

## Delegated Philanthropy in Mutual Fund Votes on Climate Change Externalities

Marie Brière<sup>a</sup>, Sébastien Pouget<sup>b</sup>, Martin Schmalz, and Loredana Ureche-Rangau<sup>d</sup>

May 2022

### Abstract:

This chapter studies the votes of institutional investors on shareholder resolutions instructing corporations to mitigate climate change externalities. Our sample includes 238 US fund families that voted on 14,409 different shareholder resolutions at 2,700 companies over the period from 2013 to 2016. We find that, in line with the delegated philanthropy logic, fund families that have larger proportions of responsible investments display a larger support for resolutions on climate change. This result holds i) especially for fund families with large percentage of SRI, ii) whether ISS favors or not these resolutions, iii) when these resolutions end up being close call votes, and iv) when we focus only on fund families that have voted more than 50 or 100 resolutions on environmental and social issues.

<sup>a</sup> Amundi, 90 Bd Pasteur, 75015 Paris, France, Paris Dauphine University, Place du Maréchal de Lattre de Tassigny, 75116 Paris, France; Université Libre de Bruxelles, Solvay Brussels School of Economics and Management, Centre Emile Berheim, Av. F.D. Roosevelt, 50, CP 145/1, 1050 Brussels, Belgium, [marie.briere@amundi.com](mailto:marie.briere@amundi.com)

<sup>b</sup> Toulouse School of Economics (University of Toulouse 1 Capitole, TSM), 21 allée de Brienne, 31000 Toulouse, [spouget@univ-tlse1.fr](mailto:spouget@univ-tlse1.fr). Sébastien Pouget gratefully acknowledges the TSE Sustainable Finance Center's financial support in the context of the foundation TSE-Partnership, an academic organization under the aegis of the Toulouse School of Economics, financially supported by various partners which list is available at <https://www.tse-fr.eu/tsepartnership?lang=en>. The list of partners of the TSE Sustainable Finance Center is available at [www.https://www.tse-fr.eu/sustainablefinance?tabs=1](https://www.tse-fr.eu/sustainablefinance?tabs=1).

<sup>c</sup> University of Oxford Saïd Business School, Nuffield College, C-SEB, CEPR, ECGI, CESifo. Park End Street, OX1 1HP, Oxford, U.K., [Martin.Schmalz@sbs.ox.ac.uk](mailto:Martin.Schmalz@sbs.ox.ac.uk). Schmalz acknowledges support from the Deutsche Forschungsgemeinschaft under Germany's Excellence Strategy – EXC 2126/1-390838866.

<sup>d</sup> LEFMI, University of Picardie Jules Verne, 10 Placette Lafleur, BP 2716, 80027 Amiens Cedex 1, France, [loredana.ureche@u-picardie.fr](mailto:loredana.ureche@u-picardie.fr).

## **I. Introduction**

One of the most important negative externalities produced by corporations is greenhouse gas emissions that constitute one of the main sources of global warming (IPCC, 2022): the cost of pollution of such emissions is not fully reflected into market prices and taxes and is thus borne in part by society at large. According to a report by Trucost, a leading extra-financial analysis firm, environmental externalities alone represented, in 2008, 7% of revenues for the major 3,000 companies over the world (see Mattison, Trevitt and van Ast, 2011). According to the Stern (2006) review, climate change is expected to trigger a drop in global gross domestic product of around 5% per year, drop that could even be as large as 20% in some catastrophic scenarios. This may have a dramatic impact on firms' operations and on societies around the world (see, e.g., Cruz and Rossi-Hansberg, 2021). It also indicates that climate change constitutes a systematic risk that, if material, could severely impair the value of portfolios.

In this chapter, we study the drivers of institutional investors' votes at general assembly meetings on shareholder resolutions to mitigate corporate impact on climate change. One motivation that could induce institutional investors to take externalities into account when voting at general assembly meetings is related to delegated philanthropy (Benabou and Tirole, 2010). When shareholders are also citizens, consumers, workers, and taxpayers, absent perfectly competitive and complete markets, they care about corporate policies' impact on their welfare, over and above the cash they receive from the firm (see Grossman and Stiglitz, 1977, Hart, 1979, Gordon, 2003, Morgan and Tumlinson, 2019). They may thus want firms to internalize externalities such as their impact on climate change. In this view, firms internalize externalities, even if this is not financially profitable, because this is globally best for their shareholders, given their preferences. To study this issue, we use the proportion of assets under management invested in equity that are part of a Socially Responsible Investment (SRI) fund as a proxy for the preferences of institutional investors' clients towards mitigating negative externalities. We then test whether the proportion of assets under management in SRI is positively related to investors' propensity to vote in favor of negative externality mitigation at general assembly meetings, and in particular climate change mitigation.

We address this question by studying mutual fund votes at general assembly meetings on environmental and social (E&S) issues.<sup>1</sup> We ask whether fund families' votes on climate change, and more generally on E&S issues, depend on whether these families include more or less responsible investments in their portfolio. We study 238 fund families' votes during the 2013-2016 period on 14,409 different shareholder resolutions at 2,700 companies.

Our main variable of interest is the frequency at which a fund family votes in favor of shareholder resolutions requesting to mitigate climate change and other negative externalities (or to produce more positive ones). We control for several variables that may affect a fund family's voting policy, including its age, size, type of investment management, proportion of equity funds and of retail funds.

We find that the proportion of responsible funds in a family's assets under management increases its level of support for shareholder resolutions on climate change. This result holds also when focusing on other topics, clearly related to externalities, such as human rights, discrimination issues and compensation restrictions. It also holds when focusing on more broadly defined environmental and social issues. Moreover, robustness tests show that our results are valid when we split our sample period in two subperiods, 2013-2014 and 2015-2016. We thus complement the literature that studies mutual fund votes on shareholder resolutions at general assembly meetings, including Davis and Kim (2007), Matvos and Ostrovsky (2008), Morgan, Poulsen, Wolf, and Yang (2011), He, Kahraman and Lowry (2021), by focusing on the proportion of responsible investments and on externality-related resolutions.

Our results suggest that the frequency of a fund family votes in favor of shareholder resolutions requesting firms to mitigate climate change increases with the proportion of SRI funds' assets under management within the family. This result is much less pronounced when we focus on shareholder resolutions on other governance and financial issues but holds for other externalities related to human rights and discrimination issues.

We submit our results that fund families with larger proportions of responsible investments support more climate change and other externality-related E&S resolutions to various robustness tests. Our results hold if we restrict our sample to include only the resolutions supported by the proxy advisor ISS. This is remarkable because ISS has been shown to support

---

<sup>1</sup> Our focus on corporate engagement at general assembly meetings complements the empirical studies of behind-the-scene engagements on E&S issues offered by Dimson, Karakaş, and Li (2015), Barko, Cremers, and Renneboog (2018), and Azar, Duro, Kadach, and Ormazabal (2019).

these resolutions often (Bolton et al., 2020). Our results also hold if we consider only the resolutions that end up being close-call votes. Thus, fund families with large proportions of responsible investments do not fear that the resolutions may end up gathering majority support from shareholders.

Our results have several practical implications. First, our findings might be useful for investors who would like to benchmark or evaluate their voting behavior on climate change and other ESG issues against the universe of mutual fund families. A second implication is for regulators: fund families should be incentivized to know the preferences of their clients regarding climate change and other corporate externalities and to refine their voting policy to make it more in line with these preferences. As indicated by Hart and Zingales (2017), shareholder votes are crucial in this respect.

## **II. Sample, data sources, variables and descriptive statistics**

Our analysis is at the fund family level: each mutual fund in our sample is associated with a fund family based on information collected on internet and on Bloomberg. We merge data on mutual fund votes, characteristics and holdings, and aggregate these data at the fund family level.

### *A. Mutual fund votes*

We use the ISS database that provides the votes of US mutual funds at general assembly meetings as reported in the SEC N-PX filings. We focus on votes on shareholder resolutions. We aggregate these votes at the fund family level to reflect the fact that a lot of funds use a centralized voting policy, in particular among the largest ones (see Fichtner, Heemskerk, and Garcia-Bernardo, 2017). There are 329 fund families in our initial sample. After matching with the other databases discussed below, i.e., CRSP and Thomson Reuters, we obtain a dataset including 238 fund families that voted on 14,409 different shareholder resolutions at 2,700 companies.

For each fund family and each calendar year in our sample, i.e., from 2013 to 2016, we compute the proportion of votes in favor of the proposal for climate change mitigation as well as for different broad categories of shareholder resolutions: environmental and social resolutions,

together and separately<sup>2</sup>. As a benchmark, we also measure the support for other governance and financial issues.

For comparison purposes, we also compute fund families' support for human rights and discrimination, which are clearly related to corporate externalities. We also include, as a specific topic, compensation restrictions linked to externalities that include resolutions that call for limiting the compensation of executives or for linking this compensation to social targets. Indeed, as shown for example by Benabou and Tirole (2016), an excessive reliance on financial metrics to judge the performance of executives might lead to excessive bonuses and to some important aspects of corporate performance being overlooked.

Our sample includes 290 environmental resolutions, 323 social resolutions and 10,963 other governance and financial resolutions. Our classification is indicated in the Appendix. Regarding specific topics, we have the following number of different resolutions: 83 for climate change, 55 for human rights, 68 for discrimination, and 153 for compensation externalities. Various fund families have voted these resolutions so that our data include a cross-section of voting behavior that provides us with more statistical power than this relatively low number of resolutions suggests.

Our analysis is based on the premise that environmental (and social) resolutions are bound to reduce negative corporate externalities and promote positive ones. Indeed, most of these resolutions either request corporations to provide information on these issues (improving corporate stakeholders' ability to exercise pressure on corporations on these issues), or request actions to be taken. For example, climate change resolutions include proposals on topics such as "Report on Climate Change", "GHG emissions", "Climate change action", or "Publish two-degree scenario analysis". Examples of proposals include "Report on Methane Emissions Management and Reduction Targets", "Approve Strategic Climate Change Resilience for 2035 and Beyond" and "Adopt Quantitative GHG Goals for Products and Operations". Most of these resolutions are requesting companies to report on their emissions. This is in line with the survey evidence reported by Ilhan, Krueger, Sautner, and Starks (2020) showing that institutional investors find climate risk reporting to be as important as financial reporting.

### *B. Mutual fund characteristics*

---

<sup>2</sup> We also have data on shareholder resolutions on executive compensation but we do not include this issue in our investigation.

We use all the share classes of US mutual funds in the CRSP database to compute the following variables at the level of the fund family and at the end of each calendar year. The proportion of socially responsible investment (SRI) funds (*% SRI funds*) is computed across the family's equity funds. A fund is classified as SRI if its name includes the following words or radicals: "SRI", "social", "ethic", "respons", "ESG", "sustain", "impact", "green", "environ". We will use this proportion as a proxy for the preference of a fund family's clients towards corporate social responsibility.

The total net assets under management is the sum of total net assets of all funds in the family, in millions. The variable *Total assets (ln)* in the tables below represents the natural logarithm of the total net assets. The proportion of equity funds (a variable labelled *% equity funds* in the tables) is computed by dividing the net asset value of the equity funds by the total net asset value of the family.

The proportions of retail and index funds (*% retail funds* and *% index funds*, respectively) are also computed across the family's equity funds. Index funds correspond to categories B, D and E in the CRSP database. The age of a fund family is the number of years since the first fund appearing in CRSP has been created. The average expenses ratio of a fund family is computed across funds weighted by their net asset value. The expense ratio of a fund is based on the total amount paid by its clients to cover the fund's operating expenses.

For a given year, the idiosyncratic risk of a fund family is measured as the annualized volatility of the residuals of a regression of the total daily returns of the fund family on the daily excess returns of the US market (all stocks listed on NYSE, Amex and Nasdaq) as offered by Kenneth French on his website (we request to have more than 50 observations for a given fund family; fund families with less than 50 daily returns for a given year are thus not part of our sample). The total daily return of the fund family is equal to the average daily return of the various funds within the family (for simplicity, we use simple averages, but our results hold if we use weighted averages).

### *C. Mutual fund holdings*

Mutual funds' quarterly holdings are obtained through Thomson Reuters database. This database provides security holding information for all registered mutual funds that report their holdings with the SEC, plus 3,000 global funds. We aggregate quarterly holdings at the level of the fund family by doing the sum of the holdings of all the funds belonging to this family.

For each family, as a measure of investment horizon, we compute the investor turnover of Derrien, Kecskés and Thesmar (2013). Investor turnover is computed as follows. For each fund family  $j$ , each quarter  $t$ , and each stock  $i$ , we compute the proportion of stock  $i$  held by fund family  $j$  at  $t-12$  (i.e., three years before) and sold between  $t-12$  and  $t$ . If the weight of a stock has increased over the three-year period, the turnover is set to zero for this stock. The turnover of the fund family at quarter  $t$  is computed as the sum of the turnover of the stocks held in portfolio, weighted by the proportion of stock  $i$  in fund family  $j$ 's portfolio at quarter  $t-12$ . A fund family's investor turnover for a given year is the average of its turnover at each quarter of the year. Investor turnover is between 0 and 100%. This measure has been used by Derrien et al. (2013) but also, for example, by Harford, Kecskés and Mansi (2018).

#### *D. Descriptive statistics*

Table 1 reports summary statistics for our sample that includes 238 fund families over four years, 2013-2016.

Panel A of Table 1 shows that the average support for shareholder resolutions by fund families in our sample ranges from 31% to 44% depending on the type of resolutions, environmental, social, and other governance and financial issues. Support for the specific topics is more dispersed, from 21% for human rights to 40% for compensation restrictions.

Panel B of Table 1 describes the characteristics of fund families in our sample. The average fund family in our sample holds 1.18% of assets under management in socially responsible investment (SRI) funds, 78% in equity funds, 52% in retail funds, and 11% in index funds. The level of idiosyncratic risk is relatively low and equal to 4.58%. The average number of stocks in portfolio and assets under management are 756 and USD 94.1 billion, respectively. In our regressions, we use the natural logarithm of these variables to mitigate heteroscedasticity issues. The turnover appears relatively high, at 55% on average.

### **III. Empirical analysis**

Our empirical analysis is based on regressions of the proportion of fund family support for shareholder resolutions onto the type of fund family and fund family characteristics. Our focus is on how the percentage of SRI assets under management in a fund family affects its votes on climate resolutions and more generally environmental and social resolutions. We also study

resolutions on human rights, discrimination and executive compensation restrictions because we are interested in understanding whether the percentage of SRI funds induces fund families to fight against negative corporate externalities, in line with the delegated philanthropy logic. We include in our regression year fixed effects, and report robust standard errors for our estimated coefficients.

#### *A. Impact of the percentage of SRI on the support for climate resolutions*

Table 2 displays the results of our main regressions of support on shareholder resolutions onto various fund family variables. Table 3, Column (1) focuses on our entire time period, 2013-2016; Column (2) on the early time period, 2013-2014; Column (3) on the later time period, 2015-2016. The dependent variable is the support to climate resolutions.

Our main finding is that the percentage of SRI within the fund family is positively associated with the support to climate resolutions. This association is very strong from a statistical point of view. It holds both for the earlier and the later period in our sample. It is also economically significant: a one standard deviation increase in the percentage of SRI (9%) induces an increase in the support of 6.2% ( $9\% \times 0.688$ ).

#### *B. Resolutions on other corporate externalities*

Table 3 shows that the percentage of SRI also affect the support to shareholder resolutions on other corporate externalities. Indeed, this variable is associated with a coefficient that is statistically significant for all the other externalities we study, namely, human rights, discrimination, and compensation restrictions, at 0.465, 0.350, and 0.494, respectively. However, the magnitude of the effect is smaller than for climate resolutions. A statistical test of difference between coefficients shows that these differences are statistically significant at  $p < 0.05$  and  $p < 0.01$  for human rights and discriminations, respectively.

Together, these results indicate that fund families with higher percentage of SRI support more shareholder resolutions bound to mitigate corporate negative externalities, and particularly climate change externalities.

This result is also apparent in Table 4 that shows that support for broader environmental and social resolutions is also stronger the higher the percentage of SRI is. Table 4 also shows that the percentage of SRI is also positively associated with more support for other governance and financial resolutions. However, this positive association appears weaker than for climate change



resolutions; a statistical test shows that the difference in coefficients between the climate change resolutions (0.688 in Table 2) and the other governance and financial resolutions (0.214 in Table 4) is significant with  $p < 0.01$ . This result suggests that the stronger support displayed for climate change resolutions is not simply due to the general tendency of SRI to induce more support for shareholder resolutions.

### *C. Drivers of support for climate change resolutions*

To better understand what drives the higher support for climate change induced by the percentage of SRI in the fund families, we create various dummy variables. A first dummy takes the value 1 if the Fund family has SRI fund and 0 otherwise. We then decompose this dummy into two indicator variables: LowSRI is a dummy that takes the value 1 if the fund family holds a percentage of SRI that is below the median percentage of SRI detentions by all fund families (which is equal to 0.50%); HighSRI is a dummy that takes the value 1 if the fund families holds a percentage of SRI that is below the median percentage of SRI detentions by all fund families.

Table 5 Panel A shows that the simple fact of having some SRI within the fund family is not per se sufficient to display a larger support for climate resolutions. It is slightly associated with larger support for environmental resolutions and other governance and financial resolutions but not for climate change and social resolutions.

Likewise, Table 5 Panel B indicates that fund families with a relatively low percentage of SRI do not support climate change resolutions more than otherwise identical fund families that do not have SRI. On the other hand, it shows that fund families who have a percentage of SRI larger than the median have a larger level of support: their support is larger by 20.7 percentage points. This result suggests that holding some SRI is not enough to influence the voting policy of a fund family. Only when the fund family holds a relatively large amount of SRI does it support more climate change resolutions (and more generally, environmental and social resolutions). This result suggests that SRI investors in fund families that have relatively little SRI funds might not see their preferences reflected in the voting policy of their fund family.

We now study what influences the link between the percentage of SRI fund and the support for climate change resolutions. Table 6 shows that such link is stronger for fund families with a larger proportion of index funds, lower average fees, and a larger size (in terms of total assets under management). The stronger link with indexing strategies might be a sign that these funds

that cannot vote with their feet tend to exert more voice to change corporate behavior. The impact of lower average fees might indicate that funds that care more about their customers' welfare also vote more in favor of climate resolutions. The impact of a larger size might be related to the fact that larger funds have more resources to develop an active voting policy.

#### *D. Robustness*

This subsection discusses the results of various robustness analyses.

Table 7 focuses on shareholder resolutions for which the proxy advisor ISS recommends support. Table 8 focuses on resolutions to which ISS is opposed. Our results hold in these two cases. The association between the percentage of SRI in the fund family and support for climate resolutions appears even more pronounced when ISS is advising to vote against these resolutions. This indicates that fund families with SRI are less influenced by ISS than other fund families.

We then investigate voting behavior of institutional investors for shareholder resolutions which turn out to be close calls, i.e., for which vote results are around the majority threshold. The idea is to test whether support for climate resolutions is not turned down by the high likelihood for these resolutions to gather majority support.

Table 9 shows that fund families with a higher percentage of SRI display a larger support for climate resolutions than otherwise similar families, even for close votes. However, this additional support appears weaker than for other resolutions (compare the coefficients 0.487 in Table 9 and 0.688 in Table 2). This additional support on close votes on climate issues is not different from the additional support on other governance and financial resolutions (compare the coefficients 0.487 and 0.455 in Table 9).

Our analysis is based on behavior at the fund family level. Some families might have voted only a few resolutions and this might affect our results. We offer two robustness tests to control for such a potential effect. Table 10 Panel A displays the result of a regression on a sample of fund families that have voted more than 100 resolutions on environmental and social resolutions, Table 10 Panel B the results for more than 50 such resolutions. Table 11 displays the results of Weighted Least Square regressions that weight each observation, corresponding to a given fund family, by the number of resolutions voted. Results in Tables 10 and 11 show that our findings are robust.

## **IV. Conclusion**

Corporations emit various types of externalities when they operate. Environmental externalities include greenhouse gas emissions that participate in climate change, social externalities include discriminative practices and breaches to human rights. Corporations' choice of governance may also impose negative externalities on other companies, for example, when setting high bonuses to attract and incentivize the most talented CEOs: Benabou and Tirole (2016) show that competition for talents may trigger a bonus culture and excessive pay that is detrimental to overall long-term productivity and welfare.

In this context, fund families that represent the interests of their clients might have an incentive to instruct corporations to limit their negative externalities and increase their positive ones (see, e.g., Morgan and Tumlinson, 2019, for a theoretical analysis).

This chapter tests whether the percentage of Socially Responsible Investment (SRI), a measure of the importance of externalities for fund families' clients, is associated with a larger support for shareholder resolutions instructing corporations to reduce or communicate on the negative externalities they produce. We offer a special focus on climate change resolutions because it constitutes one of the major societal challenges of our time and because corporations are responsible for a large fraction on greenhouse gas emissions triggering global warming.

To do so, we use ISS data on voting behavior of fund managers, aggregated at the fund family level to reflect the fact that fund families often have a centralized voting policy. We distinguish between different types of resolutions related to externalities: climate change but also human rights, discrimination and compensation restrictions based on environmental and social issues. We also study broader categories corresponding to environmental and social resolutions. We use as a benchmark resolutions on other governance and financial issues.

We merge this data with CRSP data on fund families' characteristics, including the number of stocks held in portfolio, turnover and the percentage of SRI assets under management. Our sample period ranges from 2013 to 2016 and includes 238 fund families that voted on 14,409 different shareholder resolutions at 2,700 companies.

Our analyses are based on regressions of the average level of support for a given year and a given fund family onto the percentage of SRI assets under management and various other

control variables. We find that the percentage of SRI is associated with a larger support for resolutions related to the mitigation of climate change and other externalities, controlling for other fund families' characteristics, as well as for resolutions on broader environmental and social issues. We also find that the percentage of SRI is also positively associated with more support for other governance and financial issues, but this association is much lower than the one for climate resolutions. Overall, these findings suggest that fund families engage in delegated philanthropy as defined by Benabou and Tirole (2010): institutional investors adopt the preferences of their clients when engaging corporations to affect their strategy. Absent competitive and complete markets, fund families' clients as citizens, consumers, workers, and tax payers, care about corporate policies' impact on their welfare, over and above their financial impact (see Grossman and Stiglitz, 1977, Hart, 1979, Gordon, 2003, Morgan and Tumlinson, 2019). The percentage of SRI is used as a measure of the intensity of clients' willingness to request firms in which they invest to internalize externalities such as their impact on climate change.

Robustness tests further show that our results hold when the shareholder service firm ISS is for and against the resolutions, when votes on resolutions end up being close calls, and when controlling for the number of resolutions voted by fund families.

Our results have several practical implications. First, they provide guidance for institutional investors regarding the important ingredients that enter the determinants of voting policies of a wide variety of asset management companies. This might be useful for investors who would like to benchmark or evaluate their own voting behavior on ESG issues.

Second, our findings suggest that fund families with larger percentage of SRI would like corporations to develop more ambitious policies to limit negative externalities, e.g., to mitigate climate change. This suggests that it might be useful to extend the notion of fiduciary duty to include other aspects than the narrowly defined shareholder value, as implied for example by the analysis of Morgan and Tumlinson (2019).

Third, another implication for regulators is that fund families should be incentivized to know the preferences of their clients and to make their voting policy more in line with these preferences. As indicated by Hart and Zingales (2017), shareholder votes are crucial to communicate to management how to set up corporate strategy as far as the tradeoff between profits and the common good is concerned. This issue is left for future research.

## V. Appendix: classification of shareholder resolutions

This table displays our classification of shareholder resolutions across different categories: environmental, social and executive compensation issues. All resolution topics not listed in this table are classified into the category ‘Other Governance and Financial’.

<b>Environmental</b>	<b>Social</b>	<b>Executive Compensation</b>
Toxic Emissions	Board Diversity	Establish a Compensation Committee
Nuclear Power - Related	MacBride Principles	Establish Director Stock Ownership Requirement
Report on Environmental Policies	Human Rights Risk Assessment	Require Directors Fees to be Paid in Stock
Community -Environmental Impact	Improve Human Rights Standards or Policies	Amend Director/Officer Indemnification/Liability Provisions
Genetically Modified Organisms (GMO)	Plant Closures and Outsourcing	Eliminate or Restrict Severance Agreements (Change-in-Control)
Product Toxicity and Safety	Operations in High Risk Countries	Submit Severance Agreement (Change-in-Control) to Shareholder Vote
Environmental - Related (Japan)	Data Security, Privacy, and Internet Issues	Stock Retention/Holding Period
Operations in Protected Areas	Report on Pay Disparity	Limit/Prohibit Executive Stock-Based Awards
Report on Climate Change	Fair Lending	Death Benefits / Golden Coffins
GHG Emissions	End Production of Tobacco Products	Increase Disclosure of Executive Compensation
Hydraulic Fracturing	Prepare Tobacco-Related Report	Limit Executive Compensation
Climate Change Action	Facility Safety	Submit SERP to Shareholder Vote
Sustainability Activities and Action	Weapons - Related	Link Executive Pay to Social Criteria
Report on Sustainability	Review Foreign Military Sales	Company-Specific--Compensation-Related
Wood Procurement	Review Drug Pricing or Distribution	Performance-Based and/or Time-Based Equity Awards
Renewable Energy	Sever Links with Tobacco Industry	Put Repricing of Stock Options to Shareholder Vote
Energy Efficiency	Reduce Tobacco Harm to Health	Non-Employee Director Compensation
Recycling	Review Tobacco Marketing	Claw-back Compensation in Specified Circumstances
Publish Two Degree Scenario Analysis	Prepare Report on Health Care Reform	Advisory Vote to Ratify Named Executive Officers' Compensation
Animal Welfare	Charitable Contributions	Establish SERP Policy
Animal Testing	Political Contributions Disclosure	Pay for Superior Performance
Animal Slaughter Methods	Political Lobbying Disclosure	Adopt Policy on 10b5-1 Trading Plans
	Political Activities and Action	Adopt Anti Gross-up Policy
	Adopt Sexual Orientation Anti-Bias Policy	Employment Contract
	Report on EEO	Limit/Prohibit Accelerated Vesting of Awards
	Labor Issues – Discrimination and Miscellaneous	Adopt Policy on Bonus Banking
	Holy Land Principles	Adjust Executive Compensation Metrics for Share Buybacks
	Gender Pay Gap	Use GAAP for Executive Compensation Metrics
	Income Inequality	

## References

- Anton M., F. Ederer, M. Giné and M. Schmaltz, 2018, “Common Ownership, Competition, and Top Management Incentives”, working paper.
- Appel I., T. Gormley, and D. Keim, 2016, “Passive Investors, Not Passive Owners”, *Journal of Financial Economics*, 121 (1), pp. 111-141.
- Azar J., 2017, “Portfolio Diversification, Market Power, and the Theory of the Firm”, working paper.
- Azar J., M. Duro, I. Kadach, and G. Ormazabal, 2019, “The Big Three and Corporate Carbon Emissions around the World”, Working Paper.
- Azar J., S. Raina and M. Schmaltz, 2019, “Ultimate Ownership and Bank Competition”, Working Paper.
- Azar J., M. Schmaltz and I. Tecu, 2018, “Anti-Competitive Effects of Common Ownership”, *Journal of Finance*, 73 (4), pp. 1513-1565.
- Barko T., M. Cremers, and L. Renneboog, 2018, “Shareholder Engagement on Environmental, Social, and Governance Performance”, Working Paper.
- Bebchuk L., A. Cohen and S. Hirst, 2017, “The Agency Problems of Institutional Investors”, *Journal of Economic Perspectives*, 31 (3), pp. 89-112.
- Bebchuk L. and S. Hirst, 2019, “Index Funds and the Future of Corporate Governance: Theory, Evidence, and Policy”, forthcoming *Columbia Law Review*, 119.
- Benabou R. and J. Tirole, 2010, “Individual and Corporate Social Responsibility”, *Economica*, 77 (305), pp. 1-19.
- Benabou R. and J. Tirole, 2016, “Incentives and Prosocial Behavior”, *American Economic Review*, 96 (5), pp. 1652-1678.
- Bolton P., T. Li, E. Ravina, and H. Rosenthal, 2020, “Investor ideology”, *Journal of Financial Economics*, 137 (2), pp. 320-352.
- Brav A., W. Jiang and T. Li, 2019, “Picking Friends Before Picking (Proxy) Fights: How Mutual Fund Voting Shapes Proxy Contests”, working paper.
- Cespa G. and G. Cestone, 2007, “Corporate Social Responsibility and Managerial Entrenchment”, *Journal of Economics & Management Strategy*, 16 (3), pp. 741-771.
- Christoffersen S., C. Geczy, D. Musto, and A. Reed, 2007, “Vote Trading and Information Aggregation”, *Journal of Finance*, 62 (6), pp. 2897-2929.
- Derrien F., A. Kecskés and D. Thesmar, 2013, “Investor Horizons and Corporate Policies”, *Journal of Financial and Quantitative Analysis*, 48 (6), pp. 1755-1780.

- Davis G. and E. H. Kim, 2007, “Business ties and proxy voting by mutual funds”, *Journal of Financial Economics*, 85 (2), pp. 552-570.
- Di Giuli A. and L. Kostovetsky, 2014, “Are red or blue companies more likely to go green? Politics and corporate social responsibility”, *Journal of Financial Economics*, 111 (1), pp. 158-180.
- Dimson E., O. Karakaş, X. Li, 2015, “Active Ownership”, *Review of Financial Studies*, 28 (12), pp. 3225-3268.
- Edmans A. , D. Levit and D. Reilly, 2018, “Governance Under Common Ownership”, forthcoming *Review of Financial Studies*.
- Fichtner J., E. Heemskerk, and J. Garcia-Bernardo, 2017, “Hidden power of the Big Three? Passive index funds, re-concentration of corporate ownership, and new financial risk”, *Business and Politics*, 19 (2), pp. 298-326.
- Ginglinger E. and Q. Moreau, 2019, “Climate Risk and Capital Structure”, working paper.
- Gordon R., 2003, “Do Publicly Traded Corporations Act in the Public Interest?”, *Advances in Economic Analysis & Policy*, 3 (1).
- Grossman S. and J. Stiglitz, 1977, “On Value Maximization and Alternative Objectives of the Firm”, 32 (2), pp. 389-402.
- Gutiérrez G. and T. Philippon, 2018, “Ownership, Concentration, and Investment”, *AEA Papers and Proceedings*, 108, pp. 432-437.
- Hansen R. and J. Lott, 1996, “Externalities and Corporate Objectives in a World with Diversified Shareholder/Consumers”, *Journal of Financial and Quantitative Analysis*, 31 (1), pp. 43-68.
- Harford J., A. Kecskés, and S. Mansi, 2018, “Do long-term investors improve corporate decision making?”, *Journal of Corporate Finance*, 50 (C), pp. 424-452.
- Hart O., 1979, “On Shareholder Unanimity in Large Stock Market Economies”, *Econometrica*, 47 (5), pp. 1057-84.
- Hart O. and L. Zingales, 2017, “Companies Should Maximize Shareholder Welfare Not Market Value”, *Journal of Law, Finance, and Accounting*, 2 (2), pp. 247-274.
- He J. and J. Huang, 2017, “Product Market Competition in a World of Cross-Ownership: Evidence from Institutional Blockholdings”, *Review of Financial Studies*, 30, pp. 2674-2718.
- He J., J. Huang, and S. Zhao, 2018, “Internalizing Governance Externalities: The Role of Institutional Cross-Ownership”, forthcoming *Journal of Financial Economics*.
- He Y., B. Kahraman and M. Lowry, 2018, “Mutual Fund Voting on Environmental and Social Proposals”, working paper.

Hong H. and L. Kostovetsky, 2012, “Red and Blue Investing: Values and Finance”, *Journal of Financial Economics*, 103(1), pp. 1-19.

Ilhan E., P. Krueger, Z. Sautner, and L. Starks (2020), “Institutional Investors’ Views and Preferences on Climate Risk Disclosure”, Working Paper.

Ilhan E., Z. Sautner and G. Vilkov, 2019, “Carbon Tail Risk”, Working Paper.

Intergovernmental Panel on Climate Change (IPCC), 2018, “Global warming of 1.5°C”, IPCC, Switzerland.

Kraus A. and A. Rubin, 2010, “Reducing managers' incentives to cannibalize: Managerial stock options when shareholders are diversified”, *Journal of Financial Intermediation*, 19 (4), pp. 439-460.

Krueger P., Z. Sautner, and L. Starks, 2019, “The Importance of Climate Risk for Institutional Investors”, forthcoming *Review of Financial Studies*.

Lindsey L., 2008, “Blurring Firm Boundaries: The Role of Venture Capital in Strategic Alliances”, *Journal of Finance*, 63 (3), pp. 1137-1168.

Massari M, G. Gianfrate, and L. Zanetti, 2016, “Carbon Risk and Corporate Value”, *Corporate Valuation: Measuring the Value of Companies in Turbulent Times*, Wiley, New York.

Mattison R., M. Trevitt, L. van Ast, J. Gifford, N. Mnatsakanian, O. Watson, C. Zimmerman, V. Piani, and A. Hoepner, 2011, *Universal Ownership and Environmental externalities*, United Nations Environmental Programme, New York.

Matvos G. and M. Ostrovsky, 2008, “Cross-ownership, returns, and voting in mergers”, *Journal of Financial Economics*, 89, pp. 391-403.

Morgan A., A. Poulsen, J. Wolf, and T. Yang, 2011, “Mutual funds as monitors: Evidence from mutual fund voting”, *Journal of Corporate Finance*, 17 (4), pp. 914-928.

Morgan J. and J. Tumlinson, 2019, “Corporate Provision of Public Goods”, forthcoming *Management Science*.

Newham M., J. Seldeslachts and A. Banal-Estañol, 2018, “Common Ownership and Market Entry: Evidence from Pharmaceutical Industry”, working paper.

Rotemberg J., 1984, “Financial transaction costs and industrial performance”, working paper.

Rubin A., 2010, “Diversification and corporate decisions”, *Corporate Ownership and Control*, 3 (3), pp. 209-212.

Schmaltz M., 2018, “Common-Ownership Concentration and Corporate Conduct”, *Annual Review of Financial Economics*, 10, pp. 413-448.

Stern N., 2006, *The Economics of Climate Change: The Stern Review*, Cambridge University Press.



**Table 1: Summary statistics for all fund families**

	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>	<b>Obs</b>
<i>Panel A: Support to shareholder resolutions</i>					
<b>Climate</b>	<b>39%</b>	36%	0%	100%	989
<b>Human rights</b>	<b>21%</b>	31%	0%	100%	870
<b>Discrimination</b>	<b>24%</b>	30%	0%	100%	1,071
<b>Compensation restrictions</b>	<b>40%</b>	36%	0%	100%	1,141
<b>ES</b>	<b>32%</b>	30%	0%	100%	1,308
<b>E</b>	<b>31%</b>	32%	0%	100%	1,170
<b>S</b>	<b>34%</b>	33%	0%	100%	1,268
<b>G executive compensation</b>	<b>37%</b>	34%	0%	100%	1,210
<b>Other G and financial</b>	<b>44%</b>	27%	0%	100%	1,346
<i>Panel B: Asset manager characteristics</i>					
<b>% SRI funds</b>	<b>1.18%</b>	8.81%	0.00%	100.00%	1,373
<b>Turnover</b>	<b>55%</b>	22%	5%	100%	1,373
<b>Number of stocks</b>	<b>756</b>	1,020	1	4,820	1,373
<b>Total assets</b>	<b>94,352</b>	437,491	3	7,211,405	1,373
<b>% equity funds</b>	<b>78%</b>	28%	0%	100%	1,373
<b>% retail funds</b>	<b>52%</b>	37%	0%	100%	1,373
<b>% index funds</b>	<b>11%</b>	27%	0%	100%	1,373
<b>Age of asset manager</b>	<b>31.4</b>	22.6	0.1	96.5	1,373
<b>Average expense ratio</b>	<b>0.95%</b>	0.51%	0.00%	4.08%	1,373
<b>Idiosyncratic volatility</b>	<b>4.58%</b>	3.23%	0.63%	42.75%	1,373

**Table 2: Support for climate resolutions**

Table 2 displays the results of regressions of support for climate resolutions onto various fund family variables. Column (1) focuses on the entire time-period, 2013-2016 column (2) on the early time-period, 2013-2014 and Column (3) on the later time-period, 2015-2016.

	<b>Dependent variable: support for climate resolutions</b>		
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>2013-2016</b>	<b>2013-2014</b>	<b>2015-2016</b>
<b>% SRI funds</b>	0.688***	0.763***	0.652***
<b>Turnover</b>	0.190*	0.171	0.190*
<b>Number of stocks (ln)</b>	0.039**	0.050	0.035
<b>Total assets (ln)</b>	-0.011	-0.008	-0.010
<b>% equity funds</b>	0.002	-0.000	0.009
<b>% retail funds</b>	-0.092	-0.076	-0.093
<b>% index funds</b>	0.070	0.197	0.032
<b>Age of oldest fund</b>	-0.002*	-0.002	-0.002
<b>Average expense ratio</b>	-5.497	15.550	-11.940**
<b>Idiosyncratic volatility</b>	1.163	0.023	1.349*
<b>Constant</b>	0.223	-0.036	0.287
<b>Observations</b>	445	131	314
<b>R-squared</b>	8%	10%	9%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 3: Support for other identified externalities**

Table 3 displays the results of regressions of support on shareholder resolutions onto various fund family variables. Column (1) focuses on human rights, Column (2) on discrimination and Column (3) on compensation restrictions. These three columns deal with other issues than climate change that are clearly related to externalities.

	<b>Dependent variable: support for shareholder resolutions</b>		
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>Human rights</b>	<b>Discrimination</b>	<b>Compensation restrictions</b>
<b>% SRI funds</b>	0.465***	0.350***	0.494***
<b>Turnover</b>	0.226**	0.125**	0.051
<b>Number of stocks (ln)</b>	0.035**	0.026**	0.029*
<b>Total assets (ln)</b>	-0.022**	-0.018***	-0.009
<b>% equity funds</b>	-0.089	-0.012	-0.046
<b>% retail funds</b>	-0.025	-0.020	-0.093*
<b>% index funds</b>	0.054	0.087**	0.043
<b>Age of oldest fund</b>	-0.000	0.000	-0.001*
<b>Average expense ratio</b>	-4.196	-0.404	9.785**
<b>Idiosyncratic volatility</b>	-0.486	0.164	0.126
<b>Constant</b>	0.199	0.092	0.319**
<b>Observations</b>	353	494	582
<b>R-squared</b>	11%	18%	9%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 4: Support for broader categories of resolutions**

Table 4 displays the results of regressions of support on shareholder resolutions onto various fund family variables. Column (1) focuses on environmental resolutions (E), Column (2) on social (S) and Column (3) on environmental and social (ES) resolutions. These three columns deal with issues that are related to externalities. Column (4) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

	<b>Dependent variable: support for shareholder resolutions</b>			
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
	<b>Environmental</b>	<b>Social</b>	<b>Environmental and social</b>	<b>Other gov and financial</b>
<b>% SRI funds</b>	0.611***	0.574***	0.619***	0.214***
<b>Turnover</b>	0.221***	0.201***	0.206***	0.212***
<b>Number of stocks (ln)</b>	0.039***	0.045***	0.041***	0.041***
<b>Total assets (ln)</b>	-0.013	-0.030***	-0.022***	-0.009
<b>% equity funds</b>	-0.003	-0.083	-0.056	-0.063
<b>% retail funds</b>	-0.063	-0.121***	-0.083**	-0.065**
<b>% index funds</b>	0.069	0.097*	0.102**	0.055
<b>Age of oldest fund</b>	-0.001	-0.000	-0.000	-0.000
<b>Average expense ratio</b>	-4.333	-1.682	-2.813	-2.661
<b>Idiosyncratic volatility</b>	0.740	0.747	0.816	0.498
<b>Constant</b>	0.123	0.320***	0.210**	0.245**
<b>Observations</b>	574	647	673	702
<b>R-squared</b>	10%	12%	10%	8%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 5: Regressions with SRI dummies**

Table 5 displays the results of regressions of support on shareholder resolutions onto various fund family variables. The percentage of SRI funds is replaced by a dummy variable that accounts for, in Panel A, the presence of at least one SRI fund, while, in Panel B, for a percentage of SRI funds lower (LowSRI) or higher (HighSRI) than the median within the fund family. Column (1) focuses on climate related resolutions, Column (2) on environmental (E), Column (3) on social (S) and Column (4) on environmental and social (ES) resolutions. These four columns deal with issues that are related to externalities. Column (5) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

Dependent variable: support for shareholder resolutions					
	(1)	(2)	(3)	(4)	(5)
PANEL A	Climate	Environmental	Social	Environmental and social	Other gov and financial
<b>Fund family has SRI fund</b>	0.069	0.094**	0.037	0.068*	0.079***
<b>Turnover</b>	0.211**	0.240***	0.214***	0.221***	0.223***
<b>Number of stocks (ln)</b>	0.034*	0.034**	0.042***	0.037***	0.038***
<b>Total assets (ln)</b>	-0.013	-0.016**	-0.031***	-0.024***	-0.012*
<b>% equity funds</b>	-0.012	-0.019	-0.092*	-0.069	-0.073*
<b>% retail funds</b>	-0.076	-0.053	-0.112***	-0.074**	-0.063*
<b>% index funds</b>	0.051	0.042	0.088	0.083*	0.032
<b>Age of oldest fund</b>	-0.002*	-0.001	-0.000	-0.000	-0.000
<b>Average expense ratio</b>	-6.104	-4.620	-1.952	-3.075	-2.746
<b>Idiosyncratic volatility</b>	1.122	0.688	0.711	0.781	0.487
<b>Constant</b>	0.272	0.179	0.350***	0.254**	0.282***
<b>Observations</b>	445	574	647	673	702
<b>R-squared</b>	5%	8%	10%	7%	9%

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Dependent variable: support for shareholder resolutions					
	(1)	(2)	(3)	(4)	(5)
PANEL B	Climate	Environmental	Social	Environmental and social	Other gov and financial
<b>LowSRI</b>	-0.093	-0.048	-0.082*	-0.065	0.078**
<b>HighSRI</b>	0.207***	0.201***	0.131***	0.172***	0.0787***
<b>Turnover</b>	0.191**	0.225***	0.203***	0.210***	0.223***
<b>Number of stocks (ln)</b>	0.033*	0.033**	0.041***	0.036***	0.038***
<b>Total assets (ln)</b>	-0.010	-0.013*	-0.029***	-0.022***	-0.012*
<b>% equity funds</b>	-0.011	-0.022	-0.093*	-0.071	-0.073*
<b>% retail funds</b>	-0.087	-0.060	-0.115***	-0.078**	-0.063*
<b>% index funds</b>	0.054	0.045	0.091*	0.087*	0.032
<b>Age of oldest fund</b>	-0.002	-0.001	0.000	-0.000	-0.000
<b>Average expense ratio</b>	-5.449	-4.231	-1.691	-2.807	-2.746
<b>Idiosyncratic volatility</b>	1.296*	0.850	0.837	0.917	0.487
<b>Constant</b>	0.251	0.161	0.335***	0.239**	0.282***
<b>Observations</b>	445	574	647	673	702
<b>R-squared</b>	7%	10%	11%	9%	9%

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 6: Regressions with percentage of SRI interacted**

Table 6 displays the results of regressions of support for climate resolutions onto various fund family variables. Column (1) introduces an interaction variable between the percentage of SRI funds and the percentage of retail funds within a fund family, Column (2) between the percentage of SRI funds and the percentage of index funds within a fund family, Column (3) between the percentage of SRI funds and the expense ratio and Column (4) between the percentage of SRI funds and the total assets.

	<b>Dependent variable: support for climate resolutions</b>			
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
<b>% SRI funds*% retail funds</b>	-4.038			
<b>% SRI funds*% index funds</b>		2.327**		
<b>% SRI funds*expense ratio</b>			-169.300*	
<b>% SRI funds*total assets (ln)</b>				0.132*
<b>% SRI funds</b>	3.639	0.547***	2.521**	-0.389
<b>Turnover</b>	0.191**	0.192**	0.192**	0.192**
<b>Number of stocks (ln)</b>	0.038**	0.039**	0.038**	0.038**
<b>Total assets (ln)</b>	-0.011	-0.011	-0.011	-0.011
<b>% equity funds</b>	-0.003	0.004	0.003	0.003
<b>% retail funds</b>	-0.085	-0.096	-0.094	-0.092
<b>% index funds</b>	0.072	0.059	0.065	0.070
<b>Age of oldest fund</b>	-0.002*	-0.002*	-0.002*	-0.002*
<b>Average expense ratio</b>	-5.375	-5.441	-5.298	-5.556
<b>Idiosyncratic volatility</b>	1.198	1.204	1.212	1.183
<b>Constant</b>	0.224	0.221	0.220	0.224
<b>Observations</b>	445	445	445	445
<b>R-squared</b>	8%	8%	8%	8%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 7: Robustness regressions on resolutions supported by ISS**

Table 7 displays the results of regressions of support on shareholder resolutions onto various fund family variables. The focus is on resolutions that were supported by the proxy advisor ISS. Column (1) focuses on climate related resolutions, Column (2) on environmental (E), Column (3) on social (S) and Column (4) on environmental and social (ES) resolutions. These four columns deal with issues that are related to externalities. Column (5) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

	Dependent variable: support for shareholder resolutions				
	(1)	(2)	(3)	(4)	(5)
	Climate	Environmental	Social	Environmental and social	Other gov and financial
% SRI funds	0.698***	0.689***	0.658***	0.664***	0.410***
Turnover	0.227**	0.182*	0.224**	0.251***	0.294***
Number of stocks (ln)	0.051**	0.057***	0.053***	0.060***	0.073***
Total assets (ln)	-0.011	-0.015	-0.034***	-0.026***	-0.007
% equity funds	-0.025	-0.025	-0.103	-0.079	-0.024
% retail funds	-0.108	-0.166***	-0.185***	-0.156***	-0.176***
% index funds	0.094	0.089	0.130*	0.106	0.024
Age of oldest fund	-0.002**	-0.002*	-0.001	-0.001	-0.001*
Average expense ratio	-5.389	2.529	2.670	0.882	0.481
Idiosyncratic volatility	1.169	0.659	0.465	1.013	0.618
Constant	0.238	0.220	0.440***	0.293*	0.236*
Observations	419	521	634	652	670
R-squared	10%	9%	10%	10%	12%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 8: Robustness regressions on resolutions not supported by ISS**

Table 8 displays the results of regressions of support on shareholder resolutions onto various fund family variables. The focus is on resolutions that were NOT supported by the proxy advisor ISS. Column (1) focuses on climate related resolutions, Column (2) on environmental (E), Column (3) on social (S) and Column (4) on environmental and social (ES) resolutions. These four columns deal with issues that are related to externalities. Column (5) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

	Dependent variable: support for shareholder resolutions				
	(1)	(2)	(3)	(4)	(5)
	Climate	Environmental	Social	Environmental and social	Other gov and financial
<b>% SRI funds</b>	0.850***	0.572***	0.390***	0.583***	0.0573
<b>Turnover</b>	-0.031	0.073*	0.042	0.043	0.097***
<b>Number of stocks (ln)</b>	0.003	0.015*	0.009	0.011	0.007
<b>Total assets (ln)</b>	-0.011	-0.009*	-0.006	-0.009*	-0.003
<b>% equity funds</b>	-0.032	0.033	0.001	0.009	0.004
<b>% retail funds</b>	-0.024	0.026	0.046**	0.041**	0.065***
<b>% index funds</b>	-0.047	0.011	-0.011	0.012	-0.009
<b>Age of oldest fund</b>	0.001	0.001*	0.000	0.001	-0.001
<b>Average expense ratio</b>	-2.462	-4.206*	-2.246	-2.360	-3.774**
<b>Idiosyncratic volatility</b>	-0.048	-0.373	-0.053	-0.246	0.027
<b>Constant</b>	0.198	-0.009	0.022	0.031	0.041
<b>Observations</b>	279	484	554	625	644
<b>R-squared</b>	16%	12%	6%	11%	5%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10



**Table 9: Robustness regressions on close-call votes**

Table 9 displays the results of regressions of support on shareholder resolutions onto various fund family variables. The focus is on resolutions that ended up with a close-call vote (between -10% and +10% around the majority threshold). Column (1) focuses on climate related resolutions, Column (2) on environmental (E), Column (3) on social (S) and Column (4) on environmental and social (ES) resolutions. These four columns deal with issues that are related to externalities. Column (5) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

	Dependent variable: support for shareholder resolutions				
	(1)	(2)	(3)	(4)	(5)
	Climate	Environmental	Social	Environmental and social	Other gov and financial
% SRI funds	0.487***	0.565***	0.576***	0.564***	0.455***
Turnover	0.202	0.267	0.195	0.253**	0.324***
Number of stocks (ln)	0.014	0.041	-0.001	0.007	0.069***
Total assets (ln)	-0.029	-0.037	-0.051***	-0.042***	-0.028***
% equity funds	-0.308**	-0.125	-0.179**	-0.185**	-0.104*
% retail funds	-0.172	-0.252**	-0.174**	-0.192***	-0.159***
% index funds	0.199	0.142	0.172**	0.159**	0.050
Age of oldest fund	-0.003	-0.003	0.000	-0.001	-0.000
Average expense ratio	-15.580*	-12.300*	-10.960	-12.840**	-4.541
Idiosyncratic volatility	1.370	-0.246	-0.360	0.189	0.325
Constant	1.135***	0.932**	1.181***	1.086***	0.486***
Observations	112	131	359	391	611
R-squared	18%	17%	13%	12%	10%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 10: Robustness regressions with number of voted resolutions**

Table 10 displays the results of regressions of support on shareholder resolutions onto various fund family variables. Panel A reports the results for fund families that voted at least 100 resolutions while Panel B reports the results for fund families that voted at least 50 resolutions. Column (1) focuses on climate related resolutions, Column (2) on environmental (E), Column (3) on social (S) and Column (4) on environmental and social (ES) resolutions. These four columns deal with issues that are related to externalities. Column (5) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

	Dependent variable: support for shareholder resolutions				
	(1)	(2)	(3)	(4)	(5)
PANEL A	Climate	Environmental	Social	Environmental and social	Other gov and financial
% SRI funds	0.796***	0.648***	0.762***	0.733***	0.226***
Turnover	-0.060	-0.029	-0.017	-0.024	0.208**
Number of stocks (ln)	0.012	0.014	0.019	0.017	0.043***
Total assets (ln)	-0.020	-0.027**	-0.040***	-0.035***	-0.021**
% equity funds	-0.302**	-0.261***	-0.123	-0.173**	0.013
% retail funds	-0.336***	-0.259***	-0.352***	-0.294***	-0.213***
% index funds	0.214**	0.237***	0.202***	0.207***	0.108**
Age of oldest fund	-0.001	-0.000	0.002	0.001	0.001
Average expense ratio	17.890**	15.350**	16.200**	14.730**	8.073
Idiosyncratic volatility	-0.400	-1.273	-0.643	-0.735	-1.345
Constant	0.692**	0.641**	0.557**	0.578***	0.272*
Observations	135	135	135	135	135
R-squared	28%	32%	32%	31%	23%

	Dependent variable: support for shareholder resolutions				
	(1)	(2)	(3)	(4)	(5)
PANEL B	Climate	Environmental	Social	Environmental and social	Other gov and financial
% SRI funds	0.728***	0.667***	0.643***	0.644***	0.164***
Turnover	0.238*	0.283**	0.241**	0.250**	0.232***
Number of stocks (ln)	0.055**	0.056***	0.048***	0.050***	0.040***
Total assets (ln)	-0.031**	-0.033***	-0.046***	-0.040***	-0.027***
% equity funds	-0.125	-0.084	0.023	-0.020	-0.047
% retail funds	-0.292***	-0.228***	-0.282***	-0.244***	-0.091*
% index funds	0.189**	0.180***	0.156***	0.161***	0.127***
Age of oldest fund	0.000	0.000	0.002*	0.001	0.001
Average expense ratio	4.120	1.831	2.965	1.940	4.034
Idiosyncratic volatility	1.094	0.299	-0.158	0.003	-0.898
Constant	0.304	0.224	0.308*	0.273	0.385***
Observations	210	210	210	210	210
R-squared	21%	24%	26%	25%	16%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10

**Table 11: Robustness regressions with WLS**

Table 11 displays the results of regressions of support on shareholder resolutions onto various fund family variables estimated with Weighted-Least-Squares (WLS). Column (1) focuses on climate related resolutions, Column (2) on environmental (E), Column (3) on social (S) and Column (4) on environmental and social (ES) resolutions. These four columns deal with issues that are related to externalities. Column (5) offers, as a benchmark, the support for shareholder resolutions on other governance and financial issues.

	Dependent variable: support for shareholder resolutions				
	(1)	(2)	(3)	(4)	(5)
	Climate	Environmental	Social	Environmental and social	Other gov and financial
<b>% SRI funds</b>	0.740***	0.634***	0.665***	0.663***	0.174***
<b>Turnover</b>	0.093	0.125	0.117	0.120	0.261***
<b>Number of stocks (ln)</b>	0.024	0.026	0.023	0.024	0.038***
<b>Total assets (ln)</b>	-0.030**	-0.032***	-0.046***	-0.039***	-0.021***
<b>% equity funds</b>	-0.192**	-0.148**	-0.091	-0.111*	-0.020
<b>% retail funds</b>	-0.247***	-0.178***	-0.249***	-0.210***	-0.106***
<b>% index funds</b>	0.162**	0.166***	0.146***	0.150***	0.094***
<b>Age of oldest fund</b>	-0.000	0.000	0.002*	0.001	0.000
<b>Average expense ratio</b>	6.316	5.277	6.117	5.104	1.573
<b>Idiosyncratic volatility</b>	0.290	-0.252	-0.138	-0.181	-0.956
<b>Constant</b>	0.612***	0.494***	0.570***	0.518***	0.346***
<b>Observations</b>	445	574	647	673	661
<b>R-squared</b>	19%	20%	25%	24%	15%

Note: p-values computed with robust standard errors. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10