“The Rise of ESG Shareholder Activism in Shaping Corporate Governance"

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Abstract: This thesis explores the transformative role of Environmental, Social, and Governance (ESG) goals in Shareholder Activism, emphasizing the shift from traditional governance concerns to Environmental and Social priorities. Historically, shareholder activism primarily focused on governance issues such as executive compensation, board diversity, corporate transparency, and shareholder rights. However, in recent years, the focus has broadened significantly to include pressing environmental challenges like climate change, carbon emissions, and sustainable operations as well as social concerns such as diversity, equity, and inclusion (DEI) and labor practices. This shift reflects a growing acknowledgment of the material risks posed by climate change, increased regulatory scrutiny and heightened awareness among institutional investors about the long-term value of sustainable business practices.

Also, despite potential federal resistance, the momentum for climate action within shareholder activism has remained strong, driven by state-level policies, international agreements and activist pressure on corporations to address global sustainability challenges. This transformation in priorities reflects the evolving understanding that addressing ESG issues is not just an ethical imperative but also a financial one, which gives good stock returns in the longer run with sustainability becoming increasingly integral to corporate valuation and investor decision-making.

The research framework is guided by four fundamental questions: What is being examined? Why is it significant? Where is the data sourced? And what outcomes are expected from the findings?

1. **Shareholder Activism Trends**: The study conducts an in-depth analysis of shareholder activism trends from January 2015 to October 2024, using proxy statement filings to identify recurring themes and patterns. It highlights the emergence of ESG as a dominant focus, identifies the industries and companies most frequently targeted by activists. The study also evaluates the impact of political shifts on shareholder activism, particularly the challenges and opportunities for ESG initiatives under different administrations.

2. **Significance of Study**: The rise of Environmental, Social, and Governance (ESG) issues, particularly climate change, in shareholder activism is driven by the growing recognition of their critical impact on corporate performance, investor returns, and global sustainability. Climate change poses significant financial risks, including supply chain disruptions, operational challenges, and asset devaluation, compelling investors to push for mitigation strategies and disclosure. Regulatory advancements, such as carbon pricing and renewable energy mandates, amplify the urgency for corporate alignment with sustainability goals, while institutional investors like BlackRock emphasize ESG as a driver of long-term profitability. Climate change also represents a systemic risk, destabilizing economies through resource scarcity, extreme weather, and geopolitical tensions, making corporate action essential. Additionally, the transition to a low-carbon economy presents economic opportunities, encouraging companies to innovate in areas like renewable energy and sustainable operations. Rising social awareness among consumers and employees further demands accountability from corporations, with sustainability increasingly influencing brand reputation and market share. Climate change stands at the core of ESG due to its measurable outcomes, intersection with governance and social concerns, and the tangible risks and opportunities it presents. As a result, shareholder activism has evolved to prioritize ESG themes, reflecting a broader shift toward resilience, sustainability, and long-term value creation.

3. **Data Sourcing and Methodology**: Data for this research is sourced from the SEC EDGAR database under Rule 14a-8, which allows shareholders to submit non-binding proposals, and the Bloomberg Terminal, which consolidates proxy reports across various years, themes, industries, and proponents. By analyzing data from these sources, the research provides a detailed view of trends, enabling a deeper understanding

of the dynamics and outcomes of ESG-driven shareholder activism. Also, Literature review is found through Prompt Engineering using ChatGPT tool.

4. **Objectives and Expected Outcomes**: The study examines the impact of political leadership changes on ESG activism, corporate governance, and decision-making, with a focus on climate action and diversity initiatives. It highlights the adaptability of ESG activism in politically challenging environments, such as during a Republican administration characterized by deregulation, fossil fuel support and withdrawal from international climate agreements. Despite these challenges, ESG activism persisted, leveraging shareholder proposals, corporate engagement, and collaborations with state governments, international institutions, and progressive corporations to advance sustainability goals. The research underscores the role of institutional investors, regulatory independence, and grassroots efforts in driving ESG priorities and offers lessons on resilience and strategic adaptation in adverse conditions.

According to the 2023 Annual Review of Shareholder Activism, activism reached a record high, surpassing the peak levels of 2018. Notably, 84% of activist campaigns in 2023 were linked to ESG themes. Further, data from the Wharton School reveals that shareholder proposals on environmental issues increased by 8% in 2023 compared to 2022, while proposals on social/political issues rose by 5%, and governance-focused proposals declined by 11%. This marks a clear trend in prioritizing sustainability and social accountability over traditional governance topics.

History: Shareholder activism in the U.S. has evolved from individual investors pushing for basic accountability to institutional investors driving comprehensive ESG initiatives, demonstrating how shareholder priorities have changed in response to societal shifts and regulatory reforms.

Early Beginnings (1930s - 1960s)

The roots of shareholder activism in the U.S. can be traced back to the Great Depression era, where shareholders began voicing concerns over executive pay and accountability. The 1934 Securities Exchange Act laid a foundation for shareholder rights by establishing disclosure requirements and giving shareholders greater transparency. In the 1940s, activism was largely led by individual shareholders, with activists like Wilma Soss advocating for minority shareholder rights and challenging excessive executive compensation

Rise of Institutional Activism (1970s - 1980s)

During the 1970s and 1980s, institutional investors like pension funds and mutual funds began to play a larger role in shareholder activism. A pivotal development came with the establishment of pension funds such as CalPERS (California Public Employees' Retirement System), which leveraged its large holdings to push for improved corporate governance. This period also saw the first proxy battles, where shareholders used their voting power to influence board decisions. Activism focused on corporate governance improvements, such as enhanced transparency, accountability, and board independence

Hostile Takeovers and Corporate Restructuring (1980s)

The 1980s saw the rise of activist investors who pursued corporate control through hostile takeovers and leveraged buyouts. Notable figures like Carl Icahn, T. Boone Pickens, and Paul Singer used aggressive tactics, often seeking to restructure or break up companies to unlock shareholder value. This form of activism targeted underperforming companies and was characterized by high-profile, public confrontations between activists and management

Mainstreaming of Shareholder Activism (1990s - Early 2000s)

In the 1990s, shareholder activism became more mainstream, with a growing number of institutional investors and mutual funds adopting activist tactics. Proxy voting became a more common tool, and activists began to engage on a wider array of issues, from board independence to executive compensation. The increased influence of institutional investors helped normalize shareholder engagement and made it more acceptable for shareholders to challenge management decisions.

Shift Toward ESG Activism (2000s - Present)

In recent years, shareholder activism has increasingly focused on Environmental, Social, and Governance (ESG) issues, reflecting a shift in investor priorities. This trend was spurred by growing concerns about climate change, diversity, and corporate social responsibility. Large institutional investors, such as BlackRock, have begun prioritizing ESG metrics, using their shareholder power to advocate for sustainable practices and long-term value creation. This era also saw activists using softer approaches, like dialogues and shareholder proposals, to engage with companies on ESG issues

Climate Change as a main focus: It Is not today that people have started thinking about Climate Change. The **Copenhagen, Doha, and Paris Agreements** are pivotal in the international effort to address climate change, each contributing to the evolution of global climate policy.

1. Copenhagen Accord (2009):

- **Context**: The Copenhagen Accord was a product of the United Nations Climate Change Conference (COP15) held in **Copenhagen**, Denmark.
- **Key Points**:
    - ✓ It was not legally binding but marked a significant moment in the global climate discussion.
    - ✓ It emphasized limiting global temperature rise to below 2°C compared to pre-industrial levels, aiming to avoid dangerous climate change.
    - ✓ Developed countries committed to mobilizing **$100 billion per year** by 2020 to help developing nations combat climate change, though there was no legally binding framework to ensure this.
    - ✓ Unlike the Kyoto Protocol, it did not impose mandatory emission reduction targets for individual countries.
    - ✓ It introduced the idea of voluntary emission reduction pledges, allowing countries to set their own targets.
- **Outcome**: The Copenhagen Accord was criticized for not having legally binding commitments, leading to disappointment from some nations and environmental advocates.

2. Doha Amendment (2012):

- **Context**: The Doha Amendment refers to changes to the **Kyoto Protocol**, agreed upon during the **COP18** in Doha, Qatar.
- **Key Points**:
    - ✓ It extended the Kyoto Protocol, which originally covered the period from 2008 to 2012, with a **second commitment period** from 2013 to 2020.
    - ✓ This amendment required participating industrialized countries to reduce greenhouse gas (GHG) emissions by at least **18%** below 1990 levels by 2020.
    - ✓ The amendment included stricter rules on emissions trading and accounting for forests and land-use changes.
    - ✓ Notably, major emitters like the United States, Canada, Russia, and Japan did not participate in the second commitment period, significantly limiting its scope and effectiveness.
- **Outcome**: The Doha Amendment did not have the same global impact as the Paris Agreement, and it was considered a continuation of the Kyoto Protocol framework. It struggled due to the lack of commitment from major economies.

3. Paris Agreement (2015):

- **Context**: Adopted at the **COP21** in Paris, France, the **Paris Agreement** is seen as a landmark achievement in global climate governance.

- **Key Points**:

    - ✓ Unlike the Copenhagen Accord and Doha Amendment, the Paris Agreement is **legally binding** (though countries' commitments themselves are not enforceable by international law).
    - ✓ Its main goal is to limit global warming to **well below 2°C** above pre-industrial levels, with efforts to limit the temperature increase to **1.5°C**.
    - ✓ Countries submit **Nationally Determined Contributions (NDCs)**, which are voluntary and set by each nation. These NDCs are expected to be updated every five years with more ambitious targets.
    - ✓ It established a **global transparency framework** to monitor and report progress, ensuring that countries can track each other's contributions.
    - ✓ It maintained the financial commitment of **$100 billion annually** for climate finance, supporting developing countries in their efforts to mitigate and adapt to climate change.

- **Outcome**: The Paris Agreement is widely regarded as a major step forward in global climate action. Its success depends on the ambition of countries' NDCs and the continued ratcheting up of commitments. The U.S.'s withdrawal under Republican administration and subsequent re-entry under Democratic administration highlighted its political sensitivity.

The Paris Agreement remains the most comprehensive and widely supported international framework for climate action. **Defining Climate Change was a key factor in history, and it can be a gamechanger in the future as well.**

Introduction: Global Investments have set a new criterion for business operations and investments techniques. Investors have gradually expanded their investment criteria beyond traditional financial returns to include Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) considerations. This shift is driven by several factors like Sustainability, Financial Performance and Risk Mitigation, Regulatory Support and Reporting Standards and the Rise of Socially Responsible Investment Products. According to a **2020 BlackRock survey**, 88% of institutional investors consider ESG important, with climate risk identified as a crucial consideration. Research by organizations like **MSCI and Morningstar** indicate that high-ESG companies often show improved operational efficiencies and stronger resilience, especially during economic downturns. **The European Union's Sustainable Finance Disclosure Regulation (SFDR) and the U.S. SEC's proposals** for enhanced climate risk disclosures are examples of efforts pushing companies toward greater transparency. These regulations empower investors with better data to make informed, responsible investment decisions. Also, in the recent blog of **Harvard law of corporate governance**, it discusses the prominent concept of ESG in focus and a strong driver at work in 2024. To make changes in operations and policies, shareholder activism becomes the vehicle of change for Investors. ESG principles bring ethics and morals, environmental awareness and social justice within the corporate industry. With good returns, Shareholder Activism brings ethical standards across the companies and long-term growth for the future. Leaders grasp that being a high-performing, large company doesn't mean they won't be a target. While activist investors used to focus primarily on underperforming or distressed organizations, seeking to grow shareholder value through efforts to change leadership, sell assets, or restructure, there has been a notable shift in strategy. **According to Bloomberg Intelligence**, Global ESG assets are predicted to hit $40 trillion by 2030 which will cover a big chunk of market capitalization and shareholder interest will thus increase in this area.

Shareholder activism is multifaceted, with ESG standing at its center as both a driver of corporate change and a lightning rod for political controversy. Republican leaders have often criticized ESG initiatives, asserting that they are vehicles for imposing political agendas, such as decarbonization and diversity, onto corporations and investors.

They frequently label ESG as a "woke" strategy that undermines free-market principles, framing it as an ideological force rather than a practical approach to managing environmental and social risks. This criticism has further fueled the politicization of ESG, particularly in the United States. The paper underscores this politicization, exploring how this new administration's policies posed significant challenges to climate action on a national level. However, it also highlights how subnational actors, market dynamics, and public support for climate initiatives sustained momentum for progress despite federal resistance. By examining these dynamics, the paper provides a critical analysis of the forces shaping the ESG landscape, illustrating the tensions between political opposition and the broader societal and market-driven push for sustainability.

Literature Review:

"Generative AI and prompt engineering were utilized as key tools to review and analyze work citations, providing insights for further studies."

Shareholder activism has been a focal point in corporate governance research, emphasizing its dual role as both a mechanism for accountability and a potential source of short-termism. This paper review synthesizes existing literature on the historical evolution, strategic methods, effect of shareholder proposals on the stock performance, regulatory context of activism, new themes & the process of activism. **Gillan & Starks (2007**) figured the historical development, strategies and outcomes of shareholder activism in the U.S., focusing on its role in corporate governance. Also, they introduced the first regulation to allow shareholders to submit proposals for inclusion in corporate voting and discuss the phases of Shareholder Activism. **(Manne, 1972)** studied focus on regulatory changes, such as the SEC's Rule 14a-8, which allowed shareholder proposals and laid the groundwork for modern activism. **Klein and Zur (2009)** found that activists often succeeded in achieving their objectives, including stock buybacks, strategic shifts, and board representation. These actions typically resulted in positive short-term stock performance, though the long-term effects varied depending on measurement methodologies **(Brav et al., 2008; Bebchuk et al., 2015)**. The rise of hedge fund activism in the early 2000s marked a pivotal shift toward more aggressive and financially driven campaigns **(Denes, Karpoff, & McWilliams, 2016)**. Activists are also leveraging specialization to build credibility within niche markets, such as biotechnology or mutual funds, as evidenced by Sarissa Capital's and Saba Capital's targeted approaches. The concept of "activist swarms," wherein multiple funds target the same firm with overlapping or divergent objectives, highlights the increasingly complex nature of activist strategies **(Cooper & Thomas, 2023)**. Regulatory shifts have played a significant role in shaping activism. The introduction of universal proxy cards by the SEC in 2022 represents a landmark development, enabling shareholders to mix and match candidates across company and activist slates **(Gantchev, 2013)**. While this reform lowers barriers for activists and increases the number of campaigns, it raises questions about board accountability and the potential for overreach by self-interested actors **(Larcker et al., 2023).** Proxy advisory firms, such as ISS and Glass Lewis, have gained prominence in this context, as investors increasingly rely on their evaluations to navigate the complexities of contested elections.

Recent studies indicate a growing emphasis on Environmental, Social, and Governance (ESG) factors as activists seek to align campaigns with broader societal and investor demands **(Larcker et al., 2023)**. The statement by **Dyck, Lins, Roth, and Wagner (2019)** suggests that investors respond positively to events or shocks that demonstrate financial benefits associated with improvements in environmental and social (E&S) performance. These shocks may act as signals to investors, highlighting the tangible advantages of adopting sustainable practices, such as improved operational efficiency, enhanced brand value, or reduced regulatory risks. Consequently, investors are motivated to push firms toward greater E&S performance, leveraging these opportunities to align financial returns with sustainability objectives. This insight underscores the growing integration of E&S factors into investment decisions as drivers of long-term value creation. Also, **Krueger et al. (2020)** highlight a significant shift in institutional investment priorities, with at least 79% of institutional investors expressing concern about climate risk within their portfolios. This finding underscores the growing recognition of environmental factors as critical determinants of financial performance and long-term sustainability. The study reflects a broader trend in the financial sector, where climate-related risks—ranging from regulatory changes to physical climate impacts—are increasingly seen as integral to investment strategies. As a result, many institutional investors are aligning their portfolios with Environmental, Social, and Governance (ESG) principles to mitigate potential risks and capitalize on opportunities associated with the global transition to a low-carbon economy.

Research by **Bansal et al. (2017), Hong et al. (2019), and Javadi et al. (2023)** collectively emphasizes that climate risk constitutes a significant long-term investment risk. These studies argue that climate-related risks, such as regulatory changes, physical damage, and shifting consumer preferences, have the potential to impact the financial performance and valuations of firms over extended time horizons. Climate risks are increasingly seen as systemic, with implications for asset prices, portfolio diversification, and market stability. As a result, long-term investors are integrating climate risk into their decision-making processes, recognizing its influence on returns and sustainability in the global financial ecosystem. **Flammer, Toffel and Viswanathan (2021)** in "Shareholder Activism and Firms' Voluntary Disclosure of Climate Change Risk" The paper investigates the influence of shareholder activism on companies' climate change-related disclosures and policies. Specifically, it explores how shareholder activism, particularly from long-term institutional investors like pension funds and mutual funds, has encouraged companies to adopt more transparent environmental practices even when regulations do not mandate such disclosures. Using data from 2010-2016 across 265 publicly traded U.S. firms, the authors analyze the impact of climate change proposals submitted by shareholders at annual meetings. They find that firms facing these proposals tend to disclose more about their climate risks and implement practices to mitigate them, such as diversifying supply chains or emphasizing energy-efficient products. This shareholder pressure often prompts companies to perform formal assessments of their climate risks, which can be beneficial for investors and improve stock performance—reporting an average stock price increase of 4.8% following these disclosures. The paper highlights that long-term institutional investors are more successful in influencing corporate environmental strategies, as they have a vested interest in the firm's long-term health. Individual investors, by contrast, tend to be more focused on short-term gains and thus have less impact on sustainable policy adoption. This research underscores the role of shareholder activism as a tool for encouraging climate accountability and managing environmental risks in the absence of stringent regulatory frameworks.

In the commentary from **BlackRock Investment Stewardship (2021)** focuses on the importance of companies disclosing information about their climate-related risks and opportunities, particularly in the context of the low-carbon transition. They argue that this information is crucial for investors to make informed decisions about their investments. BIS encourages companies to align their disclosures with the International Sustainability Standards Board (ISSB) standards, which provide a framework for reporting on climate-related risks and opportunities. They believe that these disclosures will help investors understand how companies are managing climate-related risks and opportunities, and how they plan to transition to a low-carbon economy. The commentary also discusses the importance of companies developing transition plans (TPs) to communicate their long-term strategy, ambition, objectives, and actions for navigating the transition to a low-carbon economy. BIS believes that TPs are essential for companies to assess and communicate their approach to managing climate-related risks and opportunities, and for investors to make informed decisions. Overall, this commentary emphasizes the importance of transparency and disclosure in the context of climate-related risks and the low-carbon transition. BIS believes that these disclosures will help investors understand how companies are managing these risks and opportunities, and how they plan to transition to a low-carbon economy.

Methodology: Shareholder activism data: The study utilized data from Institutional Shareholder Services (ISS) & Glass Lewis proxy research paper to identify environment-related shareholder proposals submitted to companies.

Proxy statements: On the SEC EDGAR website (https://www.sec.gov/search-filings), these statements can be found. It is a document that public companies file with the SEC before shareholder meetings to inform shareholders of matters requiring their vote. Filed on **Form 14A** which is a general **proxy statement** form, filed by companies in accordance with Section 14(a) of the Securities Exchange Act of 1934. It contains information that companies are required to disclose before shareholder meetings, particularly those items needing shareholder approval. This may include details on executive compensation, governance practices, and other important shareholder matters. Companies typically file a 14A in advance of annual or special shareholder meetings. A **Proxy Statement**, or DEF 14A, is a finalized version of Form 14A. After a preliminary proxy statement (often filed on Form PRE 14A) is reviewed by the SEC, the DEF 14A filed and made publicly available to shareholders before a vote. DEF 14A includes finalized information on agenda items, background on nominees, executive compensation, and other issues pertinent to shareholder decision-making.

Bloomberg: Using BI PROXY <Go> function which is a dashboard created by Bloomberg Intelligence to analyze the proxy statements of various sectors and themes. It gives an overview of proposal category, proposal type, filer typer, application status, proxy date, meeting date and company name.

Data analysis: For the research analysis, **Quantitative analysis** is used to create sample selection, data collection, variable analysis and statistical methodology.

- Sample Selection:
    - ✓ Identify shareholder proposals submitted to companies over a specific period, such as the past 10–15 years, with a focus on those relating to ESG themes. You may limit your scope to high-impact markets or sectors with notable ESG activities.
- Data Collection:
    - ✓ Collect data on shareholder proposals from publicly available filings (e.g., 14a filings and Proxy statements) and databases tracking ESG activism.
    - ✓ Retrieve historical data for variables such as proposal success rates, topics (e.g., climate change, diversity, executive compensation), and industry focus.
- Variables and Measures:
    - ✓ Dependent Variables: Categories of activism themes (e.g., governance, environmental, social).
    - ✓ Independent Variables: Year of proposal, industry sector, proposal sponsor (institutional investor, activist fund), proposal success, and company response.
    - ✓ Control Variables: Company size, market cap, geographical location, and industry type.

Process: To evaluate the data, ETL technique will be followed. ETL stands for **Extract, Transform, Load**. It is a data processing workflow used to move data from various sources into a data warehouse, database, or other destination systems for analysis, reporting, or business intelligence.

Step 1: Data extraction: The data was gathered using Proxy statement database and calling API that were filed by various shareholder proposals from Jan 2015 till October 2024. The process of preparing data for analysis and processing and is followed by data transformation and loading is done on the filings based in the United States.

Leveraging Bloomberg Terminal to extract data from The SEC EDGAR (Electronic Data Gathering, Analysis, and Retrieval) website which is an online portal provided by the U.S. Securities and Exchange Commission (SEC).

It enables public access to a comprehensive database of filings submitted by companies and other entities required to disclose information to the SEC. This information includes financial reports, registration statements, periodic filings, and other corporate data. It is useful to access Public Company Filings like 10-K, 10-Q or research Shareholder Activism and Corporate Governance forms like 13D, 13G or track Investment Activities like 13F or check proxy filings like PX14A6G or 14A. Use BI BESGG PRXYT <Go> function to access the proxy statements filings with a full database. It is a dashboard created by Bloomberg Intelligence using Natural Language Processing to track Proxy filings from data library.

The data range is: 1/1/15 to 10/31/2024

Filer type: Dissident, Management, Shareholder

Any meeting type: Annual, special, Annual and Special, Written Consent

Any proposal category: Audit Related, Capital Structure, Compensation, Corporate Governance, Director Elections, DEI, Environment or Climate, Extraordinary Transactions, Human Rights/ Human Capital, Investment Company Matters, Other Social Issued, Say on Pay Votes, Shareholder Rights and Defenses.

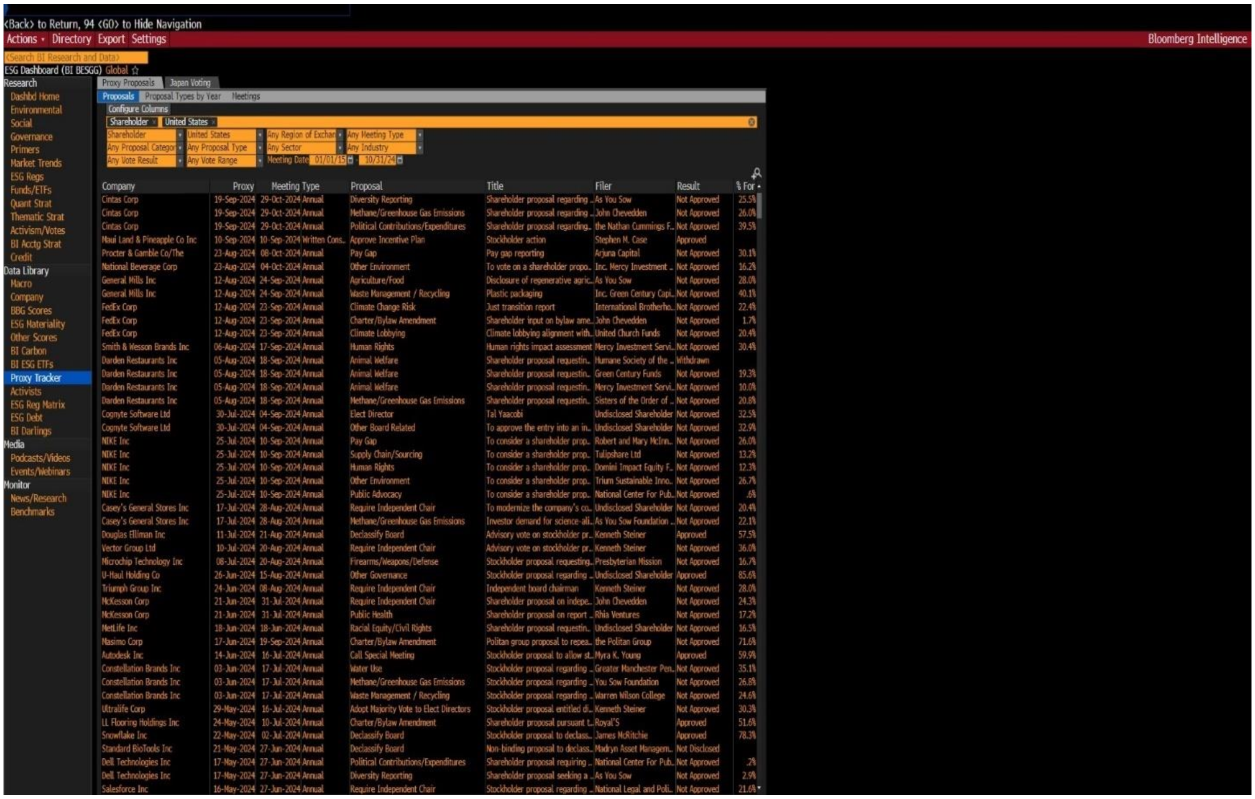
Within each Proposal Category, the type is defined.

Sector: Communications, Consumer Discretionary, Staples, Energy, Financials, Healthcare, Industrials, Materials, ReIT, Technology and Utilities

Votes Result: Approved, Not Approved, Not disclosed, One year, Pending, Three years, Two years, Withdrawn

Any vote range: 50-80%, 80-100, ,50%

This dashboard all the information which is relevant to Proxy filings.



Step 2: In this step, data is cleaned, enriched, and transformed to match the target schema or business requirements. Using SQL and Power BI dashboard, I found the relevant information from the Master data. SQL used to retrieve useful information from the dataset. The objective of the dashboard is: Find sectoral information, Number of filings in each year based on each theme with respect to Environmental, Social and Governance, Comparison of 2015, 2020 and 2024 based on ESG filings and which Shareholder has created the maximum proposals till date. To encounter the outcomes, the steps followed were:

1. **Cleaning**: In the process of cleaning the data, figured out the missing values where there were no filings in that year and replaced null values with Zero.
2. **Converting**: In this step, encountered the data has abnormal date values of Proxy date & Meeting date and therefore changed date formats to make it look similar.
3. **Aggregating**: Now, to figure out the total filings in each year for every theme, sum function was executed using Excel. This was done for each specific context: E/S/G
4. **Enriching**: Now to add new information, which is useful for calculating the number of filings from 2015 to 2024, a new measure was created in Power BI dashboard using Sum formula.

The link to data: Proxy filings based on category.xlsx

Total filings in Environment = SUM(Environment[2015])+ SUM(Environment[2016])+ SUM(Environment[2017])+ SUM(Environment[2018])+SUM(Environment[2019])+ SUM(Environment[2020])+ SUM(Environment[2021])+ SUM(Environment[2022])+ SUM(Environment[2023])+ SUM(Environment[2024])

Total filings in Social = SUM(Social[2015])+ SUM(Social[2016])+ SUM(Social[2017])+ SUM(Social[2018])+SUM(Social[2019])+ SUM(Social[2020])+ SUM(Social[2021])+ Sum(Social[2022])+ sum(Social[2023])+ sum(Social[2024])

Total filings in Governance = SUM(Governance[2015])+ SUM(Governance[2016])+ SUM(Governance[2017])+ SUM(Governance[2018])+SUM(Governance[2019])+ SUM(Governance[2020])+ SUM(Governance[2021])+ Sum(Governance[2022])+ sum(Governance[2023])+ sum(Governance[2024])

Step 3: **Load**: Transformed data was loaded into the Power BI dashboard using Excel file where it can be accessed and used for analytics or reporting. The data was filtered based on **Approved vs any type of voting results.**

1. Environment:

Proposal Type	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Adopt Say on Climate Proposal	1	0	0	4	0	0	0	0	0	0
Agriculture/Food	3	1	0	0	0	4	1	1	2	0
Climate Change Risk	29	41	28	16	10	7	8	20	17	0
Climate Lobbying	8	3	1	1	1	0	0	0	0	0
Coal	0	0	0	0	1	2	1	1	2	0
Deforestation	3	1	1	0	3	1	1	4	1	0
Methane/Greenhouse Gas Emissions	38	40	23	7	3	8	20	14	20	2
Nuclear Energy/Power Plant	0	0	0	0	0	0	0	1	1	0
Other Environment	2	2	3	5	4	1	1	7	8	0
Renewable Energy	0	0	1	0	0	1	6	7	7	2
Supply Chain/Sourcing	5	4	5	1	1	0	1	2	1	0
Sustainability Report	7	1	4	0	1	2	9	12	15	1
Waste Management / Recycling	14	8	7	3	3	7	5	4	3	0
Water Use	1	0	3	1	2	1	3	2	2	0

Table 1.1

Table 1.1 shows the progression of various environmental proposal types from 2015 to 2024, reflecting shifting priorities in shareholder activism around er

1. **Increasing Focus on Climate Change**: Proposals related to "Climate Change Risk" and "Methane/Greenhouse Gas Emissions" have notably risen. Climate change risk has grown, peaking at 41 in 2023. Methane emissions proposals have also surged, reaching a high in recent years (2023 and 2024).
2. **Declining Themes**: Topics such as "Sustainability Reports" and "Renewable Energy" show a mixed trend, with earlier peaks that have generally declined by 2024. This might suggest a shift from general sustainability reporting to more specific climate-related topics.
3. **Varied Emphasis on Other Environmental Issues**: Proposals related to issues like "Deforestation," "Coal," and "Water Use" have fluctuated without a clear upward or downward trend, indicating they are less consistently prioritized.
4. **Overall Trend**: The total number of environmental proposals has grown significantly from 5 in 2015 to 111 in 2024, indicating a sharp increase in shareholder activism focusing on environmental issues. This data suggests a stronger and more targeted focus on climate change, with emerging priorities on corporate accountability for environmental impacts.

2. Social:

Proposal Type	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Other Social Issues	149	133	128	96	81	92	93	85	91	9
Diversity, Equity, and Inclusion	74	61	63	48	36	35	20	33	16	1

Human Rights/Human Capital	78	69	50	23	30	29	15	26	26	2

Table 1.2

Table 1.2 illustrates the evolution of shareholder activism proposals related to social issues from 2015 to 2024, highlighting increasing interest in topics like social justice, diversity, and human rights.

Overall Growth in Social Issues: The total number of proposals on social issues has significantly increased, from 12 in 2015 to 301 in 2024, showing a strong shift toward social concerns in shareholder activism.

Other Social Issues: This category, which includes various social topics outside of diversity or human rights, has seen the most substantial increase, especially from 2021 onward, growing from 9 in 2015 to 149 in 2024. This indicates an expanding focus on social issues, possibly driven by broader societal changes and increased awareness of corporate social responsibility.

Diversity, Equity, and Inclusion (DEI): Proposals on DEI have shown steady growth, rising from 1 in 2015 to 74 in 2024. This reflects the increasing prioritization of DEI in corporate governance as companies are urged to improve representation and equity.

Human Rights/Human Capital: Proposals addressing human rights and human capital issues have grown from just 2 in 2015 to 78 in 2024. This growth signals an increasing emphasis on workers' rights, fair labor practices, and human capital management.

Overall Trend: The data shows a broad increase in shareholder activism on social issues, with notable rises in DEI and human rights topics. This trend suggests that companies are facing greater pressure from shareholders to address social responsibility and justice issues, alongside traditional financial metrics.

3. Governance:

Proposal Type	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Corporate Governance	1242	1240	792	570	609	586	561	373	458	46

Table 1.3

Table 1.3 showcases the trends in shareholder proposals and votes related to corporate governance from 2015 to 2024, covering categories like Add Director for Specific ESG Topic, Adopt Proxy Access, Amend Proxy Access, Charter/Bylaw Amendment, Declassify Board, Establish Board Committee, Decrease Size of Board, Other Board Related, Increase Size of Board, Other Governance, Require Independent Chair, Routine Items, Allow Shareholders to Remove Directors Without Cause.

1. **Dominant Proposal:** Require Independent Chair (441 proposals) is the most prevalent corporate governance topic by far, suggesting a strong emphasis on separating the roles of CEO and Chair to enhance board independence and accountability.
2. **Proxy Access and Amendments:** Proposals related to Proxy Access (133 for "Adopt Proxy Access" and 115 for "Amend Proxy Access") are significant, indicating that shareholders are increasingly seeking the ability to nominate directors to the board, thus enhancing their influence on corporate governance.

3. **Other Governance Proposals:** A number of proposals fall under general governance terms, such as Other Board Related (79), Charter/Bylaw Amendments (62), and Other Governance (56), which reflect efforts to adjust corporate bylaws, and overall governance frameworks, or address other board matters.
4. **Board Structure Changes:** Declassifying the Board (47) and Establishing a Board Committee (19) show attempts to reorganize board structures for better transparency and management.
5. **Proposals on increasing or decreasing the size of the board**: Increase Size of Board with 3 and Decrease Size of Board with 1 indicate a smaller proportion of proposals related to structural changes to the board's size.
6. **Environmental, Social, and Governance (ESG):** The proposal Add Director for Specific ESG Topic (11) reflects an increasing interest in integrating ESG concerns directly into board decision-making.
7. **Minor Proposals:** Routine Items (3) and Allow Shareholders to Remove Directors Without Cause (6) are relatively rare but demonstrate interest in standardizing operational procedures and improving shareholder rights.
8. **Summary:** The most notable trends are the emphasis on enhancing board independence through proposals like requiring an independent chair and increasing shareholder influence via proxy access. There is also a growing interest in aligning boards with ESG issues, though the number of such proposals remains relatively small. These findings reflect a corporate governance landscape focused on board independence, shareholder empowerment, and structural adjustments to better respond to changing market and social expectations, particularly around governance and ESG concerns.

4. Sector Analysis:

Count of Category	Category	Social	Governance	Environment	Total Filings in the Sector
Sector	Consumer Discretionary	298	113	86	497
	Industrials	193	172	85	450
	Financials	195	123	74	392
	Staples	188	92	104	384
	Healthcare	199	155	15	369
	Communications	237	86	25	348
	Technology	163	95	11	269
	Energy	66	39	110	215
	Utilities	54	52	71	177
	Materials	17	35	16	68
	Real Estate	20	14	2	36
	Total Filings in Category	1630	976	599	3205

Table 1.4

Table 1.4 evaluates the sector analysis to figure out the industry that has filed the maximum proposals. SQL was used to retrieve the information which is relevant and therefore calculated count of each sector based on ESG. The count includes all voting results like approved, not approved, waiting. This dataset provides a breakdown of 3,205 corporate filings categorized into **Social (51%)**, **Governance (30%)**, and **Environment (19%)**, across 11 sectors.

1. **Social Filings Dominate (1,630 filings):** Most frequent in Consumer Discretionary (298), Healthcare (199), and Industrials (193). Likely driven by concerns over workforce issues, diversity, and consumer-facing responsibilities.
2. **Governance Filings (976 filings):** Consistently significant across all sectors, with the highest in Industrials (172) and Healthcare (155). Reflects shareholder focus on leadership accountability and transparency.
3. **Environmental Filings (599 filings**): Concentrated in Energy (110), Staples (104), and Utilities (71), reflecting these sectors' direct environmental impacts and regulatory challenges. Minimal in sectors like Real Estate (2) and Technology (11).
4. **Sector Analysis**

- Consumer Discretionary (497 filings) leads in total ESG filings, driven by its high visibility and exposure to consumer and societal expectations.
- Energy (110 Environmental filings) and Utilities (71 Environmental filings) stand out for environmental focus due to their operational footprints.
- Technology and Communications sectors prioritize Social filings (163 and 237, respectively), addressing workforce and ethical concerns over environmental issues.
  Implications
- Governance remains a priority, consistently high across sectors, reflecting universal investor concerns.
- Environmental filings are sector-specific, highlighting regulatory and operational impacts in industries like Energy and Utilities.
- Social concerns are rising, particularly in consumer-facing or labor-intensive sectors.

5. Proponent Information:

Filer or Proponent	Count of Filer or Proponent
John Chevedden	299
Kenneth Steiner	77
James McRitchie	62
National Cnter For Public Policy Research	42
As You Sow	35
New York State Common Retirement Fund	34
Myra K. Young	28
Mercy Investment Services Inc	21
Arjuna Capital	21
Unitarian Universalist Association	14
Walden Asset Management	14
Mercy Invesment Services	12
Green Century Capital Management Inc	12
Gerald R. Armstrong	11
Trinity Health	10
Steven Milloy	10

Harrington Investments Inc	10
Thomas P. Dinapoli	9
Others	2484
Total Filings by all Filers	**3205**

Table 1.5

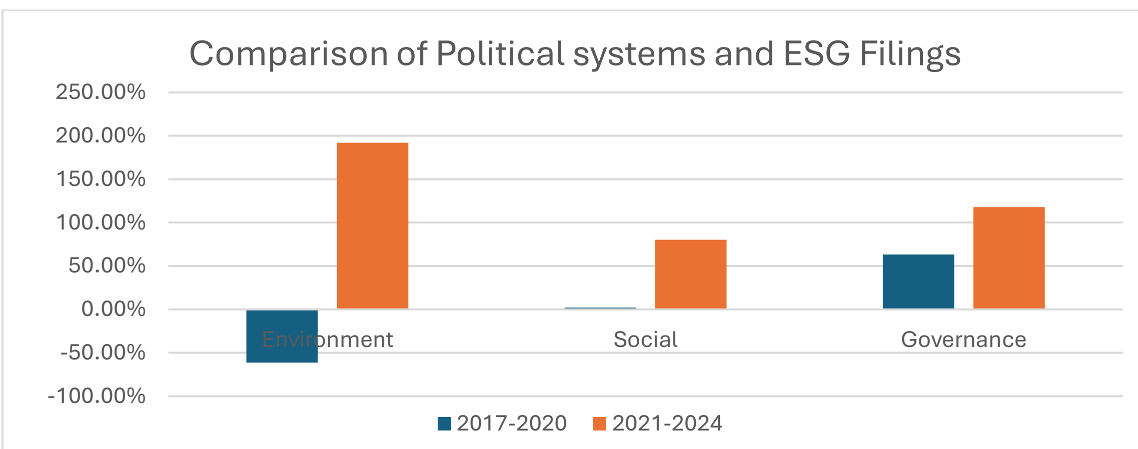
Table 1.5 outlines dataset of the key individuals and organizations submitting ESG-related filings, along with the number of proposals submitted by each.

1. **Top Individual Filers**: **John Chevedden** leads significantly with **299 filings**, reflecting his prominent role as a shareholder activist, likely focused on governance and accountability issues. **Kenneth Steiner (77 filings)** and **James McRitchie (62 filings)** also appear as notable individual proponents of shareholder activism.
2. **Organizational Filers**: **National Center for Public Policy Research (42 filings)**, **As You Sow (35 filings)**, and **New York State Common Retirement Fund (34 filings)** are key institutional proponents, likely advocating for environmental and social initiatives. Other notable organizations include **Mercy Investment Services Inc (21 filings)**, **Arjuna Capital (21 filings)**, and **Green Century Capital Management Inc (12 filings)**, which focus on corporate responsibility and sustainability issues.
3. **Summary:**

a) **Individual Activists' Influence**: Activists like John Chevedden, Kenneth Steiner, and James McRitchie are driving a significant portion of governance-focused shareholder proposals.

b) **Institutional Leadership**: Organizations such as **As You Sow** and **New York State Common Retirement Fund** reflect a strong push for environmental and social governance from institutional investors. This data underscores the critical role of both individual activists and institutional investors in shaping corporate governance and sustainability practices.

6. Evaluating ESG Shareholder Activism proposals in the light of Political administration:



This chart compares the percentage change in Environmental, Social, and Governance (ESG) filings between two periods: 2017–2020 (blue bars) and 2021–2024 (orange bars).

Environmental Filings:

- ✓ From 2017–2020, the change appears to be negative or minimal, indicating a decline or negligible focus on environmental filings during this period.
- ✓ Between 2021–2024, there is a significant surge, with a percentage increase exceeding 200%. This could reflect heightened political or corporate emphasis on environmental policies, possibly influenced by global climate initiatives or regulatory changes.

Social Filings:

- ✓ From 2017–2020, the change is minimal or negligible, suggesting steady trends without major shifts in filings related to social factors.
- ✓ From 2021–2024, there is a moderate increase, indicating growing importance of social considerations, likely driven by diversity, equity, and inclusion movements or societal pressures.

Governance Filings:

- ✓ From 2017–2020, there is a modest positive change, showing gradual improvements in governance-related filings.
- ✓ From 2021–2024, governance filings saw a sharper increase compared to the earlier period, reflecting an amplified focus on transparency, accountability, and ethical corporate practices.

Broader Implications:

- ✓ The notable rise in ESG filings in the 2021–2024 period across all categories may be tied to political, regulatory, or societal shifts, possibly reflecting enhanced stakeholder awareness and governmental policies on sustainability.

- ✓ The environmental aspect shows the highest growth, emphasizing the priority of climate-related issues in political and corporate agendas during the 2021–2024 period.

7. Interpretations for future growth: The trajectory of ESG (Environmental, Social, and Governance) considerations during this new administration is likely to be complex with potential shifts driven by regulatory, economic, and market factors.

1. **Decrease in Regulatory Support for ESG**:
    - In 2017, there was a notable rollback of environmental regulations and a general skepticism toward ESG-focused initiatives. This could happen again, especially with a possible reduction in support for rules that mandate ESG disclosures or favor ESG investing.
    - Trump's proposed reduction in SEC oversight of shareholder proposals could limit ESG-related shareholder activism, particularly if minimum stock ownership thresholds for filing proposals are raised.
2. **Private-Sector-Led ESG Growth**:
    - While regulatory support may dwindle, private investors and large institutions (such as BlackRock, State Street, and Vanguard) may continue to champion ESG principles. Market demand for sustainable investing products has remained resilient, even amid political headwinds.
3. **Increased Backlash Against ESG**:
    - There has been a growing backlash against ESG from conservative politicians and some activist investors, framing ESG as a distraction from shareholder value. This movement could gain more traction under a Trump presidency, potentially influencing corporate priorities and activism campaigns.
4. **Focus Shift to Economic Value**:

- Activist investors under Trump are likely to focus more on traditional value-generating activities, such as pushing for M&A, divestitures, and operational efficiencies, rather than ESG-related goals.
- However, environmental and social issues with clear financial implications—such as climate risk affecting supply chains—may still garner attention.

5. **Sector-Specific ESG Dynamics**:
    - Industries like renewable energy and electric vehicles, which are often linked to ESG themes, could face headwinds due to a potential revival of fossil fuel incentives and deregulation.
    - Conversely, sectors like oil and gas may experience less activism tied to climate issues and more encouragement of traditional expansion.
6. **Global ESG Momentum**:
    - Even if ESG adoption slows domestically, international trends and regulations (e.g., the EU's Corporate Sustainability Reporting Directive) will continue to push multinational companies to maintain ESG strategies.

Conclusion:

While the ESG momentum in shareholder activism may face challenges under this new political administration, market forces and international trends are likely to ensure that ESG remains relevant. The scope and nature of ESG adoption may shift, with greater emphasis on economic outcomes tied to environmental and social issues. The study concludes that ESG activism will increase in new future and climate change risk will dominant for next 10 years.

1. **Policies Driving ESG**:
   ESG (Environmental, Social, and Governance) priorities are increasingly supported by robust policies like the EU's **Corporate Sustainability Reporting Directive (CSRD)** and **Sustainable Finance Disclosure Regulation (SFDR)**. These frameworks ensure companies align their operations and disclosures with international and local regulations, promoting sustainability and transparency in corporate practices.
2. **Bipartisan Support for Clean Energy Initiatives**:
   Both major political parties in the U.S. endorse clean energy growth, including advancements in next-gen geothermal energy, decarbonization of heavy industries, and strengthening domestic manufacturing. These measures are viewed as beneficial not only for the environment but also for economic growth, supply chain resilience, and national security, ensuring their widespread appeal.
3. **Resilience of Renewable Energy Growth**:
   Despite potential political shifts, renewable energy development remains robust, driven by initiatives like the **Inflation Reduction Act (IRA)**, which has already generated 33,000 jobs. States like **Texas** and **Iowa**,

which are deeply invested in renewable energy, are unlikely to retract their commitments, ensuring continued progress in the sector.

4. **The Role of Non-Federal Actors in Climate Goals**:
   When the Trump administration exited the **Paris Agreement** in 2017, initiatives like **America Is All In** stepped up to fill the void. This coalition of over 4,000 local leaders, businesses, and academic institutions reaffirmed U.S. commitment to Paris Agreement goals. Their collective actions, as highlighted in a 2019 report, demonstrated significant potential to reduce U.S. emissions by up to 37% by 2030, showing that progress can continue even without federal support.

To check the Power BI dashboard:

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