shareholders with small stakes should not let this stand in their way, especially if they can lever other points of salience. At the same time, the total size in the market seems to increase legitimacy according to studies – and would thus be more important than the stake in the target firm.¹⁵

Target firm characteristics

Other attributes that researchers have found to be important for engagement success, however, do not fit easily into the saliency framework. These are typically aspects that the shareholder itself cannot control, but that could be important to consider when selecting target companies. One such factor is the values of the managers on the corporate side. An unsupportive individual in a key position can stop engagement in its tracks while, conversely, a change of CEO can propel a corporate dialogue that has stalled.^{16 17 18} One author suggests that a targeting strategy could therefore be to write to new CEOs and Chairs to gauge their willingness to move forward on certain issues and select target companies accordingly; or to seek out CEOs and board members who have made public commitments to sustainability.¹⁹

One study, which does not separate dialogue from shareholder resolutions, finds that engagement with industry leaders is less likely to be successful. This may be because such corporations have less room for improvement. It also finds that engagement tends to be more successful with companies that have greater financial slack, in terms of excess financial resources, and thus more financial capacity available to implement environmental and social improvements. Furthermore, the success rate is higher for firms, typically those in consumer-facing industries, that would be more likely to have reputational concerns. This was gauged by the rate of advertising intensity and analyst coverage. If there has been previous successful engagement with a target firm, it is more likely that the next engagement will be successful. Finally, the study shows that firms facing potential legal pressure are more likely to adopt the requested social and environmental requests of the engager. Legal pressure was measured as the number of lawsuits in which each sample firm had been involved in the year before being targeted.¹⁴

Most studies do not make a distinction between corporate dialogue that is reactive or proactive. A reactive engagement is incident-based (e.g. a violation of an international norm has occurred), whereas a proactive dialogue may urge a company to better position themselves

12) Gifford, J. (2010) op. cit.

13) Gifford, J. (2010) op. cit.

14) Dimson, E. et al. (2015) op. cit.

15) Gifford, J. (2010) op. cit.

16) Gifford, J. (2010) op. cit.

17) Hebb et al. (2014) op. cit.

18) Hoffman, A. J. (1996) A strategic response to investor activism. *Sloan Management Review*, 37(2): 51–64.

19) Gifford, J. (2010: 17) op. cit.

to contribute to the global Sustainable Development Goals. One study, however, specifically features incident-based private engagement, and was conducted in a Nordic context where norms-based screening is prevalent.²⁰ The study examines 355 engagement cases in the period 2005–2013, of which 70 per cent were focused on human rights or labour rights. In all, 28 per cent of the total amount of dialogues were successful, in the sense that they could be ended based on achieving the defined engagement goals. The highest success rates were achieved in regard to environmental, corruption and human rights risks. The study found that the likelihood of successful engagement was positively associated with company size and negatively associated with capital expenditure and research and development (R&D) intensity. The authors refrained from discussing why these characteristics of firms might facilitate success, but it is possible to speculate that larger corporations and those with lower levels of capital expenditure or R&D intensity would have more resources to spend on remedying social or environmental incidents or concerns. This insight may be useful for the selection of target companies for incident-based dialogues.

Furthermore, tentative research results show that engagement that takes place when “the time is right” for an issue can facilitate success. One example given is a successful human rights engagement that took place at a time when UN Special Representative John Ruggie was developing a new framework on business and human rights.²¹ Another example is the Ceres principles – a set of environmental principles negotiated between an oil company and a shareholder association. The study found that political context played an important role in engagement success.²²

20) Semenova, N. & Hassel, L.G. (2019) Private engagement by Nordic institutional investors on environmental, social, and governance risks in global companies. *Corporate Governance: An International Review* 27(2): 144–61.

21) Santos, J.C. et al. (2014) op. cit.

22) Hoffman, A. J. (1996) op. cit.

Success factors for corporate dialogue: Shareholders

- Presenting a strong business case
- Enhancing the business case by providing the company with new information on emerging issues
- Demonstrating a willingness to understand the company and its complexities
- Highlighting an established practice to follow
- Having a credible engagement staff
- Having a good organisational reputation
- Having a large presence in the market
- Joining coalitions with other shareholders, preferably via an established platform
- Choosing an engagement topic that has momentum in political or other contexts.

Success factors for corporate dialogue: Target firms

- Larger companies
- Companies with greater financial slack, including lower capital expenditure and R&D intensity
- Companies in consumer-facing industries
- Companies that are not industry leaders and thus have more room for improvement
- Companies with management that is supportive of environmental and social sustainability
- Companies that shareholders have engaged with successfully in the past
- Companies that face potential legal pressure.

“Several studies show that coalition-building is a significant moderating variable in increasing shareholder salience”

Collective action

It seems intuitive that investors would be more powerful and effective if they joined forces and sought to influence corporations together. Several studies show that coalition-building is a significant moderating variable in increasing shareholder salience.^{23 24 25} One study, however, finds that coalitions were important but not critical: engagements where no other shareholder was involved could also achieve successes.

For shareholders who form coalitions, important insights can be gained from a study that identifies patterns of attributes that are present when successful collaborative engagements are achieved.²⁶ The data, drawn from the Principles for Responsible Investment (PRI) collaboration platform, covers 30 coalitions, which together represent 1035 corporate-investor interactions.

The study found that collaborative engagement success was often achieved when targeting companies with lack of ESG expertise – consistent with other research that suggest to not target industry leaders – or low market capitalisation (small caps). To target small caps is however only a successful pathway if the investor coalition was highly diverse, in terms of having a balance between asset owners, asset managers and service providers. According to the authors, this could be because it requires more resources to access small caps as more specialised sectoral knowledge or a diversified network may be needed to access the right person in order to advance the engagement.

The study further shows that high combined shareholdings in the coalition can be helpful, but mostly for companies in customer-centric industries. One explanation could be that these companies probably face multiple types of pressure, so a “brute force” strategy may be needed to enable the shareholder to be heard. According to the study, large stock holdings may even compensate for a less well-framed engagement letter – but this only holds true in cases where the engagement coalition is highly diverse. Large stockholdings also seem to matter more when the investors have a high average level of total assets under management, which probably gives them a more powerful and legitimate profile.

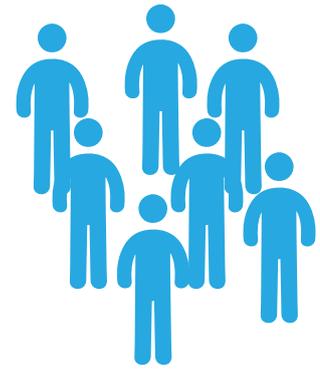
Another successful pathway, according to the study, is collaborative engagements that, rather than asking for substantive change, ask firms with high market capitalisation to enhance their levels of corporate disclosure. This tends to work even if the coalition does not represent large assets under management or if the coalition letter is not strongly framed. The authors speculate that large cap corporations may be

23) Gifford, J. (2010) op. cit.

24) Santos, J.C. et al. (2014) op. cit.

25) Dimson, E. et al. (2015) op. cit.

26) Gond, J.P., Slager, R., Furnari, S. & Chuah, K. (2019) Beyond “one size fits all”: organizing effective coalitions for collaborative shareholder engagement on sustainability issues. Managerial Report prepared for the ARCS-HEC Paris workshop (11–12 October, 2019).



relatively easy to nudge because they view engagement demands as a signal to adjust to market expectations.

The study suggests that investors should think of collaborative engagements as a recipe, in which different attributes can be combined and substituted. This view differs from other research that tends to present success factors as a set menu.

Joint platforms for engagement such as the PRI can support the engagement process not only because they facilitate collaborative action through a coordination function, but also – according to one study on PRI specifically – because they might lend legitimacy through their name. In addition, the PRI platform was found to add normative power by bringing a large number of investors together, and by bringing in investors who are not committed to actively participating in the group’s activities but are pleased to contribute symbolically by signing a joint statement. The platform also creates the conditions for persistence in the process, through the infrastructure that it provides.²⁷ These factors can add to stakeholder saliency and thus improve the chances of engagement success, as discussed above.

27) Gond, J.P. & Piani, V. (2012) Enabling institutional investor’s collective action: the role of the Principles for Responsible Investment initiative. *Business & Society*, 52(1): 64–104.

3. Shareholder resolutions

“Greater CSR disclosure does not generally inspire a change in corporate activities beyond disclosure”

Filing a shareholder resolution – or voting on somebody else’s – is a direct way of expressing one’s expectations on portfolio companies. The filing of a resolution is often an escalation of a process that has begun with corporate dialogue via letter-writing or face-to-face meetings, but where the shareholder sees a need to increase pressure. This may for example be the case if the company remains unresponsive or if the dialogue has stalled.

Shareholder resolutions on environmental and social issues have historically received low levels of support, as most shareholders tend to vote with the company management. However, the average vote in favour has been constantly increasing over the past ten years: from 10 per cent in 2005, the average vote on environmental and social resolutions reached 29 per cent in 2019.²⁸

Environmentally and socially themed proposals tend to ask for increased disclosure on the part of the company. Data from the 2018 proxy season shows that of the 31 best-supported resolutions that went to a vote, 27 asked for reporting and disclosure, as opposed to requests for example to “adopt greenhouse gas emissions targets” or “phase out antibiotics in animal feed”.²⁹ This finding is supported by research observations. A study spanning ten years shows that it is easier to get support for transparency-oriented proposals than for those that are asking for more substantive change.³⁰

Shareholder proposals that ask for greater transparency have a high propensity to generate greater Corporate Social Responsibility (CSR) disclosure by firms.³¹ Specifically looking at climate change, one study found that social shareholder activism increases the propensity to publicly disclose greenhouse gas emissions.³² At the same time, greater CSR disclosure does not generally inspire a change in corporate activities beyond disclosure, at least not in the short term. The authors interpret this as CSR information becoming a compromise solution to mitigate stakeholder pressures experienced by managers.

Researchers have also addressed the different factors that might determine corporate responses to shareholder resolutions. A study of S&P 500 firms showed that politically active firms³³ are more likely to challenge socially oriented shareholder proposals, by asking the Securities and Exchange Commission (SEC) for permission to have them excluded from the ballot, and less likely to arrive at agreements with social activists than their less politically active counterparts. Corporate political activity was defined as total publicly disclosed political financial contributions and expenditures in each sample firm in each sample year, but also whether the firm had an office in Washington, DC or the firm had executives or directors who had previously worked in “federal public policy, such as members of

28) Hale, J. (2019) Proxy Season Shows ESG Concerns on Shareholders’ Minds. Morningstar, 22 August. Retrieved from <https://www.morningstar.com/articles/943448/proxy-season-shows-esg-concerns-on-shareholders-minds>

29) Proxy Preview 2019. Report. Retrieved from <https://www.proxypreview.org/>

30) Barko, T., Cremers, M. & Renneboog, L. (2018) Shareholder engagement on environmental, social, and governance performance. CentER Discussion Paper Series No. 2017-040; European Corporate Governance Institute (ECGI) - Finance Working Paper No. 509/2017; TILEC Discussion Paper No. DP 2017-021. Available at SSRN: <https://ssrn.com/abstract=2977219>

31) Barko, T. et al. (2018) op. cit.

32) Reid, E. M., & Toffel, M. W. (2009). Responding to public and private politics: Corporate disclosure of climate change strategies. *Strategic Management Journal*, 30: 1157–1178.

33) Michelon, G., Rodrigue, M. & Trevisan, E. (in press) The marketization of a social movement: Activists, shareholders and CSR disclosure. *Accounting, Organizations and Society*.



Congress or government agencies”. The authors suggest that seeking to influence public policy fulfils a buffering function, as companies can attempt to reduce uncertainty, and to mitigate or eliminate perceived threats. It is also an insurance mechanism that limits the negative fallout from not cooperating with activists. This therefore makes firms more disposed to resist shareholder pressures.³⁴

Consistent with saliency theory, as described above, firms tend to respond positively to shareholder resolutions filed by shareholders with high status. This can be an economically derived status (e.g. total assets under management) or a socially derived status (e.g. how the shareholder is profiled in various media) or stem from the shareholder being associated with a high-status coalition. It is not only positive attributes, however, that can contribute to a proposal’s success. Targeted firms also tend to respond positively to shareholders that have credible reputation to threaten the firm, such as religious groups, as they tend to file repeatedly, are skilled at mobilising support from other investors and tend to get high votes, and are thus perceived as an unfavourable stakeholder.³⁵

Furthermore, one study shows that firms who face greater risk to their reputation and legitimacy from negative publicity as well as higher disruption costs, such as larger firms or firms in industries that are closer to end-user consumers, are more likely to concede to the demands of shareholder activists as expressed in shareholder proposals.³⁶ This is consistent with the findings on corporate dialogue, referred to above, which show that it tends to be more successful with companies that are more likely to have reputational concerns.³⁷

Research shows that shareholder resolutions on social and environmental issues are efficient at improving firms’ performance on the focal issue of the proposal. One study specifically examined the effect of environmental shareholder resolutions on the targeted firm’s pollution management practice. Focusing on the petroleum industry, the study used the Toxic Release Inventory and more specifically the internalisation of benzene emissions as a proxy for environmental performance. It found a strong linkage: firms that were targeted by shareholder resolutions improved their environmental performance in the following year, and this effect persisted in subsequent years.³⁸ Another study found that proposals both on material³⁹ and immaterial issues are shown to improve the performance of a particular company on the specific focal environmental or social issue.⁴⁰ This is a surprising finding in that it would probably be easier to frame a business case for material topics, which, in the case of corporate dialogue, has proved to be important for building legitimacy and enhancing the prospects for successful engagement.

34) Hadani, M., Doh, J.P. & Schneider, M. (2019) Social movements and corporate political activity: Managerial responses to socially oriented shareholder activism. *Journal of Business Ethics*, 95: 156–170.

35) Perrault, E. & Clark, C. (2016) Environmental shareholder activism: Considering status and reputation in firm responsiveness. *Organization & Environment*, 29(2): 194–211.

36) Lee, M.P. & Lounsbury, M. (2011) Domesticating radical rant and rage: An exploration of the consequences of environmental shareholder resolutions on corporate environmental performance. *Business & Society*, 51: 155–188.

37) Dimson, E. et al. (2015) op. cit.

38) Lee, M.P. & Lounsbury, M. (2011) op. cit.

39) Material issues are those that can significantly contribute to long-term shareholder value.

40) Grewal, J., Serafeim, G. & Yoon, A. (2016) Shareholder activism on sustainability issues. Harvard Business School Working Paper, No. 17-003, July 2016.

The effects of the proxy results may have wider implications than just influencing the target company. One study shows that for proposals that receive just over 50 per cent of the votes (which the authors refer to as close-call proposals, but that could perhaps be better be described as high-vote proposals), implementation is followed by the adoption of similar CSR practices by firms that are product peers.⁴¹ This indicates that high-vote resolutions can spur mimetic behaviour among corporations, as a way of mitigating competitive threats – and thus potentially fulfilling a quest for legitimacy. One implication of this might be that, in the event that resolutions get a high vote, they have the potential to induce industry-wide change.

Research also shows that corporations that are frequently targeted by shareholder resolutions on CSR are more likely to adopt increased CSR- or sustainability-related disclosure, or to appoint a board-level committee on social responsibility. Thus, repetitive action by shareholders may be a useful strategy in itself. The same research shows that a self-reinforcing mechanism is at play, in that the firms' measures in response to the shareholder resolution are an expression of commitment to social responsibility that in turn attracts new monitors of social responsibility. There was an observable difference in firms' openness to future activist challenges between those that had adopted CSR reports or made board-level CSR commitments in response to shareholder requests and those which had not.⁴²

Shareholder resolutions can also be **withdrawn** prior to the AGM if the filer and the target company can come to an agreement that makes the resolution redundant. Therefore, a withdrawal is generally considered a success. Withdrawals may also be used as a strategic retreat by issuers who judge that they will lose a company challenge with the SEC.

The Institutional Shareholder Services group of companies reports that almost half of all environmental and social proposals were withdrawn in 2019, which is the highest level yet.⁴³ Data from Proxy Preview shows that proposals on social issues consistently had a greater propensity to be withdrawn than environmental proposals in the period 2010–2019.⁴⁴

One study shows that proposals filed by institutional investors, such as pension funds, and trade unions were more prone to being withdrawn than proposals filed by private investors, as the latter were considered less influential. The same study finds that the likelihood of withdrawal increases with institutional ownership, because managers are more likely to make advances to the sponsoring shareholder when a large institutional shareholder base is present. This is particularly true for long-term, passively investing institutions.⁴⁵

Another study shows that firms with a poor or variable level of environmental performance are more prone to engage with shareholders through resolution withdrawals. The authors suggest that as poor performers face particularly high levels of social and political pressure, which threaten their legitimacy, they might view negotiating a withdrawal as a relatively easy opportunity to look good.⁴⁶

One study looked at instances where shareholders either decided to refrain from filing a resolution or withdrew a resolution as a result of companies wanting to engage in **dialogue**. This is different to a withdrawal due to a specific action being taken that makes the

41) Cao, J., Liang, H. & Zhan, X. (2019) Peer effects of corporate social responsibility. *Management Science*. Published online in *Articles in Advance* 19 April 2019.

42) McDonnell, M.H, King, B.G. & Soule, S.A. (2015) A dynamic process model of private politics: Activist targeting and corporate receptivity to social challenges. *American Sociological Review*, 80(3): 654–678.

43) ISS (2019) Early Review of 2019 US Proxy Season Vote Results. Retrieved from <https://www.issgovernance.com/library/early-review-of-2019-us-proxy-season-vote-results/>

44) Proxy Preview (2019) op. cit.

45) Bauer, R., Moers, F., & Viehs, M. (2015) Who withdraws shareholder proposals and does it matter? An analysis of sponsor identity and pay practices. *Corporate Governance*, 23: 472–488.

46) Clark, C. E., & Crawford, E. P. (2012) Influencing climate change policy: The effect of shareholder pressure and firm environmental performance. *Business & Society*, 51: 148–175.

resolution obsolete. The results show that firms – at least in the USA where the study is set – are more likely to engage in dialogue as an alternative to a formal vote when the firm is larger. One possible reason for this could be that smaller firms are more dependent on individual shareholders and thus more prone to acquiesce to the demands of shareholders by letting a proposal go to a vote. In addition, larger firms may have more resources to interact with shareholders in a dialogue. Furthermore, large firms are more likely to want to control their external environment, which again makes the case for preferring dialogue over a vote. Two additional factors make it more likely that the firm will prefer dialogue over a vote: when the CEO is the board chair and when the firm has a relatively low percentage of institutional investors. The authors argue that CEOs may face greater uncertainty when they do not also hold the position of chair and are thus more likely to think that they need to be responsive to shareholders by letting the resolution go to a vote. When the ratio of institutional investors is high, managers may feel that they have less control and their actions are more likely to be monitored, so they may feel compelled to respond to shareholder demands.⁴⁷

This version of shareholder activism – dialogue as a response to a “not-filed” or withdrawn proxy – is rarely paid attention to either in research or in practitioner discussions. It shows that corporate dialogue is not always just the antecedent of a shareholder resolution but can also be a result of it.⁴⁸

47) Rehbein, K., Logsdon, J.M. & Van Buren, H.J. (2013) Corporate responses to shareholder activists: Considering the dialogue alternative. *Journal of Business Ethics*, 112(1): 137–154.

48) See also Logsdon, J.M. & Van Buren, H.J. (2009) Beyond the proxy vote: Dialogues between shareholder activists and corporations. *Journal of Business Ethics*, 87(1): 353–365.

Success factors for shareholder proposals

- Proposal asks for improved transparency and disclosure
- Targets firms that are more dependent on reputation for critical resources, such as larger firms or firms in industries that are closer to end-consumers
- Targets firms that are less politically active
- Targets firms that have frequently been previously targeted on environmental and social issues
- Proposal is filed together with shareholders who have high social or economic status
- Proposal is filed together with shareholders who are known for having a track record of successful proposals.

Success factors for achieving withdrawal of shareholder resolutions

- Resolution is filed by influential investors, such as institutional investors and trade unions
- Resolution is filed by investors with a large holding and percentage of the total stock
- Resolution is filed on a firm with a poor or variable record of environmental performance
- Resolution is filed on a large company with a combined CEO / board chairs or a firm with a low percentage of institutional investors, if an offer is made to enter into dialogue instead of forcing a vote.

4. Divestment

“Many, but not all, events experienced short-term negative abnormal returns on the event day”

Divesting refers to the practice of selling shares from an entire sector or industry, or from corporations active in a politically controversial market. This strategy has a prominent place in the history of ethical and responsible investment due to the active divestment movement that was part of the campaign against apartheid in South Africa in the 1980s and 1990s. There have also been divestment campaigns focused on companies active in Burma and Sudan for human rights reasons, and on controversial sectors such as tobacco and armaments.

In 2012, a fossil fuel divestment movement was sparked by students who pressured their university endowments to sell their fossil fuel-related share holdings.⁴⁹ Since then, US\$ 12 trillion has been publicly committed to fossil fuel divestment (as of December 2019).⁵⁰ Fossil fuel divestment can have various motives. One is to halt climate change, for non-financial reasons, which could ultimately be achieved by fossil fuel companies leaving oil, coal and gas reserves in the ground. Another motivation is to protect shareholder value. According to estimates, 60–80 per cent of the assets that have already been priced into the stock price of fossil fuel companies could become stranded if fossil reserves cannot be extracted due to future climate regulations in support of the 2°C goal.⁵¹ A third motivation may be to avoid profiting from environmentally harmful activities, regardless of whether the action has any influence on the companies' behaviour.

49) McKibben, B. (2012) Global warming's terrifying new math. Rolling Stones, July 2012. Retrieved from <https://www.rollingstone.com/politics/politics-news/global-warmings-terrifying-new-math-188550/>

50) Go Fossil Free (n.d.) <https://gofossilfree.org/divestment/commitments/>. Accessed online 1 December 2019.

51) Carbon Tracker (2011) Unburnable carbon: Are the world's financial markets carrying a carbon bubble? Retrieved from <https://www.carbontracker.org/reports/carbon-bubble/>

52) Ansar, A., Caldecott, B. & Tilbury, J. (2013) Stranded assets and the fossil fuel divestment campaign: what does divestment mean for the valuation of fossil fuel assets? Smith School for Enterprise & Environment, Oxford.

53) Ayling, J. & Gunningham, N. (2017) Non-state governance and climate policy: the fossil fuel divestment movement, *Climate Policy*, 17(2): 131–149.

54) Hansen, T. & Pollin, R. (2018) Economics and climate justice activism: Assessing the fossil fuel divestment movement. Political Economy Research Institute, University of Massachusetts Amherst, Working Paper No. 452.

Direct effects of divestment: Access to capital

Opinions differ on whether divestment is an effective tool for influencing the fossil fuel industry to reduce its emissions (or even companies to halt their operations). The idea that divestment might have a direct effect on corporate financial viability due to a depressed share price is faltering. As stocks are traded on a secondary market, neutral investors are likely to buy the stock that is being divested, and hence the shares are merely changing hands. In addition, a number of the largest fossil fuel companies are not publicly listed, and many are state-owned, leaving them beyond the reach of shareholders via the stock exchange. Researchers also point out that equity investors base their valuations on predictions of future cash flow, which are not influenced by divestment.^{52 53}

Empirical research on whether the share prices of fossil fuel companies have suffered from divestment campaigns however provides mixed results. One study looked at 11 oil and gas divestment commitments and 12 coal divestment commitments and found that these have not had a significant or consistent effect on the share prices of the



companies.⁵⁴ Different results however were found by a study that measured abnormal deviations in the stock prices of the top 200 global oil, gas and coal companies, by proven reserves, on the days of 24 prominent divestment announcements. It found that many, but not all, events experienced short-term negative abnormal returns on the event day. It is noteworthy that the effects of these events were more pronounced over longer event windows following the New York Climate March in September 2014, spanning as long as ten days. The authors suggest that this indicates a shift in investors' long-term perceptions. The study controls for the general underperformance of the industry over the estimation window.⁵⁵ Importantly, however, the research does not address whether the divestment announcements had any effect on production levels or CO₂ emissions.

One study has related divestment pledges to capital flows and finds that the value of total assets committed to divestment in a given country is negatively associated with capital flows to domestic oil and gas companies. The study is based on equity and bond issuance and syndicated loan transactions in the years 2000–2015 across 33 countries. For the oil and gas sector, bank loans represented 64% of total fund raising in the studied period, 26 % bonds, and 10 % equity.⁵⁶

More specifically, a 1 per cent increase in the assets under management committed to divestment is significantly and negatively related to a 0.11 per cent reduction in new fundraising by oil and gas companies headquartered in that country. The authors use the United Kingdom as an example: An increase of US\$ 1 billion in the cumulative assets-under-management pledged for divestment in the UK in 2015 is related to a decrease of circa US\$ 350 million in total fundraising by the UK oil and gas sector (all other variables being held constant).

The same study also found that the effect is strongest when divestment is led by regional or sovereign governments. Both domestic and foreign investment banks reduce their overall financing and underwriting of a country's oil and gas sector following a rise in divestment commitments, particularly by local, regional or national governments or government-backed financial entities.

While this research confirms a relationship, however, it does not establish causality. Furthermore, the relation with production levels or CO₂ emissions is not explored.

55) Dordi, T. & Weber, O. (2019) The impact of divestment announcements on the share price of fossil fuel stocks. *Sustainability*, 11: 3122.

56) Cojoianu, T., Asciui, F., Clark, G. L., Hoepner, A.G.F. & Wojcik, D. (2019) The economic geography of fossil fuel divestment, environmental policies and oil and gas financing. Available at SSRN: <https://ssrn.com/abstract=3376183>

“The fossil fuel divestment movement is likely to play a significant role in forging the way for new norms on business conduct”

Indirect effects of divestment: Stigmatisation and norm shift

Other studies have centred on the indirect effects of divestment, through the signalling function, the stigmatisation it might generate and a potential change in norms about appropriate business conduct.

A study of the UK argues that fossil fuel divestment has contributed to a change in the public discourse around the legitimacy, reputation and viability of the fossil fuel industry, and that it has had an important mobilisation role for the global environmental movement.⁵⁷ The study, however, is based on just 12 interviews and a literature review, and more research would be needed to confirm the findings.

Other researchers conclude that the fossil fuel divestment movement is likely to play a significant role in forging the way for new norms on business conduct, and as a catalyst in the transition that is needed for an “energy revolution”.⁵⁸ Indeed, previous research has suggested that shareholders (together with other corporate stakeholders) may have an important role to play as norm entrepreneurs (i.e. suggesting a new norm, thus breaking with the old) or as norm ambassadors (i.e. reinforcing a new norm that is already partly established) on business conduct or corporate responsibility.⁵⁹ One author has identified signs that a new “anti-fossil fuel norm” is being established, and suggests that this mounting moral pressure could isolate corporations from access to sources of both finance and cultural legitimacy.⁶⁰ Moral norms that are now part of the global governance of areas such as international security and human rights have changed over time: owning slaves or conducting nuclear tests were once normal practice but are now highly controversial or even unthinkable. In the same way, global anti-fossil-fuel norms could become part of climate governance, construed as “authoritative social steering towards a collective climate change goal”.⁶¹ Signs of the gradual establishment of an anti-fossil fuel norm, as reported in the study, include national-level fossil fuel divestments, commitments to phase out coal-fired power stations, moratoria on new coalmines and bans on gas fracking. Shareholders could play an important role in reinforcing the norm and contribute towards concentrating moral pressure on fossil fuel companies. It should be noted that these claims are primarily theoretically based. Their main merit is in providing a framework for how anti-fossil fuel norms have originated, spread and are affecting states, and how they could do so in the future.

Linked to the idea that divestment contributes to a shift in our joint understanding of what is appropriate, other researchers have used network text analysis to examine the “radical flank” that Bill McKibben’s divestment movement represents. It is radical because it portrays the fossil fuel industry as “the enemy”, while others raise industry-wide controls on carbon without demonising any particular industry. The results suggest that the actual

57) Bergman, N. (2018) Impacts of the fossil fuel divestment movement: Effects on finance, policy and public discourse. *Sustainability*, 10: 2529.

58) Ayling, J. & Gunningham, N. (2017) *op. cit.*

59) Sjöström, E. (2010) Shareholders as norm entrepreneurs for Corporate Social Responsibility. *Journal of Business Ethics*, 94(2): 177–191.

60) Green, F. (2018) Anti-fossil fuel norms. *Climatic Change*, 150:103–116.

61) Green, F. (2018:104) *op. cit.*

62) Shiefeling, T. & Hoffman, A.J. (2019) Bill McKibben’s influence on US climate change discourse: Shifting field-level debates through radical flank effects. *Organization & Environment*, 32(3): 213–233.

influence of McKibben and the 350.org on the US climate change debate goes beyond the precise number of universities that have divested to include a shift in the social and political discourse.⁶² The authors propose that the divestment movement disrupted a polarised debate and redrew moral lines around acceptable behaviour: “This shift enabled previously marginalized liberal policy ideas such as a carbon tax and carbon budget to gain greater traction in the debate, while also supporting the translation of the radical position into new radical issues like stranded assets and unburnable carbon, which in turn spread into wider circles”.⁶³

One effect that has been documented in research from previous divestment campaigns is that companies start to make claims about the beneficial actions they have taken to mitigate or deflect the negative claims of divestment activists. In the Sudan stock boycott campaign, when the campaign was at its most intense, the targeted companies began to mention their engagement in CSR-related activities in Sudan in their annual CSR reports.⁶⁴ Similarly, with a focus on tobacco divestment, one study showed how the tobacco giant Philip Morris sought to frame both the rhetorical content and the legal context of the divestment debate.⁶⁵ This could perhaps be viewed as an effort to curb shareholder efforts to induce a norm shift. Shareholders may need to be prepared for such corporate responses and to factor them into a long-term strategy of corporate influence.

63) Shiefeling, T. & Hoffman, A.J. (2019:228) op. cit.

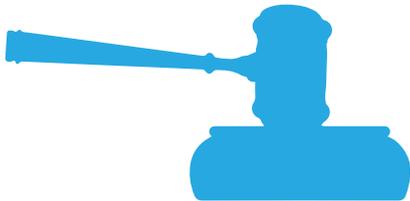
64) Ding, N., Parwada J, Shen J. & Zhou, S. (2018) When does a stock boycott work? Evidence from a clinical study of the Sudan divestment campaign, *Journal of Business Ethics*, Online: 29 September 2018.

65) Wander, N. & Malone, R.E. (2006) Making big tobacco give in: you lose, they win. *American Journal of Public Health*, 96(11): 2048–2054.

Effects of fossil fuel divestment

- Might temporarily depress share prices
- Might decrease capital flows to domestic fossil fuel industry – but causal link not established
- Might help to mobilise the global environmental movement
- Might help to establish anti-fossil-fuel norms and stigmatise the industry

5. Shareholder litigation



In August 2017, Australia's biggest bank – the Commonwealth Bank of Australia – was sued by two shareholders for not having “adequately disclosed” the risks that climate change could pose to its financial stability.⁶⁶ This was the first time that legal action by shareholders had been brought against a bank to test how climate change risks should be disclosed in the annual reports of public companies. The lawsuit turned out to be an effective tool. It was dropped a few weeks later after the bank included in its annual report an acknowledgement from the directors that climate change posed a risk to the bank's operations.⁶⁷

Shareholder lawsuits and class actions against companies are a relatively resource-intensive strategy. While shareholder class actions in general are on the rise – there has been an increase of 600 per cent in the past five years – they are used much less often than other active ownership strategies on environmental and social issues.⁶⁸ In addition, while climate change litigation in general is increasing, it is unusual for it to be initiated by shareholders.⁶⁹

Shareholder litigation on environmental and social issues has not received much attention in the academic literature. One study notes that there has been an increase in the number of shareholder class actions on ESG disclosure in Australia. The authors suggest that corporations, particularly those in “sensitive industries”, are motivated to issue ESG reports by the deterrence factor of litigation and its associated financial penalties. This means that the mere threat of litigation could induce a change in behaviour.⁷⁰ More research is needed, however, to fully reveal the mechanisms and dynamics of this strategy.

66) Iyengar, R. (2017) Australia's top bank sued over climate change risks, CNN, 8 August. Retrieved from <https://money.cnn.com/2017/08/08/investing/australia-bank-climate-change-lawsuit/index.html>

67) Clarke, M. & Hussain, T. (2018) Climate change litigation: A new class of action. Retrieved from <https://www.whitecase.com/publications/insight/climate-change-litigation-new-class-action>

68) Allens (2018) Class Action Risk 2018. Retrieved from <https://data.allens.com.au/pubs/pdf/class/classactionRISK.pdf>

69) Clarke, M. & Hussain, T. (2018) op. cit.

70) Murphy, D. & McGrath, D. (2013) ESG reporting: class actions, deterrence, and avoidance, *Sustainability, Accounting, Management and Policy Journal*, 4(2): 216–235.

6. Concluding discussion

Shareholders can use a range of different methods to seek to influence portfolio companies on environmental and social issues. As the research presented in this report shows, certain factors can increase the chances of success. Some of these pertain to factors that investors can control, such as how to frame an issue or which corporations to target. Others are linked more to factors in the surrounding environment, such as whether there is momentum behind an issue in society at large. The overview presented in this report can help investors learn from the systematic studies of academic researchers and apply this knowledge to their own strategic work in the field of active ownership.

One of the things we have learned is that investors have the potential not only to influence individual corporate behaviour but also to be part of shaping norms. Over time, certain business conduct that used to be **comme-il-faut** can come to be regarded as unthinkable. This insight may be useful for investors: seeking to influence norms could be a strategy in itself. If an investor sets out to change norms, this might change their engagement targets from single corporations to sector-wide engagements or engagement at the policy level, as well as engagement together with a broader set of investors that can signal a desired norm-shift. In addition, a longitudinal approach will be required if adopting a norm-changing strategy, as it is for researchers who seek to study its effects. It could take many years before any effect is achieved, and so typical key performance indicators may not apply.

While many insights can be gained from the studies reported here, a number of questions remain unanswered and some important perspectives are lacking. More research is therefore needed in this broad area.

Researchers have generally not addressed how different strategies might interplay, for example, by supporting or even counteracting each other. One author notes that there is empirical evidence that engagement efforts can be assisted by the use – or threat of use – of shareholder rights, but that this also has the potential side-effect of undermining organisational legitimacy.⁷¹ This brief statement is made based on a few select case studies, and more research would be needed to validate this particular claim. From a processual perspective, it would also be meaningful to explore what an efficient sequence of using different strategies would be in different types of situations. One study that is referred to in this report points out that withdrawn shareholder proposals may be either the result or predecessor of corporate dialogue.⁷² Blacklisting is an example of an explicit combination strategy, when investors sell their shares and make this public (name and shame) as a result of not having achieved a sought-after change through dialogue in a certain time window. Part of this strategy is to make specific demands of the divested company that could lead to

71) Gifford, J. (2010:90) op. cit.

72) Rehbein, K. et al (2013) op. cit.

“An important gap in current research is a study of the real-world effects of active ownership”

a reinvestment, as a way of incentivising the company to address the issue at hand. An understanding of how – or in what circumstances – such a strategy might be effective would be a worthwhile research question.

An important gap in current research is a study of the real-world effects of active ownership. This is a particularly urgent question in relation to climate change, as time is running out to achieve the goals set out in the Paris Agreement. This report has referred to research linking divestment announcements to capital flows, but the link to emissions levels, however, is absent. For shareholder proposals and corporate dialogue, there is little commentary from researchers on the longterm real-economy effects of successful engagement on social and environmental issues.

Given the intense campaigning for fossil fuel-free investment on the equity side, not the least by civil society organisations, and the less intense discussion in these circles about debt denial, it would be very welcome to increase research-based knowledge of what the implications might be of restricting debt financing to the fossil fuel sector, to reduce companies’ growth and survival prospects. For example, the World Bank announced in 2013 that it would limit its financing of coal-fired plants.⁷³ In 2018, the European Bank for Reconstruction and Development (EBRD), one of the world’s leading development banks, adopted a no-coal lending policy.⁷⁴ As of September 2019, 26 banks had stopped direct financing to new coal plants projects worldwide.⁷⁵ Empirical research on the effects of such commitments is scarce.

The academic discussion of stigmatisation and norm shifts as a result of divestment – and its real-economy effects – would also merit further exploration. In addition, the spotlight tends to be directed only at the fossil fuel sector, whereas the value chains that are the most dependent on fossil fuels, and which could contribute to reducing emissions by restricting demand, have not been researched from an active ownership perspective.

Perhaps it would be more efficient for investors to lobby governments to end fossil fuel subsidies or to put a price on carbon? For example, one study has linked more stringent emissions trading schemes at the national level to a decrease in levels of new fundraising of a country’s oil and gas sector.⁷⁶ One implication for the carbon-conscious investor might be that it could be worthwhile lobbying for more stringent environmental policy and regulation as a way to directly or indirectly increase corporations’ cost of capital.

On corporate dialogue and shareholder resolutions – broadly referred to as “engagement” – most studies do not make a distinction between

73) Yukhananov, A. & Volcovici, V. (2013) World Bank to limit financing of coal-fired plants, Reuters, 27 July. Retrieved from <https://www.reuters.com/article/us-worldbank-climate-coal/world-bank-to-limit-financing-of-coal-fired-plants-idUSBRE96F19U20130716>

74) Kyngé J. & Hook, L. (2018) Development bank halts coal financing to combat climate change., Financial Times, 12 December. Retrieved from <https://www.ft.com/content/7d0814f0-fd6f-11e8-ac00-57a2a826423e>

75) BankTrack (n.d.) List of banks which have ended direct finance for new coal mines plants. Retrieved from https://www.banktrack.org/page/list_of_banks_which_have_ended_direct_finance_for_new_coal_minesplants

76) Cojoianu, T. et al. (2019) op. cit.

incident-based engagement, fact-finding engagement, which is mainly about staying up to date with corporate plans, and engagement that has a forward-looking agenda, such as urging corporations to take bolder steps to contribute towards the transition. It is likely that the mechanisms and the success factors for these types of engagements would differ, and it would be relevant to unbundle them in research analysis to gain a better understanding of what works when. It would also be helpful to better understand the characteristics of successful proposals that ask for “real change” as opposed to disclosure. Since only a handful of the most successful resolutions have asked for substantive change, it would be interesting to explore what the engagement history of these was, and what led to these resolutions attracting such a high vote.

It should also be noted that most studies on active ownership are based on data from the United States. Given that active ownership is exercised in many other markets, it would be relevant to expand the geographical scope, while also considering any cultural or other nation- or region-specific factors, when exploring success factors for active ownership. It might also be useful to make a distinction between economically developed and emerging market contexts.

This report shows that very little has been written about shareholders filing lawsuits against companies with regard to environmental and social issues. As such litigation seems to be on the rise, it would be interesting to explore it from an academic research perspective, for example to understand how it interplays with other strategies, and the extent to which the deterrence factor influences corporate behaviour in the environmental and social domain.

This all adds up to an ambitious research agenda. While this report has helped to showcase some of the most important empirically based research studies to date on what can contribute to successful active ownership, many questions remain. The investor community and academic researchers in pursuit of deeper knowledge on the processes, mechanisms and outcomes of active ownership would be well-served if answers to these were pursued. ■

