Pension Fund Activism Behind the Scenes[*]

Brian Blank
Mississippi State University
dblank@business.msstate.edu

Brandy Hadley
Appalachian State University
hadleybe@appstate.edu

Choonsik Lee
University of Rhode Island
choonsiklee@uri.edu

Abstract

We study how pension funds perform shareholder activism behind the scenes. Using SEC log data, we find that pension funds often research details pertaining to proxy items for Socially Responsible Investing (SRI) proposals immediately after filings are available. Although these pension funds are not the primary sponsor of the proposals, their attention is linked with higher vote support and a higher likelihood of passing, suggesting that pension attention likely leads to proxy solicitation efforts. Consistently, pension attention is linked with greater vote support from mutual funds that previously were not supportive of SRI proposals. When the proposals fail despite pension attention, the same proposals are more likely to be submitted in the following year. These results are not explained by the last-minute attention by pension funds or attention by unlikely associated groups such as unions.

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1. Introduction

While shareholder activism often garners headlines, links between institutional investor relationships and campaign outcomes are not well documented.[1] For example, in 2017, Occidental Petroleum Corporation received a shareholder proposal requesting a report on climate change by Wespath Investment Management. This investment firm for the United Methodist Church was the lead filer for the proposal. Then, someone at the California Public Employees Retirement System (CalPERS) office accessed Occidental's proxy statement immediately after it posts to SEC EDGAR.[2] Later, with considerable proxy solicitation efforts by CalPERS, the proposal passed with unusually high vote support (67%). Interestingly, BlackRock, Occidental's largest shareholder with 7.8% stake, voted for the proposal, and it was the first time BlackRock ever supported a climate change related shareholder proposal.[3] Did CalPERS's solicitation efforts behind the scenes influence Blackrock's vote for the proposal? In this study, we investigate the role of pension funds' attention and efforts beyond the public eye in shareholder activism.

We focus on activism by this influential block of institutions, given pensions' asset volume and incentives linked to policy directives. While researchers and media often focus on the behavior and impact of investors like "The Big Three" (i.e., Blackrock, State Street and Vanguard, which are the largest shareholders in almost 90% of S&P 500 firms and account for nearly $11 trillion in assets under management), pension funds collectively hold more assets and play an important role in corporate decisions through the proxy process. For example, the top 300 pensions manage $21.7

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[1] See e.g., "Companies that divest from fossil fuel could face a state boycott in Texas," by Mose Buchele with *National Public Radio* on March 15th, 2022: https://www.npr.org/2022/03/15/1086733833/companies-that-divest-from-fossil-fuel-could-face-a-state-boycott-in-texas. Also, see e.g., "SEC Floats Mandatory Disclosure of Climate-Change Risks, Emissions," by Paul Kierna at the *Wall Street Journal* on March 21st, 2022: https://www.wsj.com/articles/sec-to-float-mandatory-disclosure-of-climate-change-risks-emissions-11647874814.

[2] Occidental posted its proxy statement at 17:01:10 ET on March 24, 2017, and then an IP registered for CalPERS accessed the proxy statement at 17:15:24 ET on the same day.

[3] See e.g., "BlackRock switch helps pass 'historic' climate measure at Occidental," by Ross Kerber at the *Reuters* on May 12th, 2017: https://www.reuters.com/article/us-blackrock-occidental-climate/blackrock-switch-helps-pass-historic-climate-measure-at-occidental-idUSKBN1882AA.

trillion in assets globally, with public pensions accounting for 141 of the top 300, with 68% of the assets.[4] As a result, pension have significant influence in corporate decisions through supporting and sponsoring proposals of interest or candidates for directorships. From 2006 to 2015, each of the five largest public pensions sponsored proposals, and nearly one fifth of all shareholder proposals were sponsored by public pension funds in 2015, which has also grown throughout time.[5] Moreover, public pensions' votes play a substantive role in corporate governance through activism and proxy voting (Del Guercio and Hawkins, 1999; Wahal, 1996; Duan, Jiao, and Tam, 2021). Given that pension funds are active in the proxy process, we explore a potential mechanism that could link voting behavior of public pension funds and mutual funds behind the scenes. In particular, we examine pension attention to proxy filings to study vote outcomes and proposal passage with the goal of understanding the impact of unobservable, collaborative relationships among shareholders.

Pension fund activism and the impact on firm governance is not new, and researchers have documented the important role of pensions for decades, often focusing on social issues. For example, New York City pension funds' proposals have historically focused mostly on social issues like employee rights and political spending.[6] Similarly, public funds sold investments in companies linked with South Africa to protest apartheid in the 1980s, tobacco stocks in the 1990s, and firms linked to Iran and Sudan due to suspected sponsoring of terrorist activities following the

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[4] See e.g., Willis Towers Watson's *Thinking Ahead Institute* joint study with *Pensions and Investments* on the Global top 300 pension funds for September 2021 notes that North America accounts for the largest region in AUM, grew by 11.5% in 2020, faster than 2019: https://www.thinkingaheadinstitute.org/content/uploads/2021/09/PI-300-2021.pdf. Also, see e.g., World's Top Asset Management Firms: https://www.advratings.com/top-asset-management-firms.

[5] See e.g., Manhattan Institute report on *Safeguarding Public Pension Systems: A Governance-Based Approach* notes that CalPERS, CalSTRS, the New York State Common Retirement Fund, New York City Employees' Retirement Systems and the Florida State Board of Administration play active roles in firms they manage through shareholder proposals: https://media4.manhattan-institute.org/sites/default/files/R-JCSM-0316.pdf.

[6] See e.g., Harvard Law School Forum on Corporate Governance's 2015 article titled *Public Pension Funds' Shareholder-Proposal Activism* summarizes efforts by New York City's Comptroller, who oversees $160 billion in pension assets for public employees, noting 62% of New York City funds' shareholder activism has focused on social and policy issues: https://corpgov.law.harvard.edu/2015/07/01/public-pension-funds-shareholder-proposal-activism/.

attack of the United States on September 11, 2001.[7] Due to the value implications of divestiture, pensions often take more active approaches to influence behavior.[8] For example, New York City has taken an increasingly active role recently in shaping boards around issues related to diversity to impact investor behavior, with pension funds also evaluating energy investments and those in firms that are inactive with social issues related to diversity and gun violence.[9] Given that pension funds receive calls from stakeholders to divest in these issues, they may be motivated to play an active role in changing firm behavior behind the scenes to limit reductions to their investment opportunity set. As a result, we analyze the role of pension attention in proxy voting and outcomes of SRI shareholder proposals.

While attention is challenging to observe, researchers continue to analyze the impact of institutional investors and seek to observe their interactions. For example, McCahery, Sautner and Starks (2016) survey institutions to learn about how they engage with other organizations and observe responses consistent with collaboration behind the scenes, which makes additional analysis to study the effectiveness thereof central. Similarly, Dimson, Karakas, and Li (2015) utilize a unique sample to examine one active shareholder's engagements with firms and shareholders. Given these insightful studies, the prevalence of informal, collective activism is clear.

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[7] See e.g., Harvard Crimson's *State Senate Overrides Veto of Divestment Bill* by Jacob Schelsinger in 1983: https://www.thecrimson.com/article/1983/1/4/state-senate-overrides-veto-of-divestment/. Also, see e.g., Ohio Public Employees Retirement System Divestment Policy related to Iran and Sudan, which was established in the early 2000s: https://www.opers.org/pdf/investments/policies/Iran-and-Sudan-Divestment-Policy.pdf. Also, e.g., Chief Investment Officer's article *CalPERS Decision to Divest from Tobacco Is Costly* describes how CalPERS missed nearly $3.6 billion in investment opportunity, while others have been more successful: https://www.ai-cio.com/news/calpers-decision-divest-tobacco-costly/.

[8] See e.g., "The challenges of divesting pension funds from Russia," by Sarah Lehr on April 5, 2022: https://www.npr.org/2022/04/05/1091109395/the-challenges-of-divesting-pension-funds-from-russia.

[9] See e.g*., Proxy Season 2020: A Look Back and Looking Ahead at Shareholder Proposals*, which states "The NYC Pension funds has significant clout, especially because other public pension funds often support their proposals; it's not surprising that many companies adjusted policies to be in line with NYC Pensions, to avoid the publicity surrounding diversity shareholder proposals management opposes that receive shareholder approval," when describing the role of New York City's pension fund and the increasingly active role in firm governance: https://equiniti.com/us/news-and-views/eq-views/proxy-season-2020-a-look-back-and-looking-ahead-at-shareholder-proposals/. Also, see e.g., National Public Radio's article titled *Pension Funds Under Pressure To Sell Off Investments in Gun-Makers:*https://www.npr.org/2018/02/26/588810413/pension-funds-under-pressure-to-sell-off-investments-in-gun-makers.

Moreover, Dimson, Karakaş, and Li (2021) study coordinated engagements and show long-term shareholders cooperate to influence firm environmental and social policy. Likewise, Doidge, Dyck, Mahmudi, and Virani (2019) investigate collective actions by shareholders and find that they enhance institutional investor activism. Given these insightful studies, the prevalence of informal, collective activism is clear. Given that shareholder coordination is valuable and pension funds are some of the largest and most influential shareholders, we examine how pensions influence voting by other institutions to offer a new focal point on relational effects. Specifically, using publicly available data regarding SEC EDGAR downloads, we examine which proxy filings pension funds view and observe how that attention corresponds to vote outcomes. In doing so, we focus on a powerful group of influential shareholder activists and their impact on environmental and social engagement to identify the link between voting behavior of public pension funds and other investors, like mutual funds, through behind the scenes coordination.

To evaluate these relational effects, we utilize pension fund attention to proxy statements immediately after they are posted via SEC EDGAR, given that proxy statements will be the first public source of information for the details of the SRI proposals listed on the vote agenda including management's response to them. As a result, proxy attention may reveal the SRI interests of pension funds. When examining the determinants of their attention, we indeed find that pension funds tend to pay greater attention to larger firms and firms suffering from poor recent stock performance. Focusing on the socially responsible proxy items, we observe that pension attention is linked with more vote support, a higher likelihood of the proposal passing, and a higher chance of the proposal subsequently being resubmitted if the proposal is unsuccessful. This is interesting because these pension funds are not the lead sponsor of the proposals, yet they still manage to put significant solicitation efforts toward increasing shareholder support for the proposals. Moreover, we find evidence that pension fund attention is linked with greater vote support from mutual funds

that previously were not supportive of SRI proposals, suggesting pensions may persuade mutual fund voting decisions.

It is possible that the positive association between pension funds' attention and vote support for SRI proposals may be driven by the attention on some particular proposal that is not actually related to the pension's possible activism behind the scenes. To deal with this concern, we test two counterfactual scenarios that capture the general attention surrounding the meeting yet provide the least association with pension funds' influence over the vote outcomes. Specifically, we use pension funds' attention at the end of the proxy window, immediately before the vote is finalized, and the attention from unions rather than pensions. This analysis reveals that no relation exists, which suggests early attention is critical to allow time for pension funds to network with other voters behind the scenes and discuss the importance of specific proxy items. This is consistent with the idea that relational networks are employed to impact vote outcomes.

Overall, this study contributes to at least two major strands of research: pension fund activism and EDGAR attention analysis. Specifically, we show that pension funds are active, not only in their voting behavior and interactions with firms (i.e., voice) and divestiture (i.e., exit), but also through relational networks, whereby pensions communicate with other impactful shareholders (i.e., mutual funds). Moreover, while pension fund support is linked to mutual fund voting behavior, we find a mechanism that explains why pension support is linked to that of other shareholders — behind the scenes activism. Through our study, we offer a specific channel in which institutions collaborate to impact proxy voting behaviors: motivation to persuade other funds, which we measure through the attention of pension funds to proxy filings. One specific manner in which we document this fact is that we observe non-SRI friendly mutual funds begin to support SRI proposals following pension fund attention. Moreover, given that our results are not explained by late attention, this evidence is more consistent with explanations that require time to

take place like campaigning for vote support. As a result, we interpret our results as consistent with communication among institutions following pension fund attention, which subsequently impacts behavior and outcomes. Overall, this provides a novel channel for the effect of pension activism, extending beyond public information and related to networks and relational channels.

Our study also contributes to research using the EDGAR log data. Earlier work uses the data to demonstrate the informativeness of investors' access to SEC filings (e.g., Asthana, Balsam, and Sankaraguruswamy, 2004; Drake, Roulstone, Thornock, 2016; Gibbons, Iliev, and Kalodimos, 2021) and show how investors' aggregate attention explains information environments surrounding certain corporate events (e.g., Loughran and McDonald, 2017; Bauguess, Cooney, and Weiss Hanley, 2018; Iliev, Kalodimos, and Lowry, 2021). Other work utilizes the log data to identify information acquisition by specific institutional investors (e.g., Chen, Cohen, Gurun, Lou, and Malloy, 2020; Drake, Johnson, Roulstone, and Thornock, 2020; Crane, Crotty, and Umar, 2021; Flugum, Lee, and Souther, 2022; Aiken and Lee, 2022). While we rely on the prior research, this study differs by serving as the first to investigate pension funds' access and link their attention to vote outcomes. We organize the rest of the paper as follows: Section 2 summarizes related research, while Section 3 and 4 discuss the data and empirical results before Section 5 concludes.

2. Institutional Background

2.1. Pension fund activism

Pension funds are some of the largest and most active shareholders, using their voting activity to influence firm policy, social movements, and the value of their investment holdings. For example, Del Guercio and Hawkins (1999) find evidence pensions pressure firms to improve monitoring by changing governance practices like adopting independent directors, which is

valuable for firms. While pension fund activism is not new, how pension funds are active has changed through time. For instance, Wahal (1996) observes that pension fund activism has evolved from being focused on takeovers in the 1980s to focusing on proxy items and corporate governance within the 1990s. In addition to this activism, pension funds are able to impact firms through the implementation of proxy items. Wahal (1996) documents that pension funds are effective in changing board structures and redeeming poison pills such that 40% of proxy items sponsored by pensions were implemented at the firm. Further, beyond simply actively participating in the voting process, pension funds can influence firm policy through alternative mechanisms. Specifically, in addition to traditional pension voting activism, researchers have also documented evidence of pension activism impacting merger and acquisition activity (Qiu 2003), agency conflict management (Barber 2009), and the implementation of confidential voting (Wahal 1996). In addition to targeting firms with the goal of reforming corporate governance policy, researchers have also found pensions target large, poorly performing firms with low managerial ownership (Karpoff, Malatesta and Walkling, 1996; Buchanan, Netter and Yang 2009).

2.2. Shareholder attention on SRI proposals

In addition to traditional corporate governance proposals, pensions have also allocated substantive attention to social proposals, while SRI has grown exponentially and become an increasingly important area of interest in recent decades, as investor awareness shifts toward social, environmental, ethical and corporate governance issues (Renneboog, Ter Horst, and Zhang 2008). Moreover, investment in responsible environmental, employee relations, and product strategies reduce the cost of equity for firms, suggesting they become less risky and have more access to capital for potential investment opportunities (El Ghoul, Guedhami, Kwok, and Mishra 2011). More socially responsible firms also generate value for shareholders through acquisitions,

as measured by higher announcement returns and larger improvements in long-term operating performance, suggesting the market does not fully incorporate the value of social responsibility instantly (Deng, Kang, and Sin Low 2013). Further, socially responsible investments perform better during crises, indicating social responsibility can act as a form of insurance that reduces downside risk (Nofsinger and Varma 2014). Finally, Harzmark and Sussman (2019) use a natural experiment to show investors value sustainability. Due to the increase in attention from investors in socially responsible investments, shareholder proposals have also continued to become increasingly focused on environmental and social issues. For example, Michelon and Rodrigue (2015) find the demand for transparency in environmental and product focused proposals rose from less than 20 in 1996 to more than 60 items in 2009.

In addition to the potential value implications investors focus on, pensions also have political pressure applied to social issues like those from external organizations and internal oversight committees. For example, Duan, Jiao, and Tam (2021) study how political pressures can bias public pension funds toward activism. As a result, public pension funds take active roles in diversifying boards and evaluating environmentally friendly investments. Specifically, New York State Common Retirement Fund's Corporate Governance Program integrates environmental and social factors into the investment philosophy by taking action on climate change, promoting diversity, protecting workers and demanding corporate accountability.[10] Moreover, public pension funds face political pressure from outside influences such as legislatures, politicians on boards and oversight committees or even independent monitoring organizations with environmentally and socially focused missions. For example, public funds have been required by legislatures to sell investments in line with political movements of recent decades, including apartheid (1980s),

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[10] See e.g., Office of the New York State Comptroller's Corporate Governance Program, which notes that the fund makes all proxy voting decisions independently and consistent with its Environmental, Social and Governance Principles and Proxy Voting Guidelines: https://www.osc.state.ny.us/common-retirement-fund/corporate-governance.

tobacco (1990s), and terrorism (2000s), and more recently the environment and diversity.[11] As a result, similar to how Wahal (1996) documents the evolution of pension fund activism during the 1980s and 1990s, we have observed a transition in the form of activism pensions take during the recent decades toward increasingly socially-oriented proposal issues. Due to external political pressure, pensions also employ alternative approaches to influencing firm governing decisions and socially responsible policies. Specifically, pension funds have political pressures that may result in behind the scenes relation activity offering the most benefit in some settings (Romano 1993).

2.3. Pension fund incentives and institutional collaboration

Recently, researchers have sought to understand the comprehensive impact of pension fund activism by examining ties between institutions. For example, Duan, Jiao, and Tam (2021) examine the ties between conflicts and biases of public pension funds and mutual fund families. They find that pensions can influence voting outcomes and increase the likelihood proposals pass by more than 5% by influencing mutual fund family voting, which compounds to 9% in close elections. Further, McCahery, Sautner and Starks (2016) survey institutions to examine their actions and find that they frequently employ voice over exit and act behind-the-scenes to engage management and directors, which tend to be not only more frequent than shareholder proposals but may even be more successful. They also find that investor horizon matters, with long-term investors engaging more intensely and focused on long-term strategy.

In addition to institutions engaging in active communications with management, researchers have also examined how investors work together. For example, Dimson, Karakas, and

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[11] See e.g., "The Age of Activism," by M. Marginalia on January 6th, 2018, which notes that "the importance of diversity is expected to rise further. 71% of pension fund investors believe that by 2030 ethnic diversity will rise on the scale of importance and be a key determining factor in an investment case," which suggests these trends continue to intensify: https://futureofearth.online/the-age-of-activism-pension-funds-to-drive-diversity-agenda/.

Li (2015) examine proprietary data from one active shareholder to study the interactions of that shareholder with both firms and other shareholders. Specifically, they document collaboration among activist shareholders increases the success of environmental and social engagements, which is not true for corporate governance engagements. Moreover, Strickland, Wiles and Zenner (1996) find evidence of effective coordination by small shareholders through the United Shareholder Association, and Wahal (1996) shows funds seek institutional (and more specifically pension) ownership to garner additional votes against management. Similarly, Opler and Sokobin (1995) study firms targeted by institutions and observe coordinated activism increases firm value. Finally, Gillan and Starks (2000) also study coordinated activities by institutions and find more votes cast in favor of proposals. More recently, Dimson, Karakaş, and Li (2021) analyze coordinated engagements by lead and supporting investors and find more successful activism by long-term shareholders can influence firm environmental and social policy through international networks. Likewise, Doidge, Dyck, Mahmudi, and Virani (2019) examine an investor collective action organization (ICAO) that initiates private meetings with independent directors. They find that the stronger collective incentives predict direct board access and find that firms engaged by the ICAO are at least 58% more likely to adopt proposals. Given that pension fund support and coordination with other shareholders can be impactful in environmental and social engagement, we seek to identify the mechanism linking voting behavior of public pension funds and other investors, like mutual funds, through behind the scenes activities.

3. Data, Methods, and Descriptive Statistics

3.1. Sample construction

We construct our initial sample of SRI proposals from several components of the ISS Voting Analytics data. We start from the dataset with shareholder proposals which include various types of proposals submitted by shareholders with details on the primary sponsor and resolution type for each proposal. Then, we extract voting details, such as vote results and advisory recommendations. Also, we obtain details on mutual fund voting records from the N-PX data. By merging all these datasets together, we are able to investigate the implications of SRI proposals associated with detailed, fund-level voting records.

We apply the following restrictions to sharpen our research question. First, we include shareholder proposals with SRI resolutions for environmental and social issues. SRI proposals have received a lot of public attention, especially recently (e.g., Harzmark and Sussman, 2019; Michelon and Rodrigue, 2015; Wahal, 1996; Romano, 1993). However, they may not get adequate support from the general shareholder base. This is possibly because they are largely pertaining to the subject firm's stakeholders rather than its shareholders. Due to the special circumstances, the analysis of SRI proposals may differ fundamentally from that of corporate governance proposals. Second, we include SRI proposals presented to and voted on by shareholders at the meeting. Omitted or withdrawn proposals are excluded because our analysis relies on investors' access to proxy statements leading to the meeting date. Related to this, we require the availability of a matched SEC EDGAR CIK for the proxy statements for each proposal so that we can identify who accesses the proxy statements containing a particular proposal. Lastly, we exclude those proposals without available control variables from CRSP, Compustat, or Thomson Reuters 13F.

The ISS Shareholder Proposal data is available from 2006, and we impose a 1-year lag so we can construct mutual funds' voting patterns during the past 12 months. Investors' access to proxy statements can be obtained from SEC log data, which is available until June 2017. Thus, our initial sample covers 2007 through June 2017. The sample contains 2,044 SRI proposals by various sponsors and resolutions. Table 1 provides descriptive statistics of our initial sample. Public pension funds and SRI funds are the two biggest lead sponsors of SRI proposals, and the SRI proposals by pension funds have the highest vote support (27%) and passing rate (4.1%). However, the overall passing rate of SRI proposals is below 2%, which shows why additional measures may be needed to increase vote support for SRI proposals.

[Insert Table 1 Here]

The proposal resolutions vary significantly, because resolution cater to circumstances surrounding the subject company. However, we review proposals and use categories similar to Proxy Monitor data and research to group resolutions and proxy item descriptions into seven types: Environmental, Political, Ethical Product, Employee-related, Business Ethics, Strategy, and Other Social.[12] The most frequent resolution descriptions focus on recommendations for the firm to report on political involvement, sustainability or other social issues, such that "Report on Political Contributions" and "Report on Lobbying Payments and Policy" account for approximately a quarter of the sample. Still, hundreds of proposals are listed only once such that over 700 unique resolution-item description combinations exist, and each category has at least twenty unique item descriptions (e.g., "Strategy"), while some have hundreds (e.g., "Environmental").

Environmental proposals are often focused on emissions, carbon, sustainability, plastics and other policies linked with environmental impacts, while Political proposals focus on political

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[12] See e.g., Proxy Monitor Special Report: Public Pension Funds' Shareholder-Proposal Activism, which includes categories for all shareholder proposals but groups environmental, political and human rights issues similarly: https://www.proxymonitor.org/Forms/2015Finding3.aspx.

contributions, lobbying, charitable contributions, foreign military sales and other political participation. Ethical Product proposals are focused on the production of goods and services, product safety, tobacco, GMOs, data security, animal welfare and other issues related to the firm's products, while Business Ethics proposals focus on human rights, ILO Standards, and other topics pertaining to ethical decisions businesses are faced with making. Employee-related proposals are linked with working conditions, EEO Policies, pay disparity, and other employee protections, while Strategy Proposals include firm strategic decisions related to sale of assets, plant closures, compliance, and taxes, among others. Finally, other items that do not fit within these categories are included in the Other Social proposals category, which focuses on diversity, health care reform, and other social policies that were often broader such that they were not as closely linked to any other specific categories. Environmental issues and issues related to firms' political contributions are the two most popular types of resolutions, consisting of the majority of the total sample. While political issues get the highest vote support on average (24%), employee-related matters show the highest passing rate (4.8%).

3.2. Pension attention based on the IP-level log data

Shareholder proposals listed in proxy statements are distributed to shareholders for informational purposes and voted via proxy and at the meeting. Thus, proxy statements will be the first public source of information for the details of the SRI proposals and management's response to them. In some rare cases, a preliminary proxy statement may precede its definitive statement. However, preliminary proxy statements are not generally required for annual general meetings, and as a result we use definitive proxy statements to gauge investor interests.[13]

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[13] See Rule 14a-6(a) for the requirements and exclusions for filing preliminary proxy statements.

Companies are required to file definitive proxy statements with the SEC at least 40 calendar days prior to the meeting date, and then use the statements and other associated materials to solicit shareholder votes. Therefore, definitive proxy statements are considered the first public information sources for shareholder proposals that may include the identity of the sponsor, the sponsor's intended resolution, the sponsor's supporting statement, management's statement, and management's vote recommendation.

Then, we gather all research activities identified by SEC EDGAR log file data. The EDGAR log file data contains IP-level access information for all filings made with the SEC EDGAR service. We collect all the IP addresses accessing each of the proxy statements over the 7-calendar-day window starting from the filing date. We use the first 7-day window for the following reasons. First, this access period captures investors' initial attention on the details in the proxy statement. Aiken and Lee (2022) use the first 7-day window as well for merger agreements and find initial attention is significantly associated with eventual merger outcomes. Second, we use a full calendar week to mitigate concerns related with investors' inattention on a particular weekday or weekends (Dellavigna and Pollet, 2009). Third, we do not use the entire window up to the meeting date because the timeline for each meeting varies. We believe that investors' initial attention is more likely to lead to their votes and solicitation efforts than the attention near the meeting date.[14]

We follow Loughran and McDonald (2017) to exclude search activities ending at an index page without looking at the details of the filing and search activities by web crawlers identified by the SEC. However, we do not exclude search activities just because an IP accesses more than 50 filings in a given day. Avoiding search activities by robot is less of a concern to our study because we target a very specific, small subset of investors such as pension funds. Overall, we collect

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[14] In subsequent analysis, we examine the attention in the last 7-day window prior to the meeting date.

515,650 accesses to the proxy statements in our sample, and among them we find 88,300 unique IPs.

The SEC EDGAR log file provides the first three octets of the IP address, and then the fourth octet is masked with a 3-character string.[15] To decipher the hidden octet with the actual octet, we use the cipher mapping table provided by Chen, Cohen, Gurun, Lou, and Malloy (2020). Then, with the full IP address, we find the true identity behind each IP at the time of the access by utilizing the American Registry for Internet Numbers' (ARIN) WhoWas database. ARIN is one of the largest internet registries providing historical registration details for a wide coverage of IPs, and we find 65,611 unique IPs (74.3%) with available WhoWas registration information. We review the details as of the time of each access and identify 11,833 unique registrant names.

Finally, we manually match the names with known public pension funds. During this process, we also identify a match between the primary sponsor of the proposal and the registrant name for the IP access, and then exclude this match from our analysis so that we capture pension funds' interest in SRI proposals that are not primarily filed by themselves. The last column of Table 1 shows pension funds' access per sponsor and resolution type of the proposals. Pension funds tend to access the proxy statements more when the proposals are sponsored by SRI funds and firms or related to political issues.

3.3. Descriptive statistics

We provide additional details of our sample with yearly variations in Table 2. The total number of proposals per year fluctuates from 157 in 2011 to 250 in 2007, with an uptrend from

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[15] For example, an IP in the data may be coded as 123.123.123.bfc.

2011.[16] Public pension funds and SRI funds are the two biggest lead sponsors, and interestingly, when SRI funds increase their presence with a larger number of SRI proposals from 2015, public pension funds reduce their explicit sponsorship. Figure 1 shows these trends. However, our measure of pension access indicates pension funds still have strong interest in proposals in the later years. Consistent with this, we also note that the proposals get more vote support over time, increasing from 14% to 22% on average from the beginning of the sample to the final year.

[Insert Table 2 and Figure 1 here]

In terms of resolution type, proposals for environmental and political issues consistently makeup the largest portion of the sample year after year. However, proposals for ethical products lose momentum significantly, from 60 proposals in 2007 to only 9 proposals in 2016, suggesting that they may have been a passing fad like many shareholder proposal trends historically (Wahal, 1996). Figure 2 shows these patterns.

[Insert Figure 2 here]

Table 3 presents the descriptive statistics for the proposals and subject firms in our sample. Appendix A explains each variable's definition and data source. Pension funds show interest in 43% of the proposals. While less than 1% of the proposals get management recommendations, ISS issues a recommendation for 49% of them. We expect a sizable association between ISS recommendations and the vote outcomes, as noted in Iliev and Lowry (2015) and Malenko and Shen (2016).

Regarding the subject firm characteristics, we include firm size, leverage, cash holdings, and institutional ownership to control for the firm's potential agency concerns and shareholder

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[16] As explained in the data section, our sample includes only the first 6 months for 2017. Thus, we do not include the 2017 data points in the figures.

base, and sales growth, market-to-book, return-on-assets, and prior stock return over the past 1 year to control for the target's recent operational and financial performance that may relate to voting outcomes (Jarrell and Poulsen, 1987; Gordon and Pound, 1993). The average subject firm has a size (market value of equity) of nearly $76 billion, with almost 24% of assets financed with long-term debt and cash holdings equal to 16% of the firm's non-cash assets. Institutional investors consist of just over 70% of the shareholder base. Past performance measures all illustrate substantive cross-sectional variation. Due to the significant skewness in firm size, we use a log-transformed value in the analysis.

[Insert Table 3 here]

4. Empirical Results

4.1. Determinants of pension fund's attention

We begin our empirical analysis with an investigation of the possible determinants of pension fund attention to SRI proposals. This analysis is important to understand when and why pension funds have interest in the proposals. We employ an OLS model with *Pension Attention* as the dependent variable and different sets of explanatory variables, so we can see which variables are robust determinants. Table 4 presents the test results. Model (1) includes the subject firm characteristics as well as an indicator variable if the management recommends the proposal.[17] Pension funds tend to show greater interest in larger firms, firms with low market-to-book ratios, firms suffering from poor recent stock performance, and firms with lower leverage. In rare cases, the management may agree with a shareholder proposal and issue a recommendation (0.2%). In

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[17] We do not include the ISS recommendation because the proxy advisory is unlikely to issue the recommendation within the first 7-days following the filing.

these cases, the proposal may have greater support from general shareholders and may not need the pension fund's attention.

[Insert Table 4 here]

We add sponsor types as additional control variables to model (2) and resolution types to model (3). These controls may show if pension funds have particular preferences based on who leads the proposal and what resolution it pursues. Interestingly, while pension funds have significantly lower interest in special interest groups, they do not have much preference for all the other types, including even the proposals primarily sponsored by other pension funds. In model (4), we include three additional indicator variables for the inclusion of a problematic nominee in the director election with an eventual withhold recommendation from ISS, the inclusion of a say-on-pay proposal for executive compensation, and the inclusion of a shareholder proposal for corporate governance practices. These variables control for the meeting-wide attention to mitigate a possible concern that pension funds may be interested in eye-catching matters other than the SRI proposal on the meeting agenda. However, these three variables show insignificant effects.

4.2. Pension fund access and the support for SRI proposals

Our primary conjecture is that pension funds' attention behind the scenes may lead to larger support from shareholders for the SRI proposals. We first test this conjecture with vote support in an OLS setting with both year and firm fixed effects. Table 5 presents the test results. Model (1) includes both the management recommendation and the ISS recommendation as the two variables with the largest link to vote outcomes. Model (1) also includes the subject firm characteristics along with our key independent variable, *Pension Attention*. Then, models (2) and (3) add sponsor

types and resolution types, respectively, so we can see if any of the results are sensitive to the model specifications.

[Insert Table 5 here]

Across the models, management recommendations, though rare, have the most economically meaningful impact to vote outcome, increasing support by approximately 43%, suggesting a significant portion of shareholders are loyal to management. The ISS recommendation has the second largest impact on the vote outcome, with 18% to 19% of votes linked to the proxy advisory recommendation. We observe larger vote support for smaller, overvalued firms with larger cash holdings. These firms generally suffer from larger agency problems, and shareholders seem to be more inclined to support other shareholders' concerns via SRI proposals. However, this does not seem to be related to recent performance.

Certain shareholder sponsorship groups are more important than others. For example, shareholders provide greater support, by 2.1% to 2.3%, when the proposal is sponsored by a pension fund.[18] This is not a surprise, given pension funds' significant presence in the financial markets and the popular activism campaigns they publicly launch. On the other hand, the proposals by individual shareholders tend to receive less support by 2%. Individual shareholders may not have sufficient resources and measures to spend for solicitation efforts as these efforts are significantly associated with higher chances of winning contested matters (Lee, 2021). Regarding resolution types, shareholders provide greater support for environmental, political, employee-related, and business ethics issues.[19]

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[18] Due to the multicollinearity problem, we exclude Others/Unspecified type and treat it as the base case. Thus, any of the significant coefficients needs to be interpreted as significant increases or decreases in vote support over what the base case receives.

[19] Like sponsor type, we exclude Strategy type in the model. Significant and positive coefficients represent larger voting support over what the base case, Strategy type, receives.

Our key variable, *Pension Attention*, is positively and significantly associated with greater vote support across all three models. When pension funds pay attention to these SRI proposals, we observe larger support rates for the proposals. This is interesting for the following two reasons. First, these interested pension funds are not the lead sponsors of the proposals. However, we conjecture that they still manage to put significant solicitation efforts to increase the support rates, as with CalPER's proxy solicitation efforts in the activism campaign with Occidental in 2017. Second, the economic significance is relatively large, an increase of 1.2%, compared to the increase of 2.1% - 2.2% when pension funds submit their own proposals. The channel we document with what pension funds do behind the scenes accounts for more than half of the shareholder support pension funds receive as a primary sponsor.

However, the absolute economic impact of pension efforts behind the scenes is still uncertain. Therefore, we conduct an analysis with the eventual outcome of SRI proposals, *Pass or Not*, in a logistic regression model. Due to limited variation in certain categorical variables, we lose quite a significant number of observations in the logit analyses. For this reason, we use firm clustering in lieu of firm fixed effects. Table 6 presents the test results with various specifications.

[Insert Table 6 here]

Vote recommendations from management and ISS affect the passing of the proposals to the largest extent. Smaller firms tend to have a higher likelihood of proposals passing as do firms with larger cash holdings in models (1) and (3). These results are consistent with what we find with the vote support rates in Table 5. However, we observe a few new explanatory variables with statistical significance. Firms with poor revenue growth, and those with lower leverage tend to have higher passing likelihoods. We also observe a positive and significant association between the passing rate and certain sponsor types such as pension funds, SRI funds, unions, and religious organizations. All the resolution types in model (3) also exhibit positive and significant effects.

However, some of the categorical variables in models (2) and (3) are dropped from the analysis, and the surviving variables for types may not properly describe the entire picture.

Pension Attention is positively associated with the likelihood of the proposals passing across all three models. Pension fund attention also increases the likelihood that the proposals eventually pass. However, this association is statistically significant in models (1) and (2) only. The lack of significance (i.e., t-statistic = 1.571) in model (3) could be due to the nearly 10% reduction in the number of observations in the test.

4.3. Pension fund activism through exempt solicitation campaigns and mutual funds

Thus far, we have provided evidence on the positive association between pension fund interest to SRI proposals and their vote outcomes. In this section, we present potential channels to explain how pensions use their influence to increase the vote support rates over other financial institutions. For the first channel, we investigate whether pension attention is linked to proxy exempt solicitation campaigns, which are a low-cost activist tools increasingly used by large institutional investors to communicate with and inform both investors and management about proxy items (Bhattarai, Blank, Liu, Shumann-Foster, and Woidtke, 2022).Our investigation for this channel is twofold. We first test whether pension attention is followed by exempt solicitations campaigns by various types of sponsors, and then show their influences on voting outcomes. We collect information for exempt proxy solicitations from SEC's Form PX14A6G and PX14A6N.

Panel A of Table 7 provides the test results with logit models for the likelihood of exempt solicitations. In models (1) through (3), the dependent variable, *Exempt Solicitation*, is an indicator variable equal to one if the SRI proposal receives an exempt proxy solicitation; zero otherwise. Models (4) and (5) employ *Pension Exempt Solicitation* as the dependent variable, which is equal

to one if the exempt proxy solicitation is filed by any pension fund.[20, 21] Across the models, we observe positive and significant relations between *Pension Attention* and *Exempt Solicitations.* The results do not appear to be impacted by model specification (e.g., Z statistics all exceed 2.25), though the economic magnitude is larger when focusing on exempt solicitations campaigns sponsored by pension funds (coefficients = 1.108 and 1.080 compared with 0.769, 0.780, and 0.788), suggesting the pension attention could be linked to the filings through pension fund sponsorship.

[Insert Table 7 here]

Then, in Panel B, we investigate the influences of exempt solicitations, associated with our key variable – *Pension Attention*, on proxy voting outcomes. In addition to *Exempt Solicitation* and *Pension Exempt Solicitation* from Panel A, we include Same Pension Exempt Solicitation which is equal to one if the exempt solicitation is launched by one of the pension funds with pension attention identified in this study. Models with three different groups of exempt solicitation sponsors may highlight the importance of the entity behind the campaign. Indeed, the test results support our conjecture. When *Exempt Solicitation* in included in model (1), the solicitation efforts by any sponsors do not improve voting outcomes significantly. However, when the exempt solicitation is filed by pension funds (model (2)) or specific pensions that show their attention initially (model (3)), the solicitation efforts are positively significantly linked to vote support of SRI proposals. These efforts are economically significant, as they increase vote support by 7.2% and 9.7%, respectively. Another interesting result is that, across all the models, our main variable

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[20] For *Pension Exempt Solicitation*, we lose a significant number of observations in model (5) because of the perfect predictability with samples for certain sponsor types. When indicator variables for resolution types are added, the specification cannot be estimated due to a further drop of observations.
[21] Another possible specification will be logit models for exempt solicitations by the pension funds with the pension attention. However, due to the small number of exempt solicitation samples, the indicator variable for such models is perfectly predicted by the key independent variable, *Pension Access*, and cannot be properly specified. As a result, Panel A includes the test results with *Exempt Solicitation* and *Pension Exempt Solicitation* only.

of interest, *Pension Attention*, continues to be positive and statistically significant with similar economic magnitudes to our main results. In sum, these results are consistent with the idea that pension funds may employ exempt solicitations as a channel for their activism campaigns behind the scenes, which can impact proxy voting outcomes to a significant extent.

Next, we examine the role of pension attention in mutual fund voting. We begin by analyzing fund-level voting patterns based on fee-based relations for large pensions within our sample. To do so, we manually assemble data on fees paid to funds by CalPERS, CalSTRS and TRSTX, which are three of the largest pensions within our sample and also have readily available fee data for us to manually review and analyze. Panel A presents logit regression models for the fund-level voting patterns based on the fee-based relation, while Panel B presents fund-level voting data for proposals with CalPERS' attention, where CalPERS is not the primary sponsor. In Panel A, the dependent variable, *Fund Vote,* is an indicator variable equal to one for votes in support of SRI proposals; zero otherwise. Models (1) and (3) analyze the relation between fund votes and whether they have received fees from CalPERS, which is a binary indicator variable, while Models (2) and (4) are at the fund vote level such that each vote that a fund receives fees from any of the three most prominent funds for which fee data are available: CalPERS, CalSTRS or TRSTX. In Panel B, the dependent variable, *Parent Institution Earning Biz from CalPERS in 2 Years*, is used to test the relation between votes in support and prior SRI vote support. Table 8 presents the results.

[Insert Table 8 here]

Our analysis in Panel A suggests that fees are negatively related to fund vote support, which is surprising given the financial incentives. However, Panel B documents that votes in support by funds that were previously not supportive of SRI proxy items exhibit significantly higher future earnings from CalPERS following the vote, suggesting that financial incentives may not be made

up front but paid in arrears through the acquisition of additional business in the future following changes in SRI friendly voting.

Finally, we examine mutual funds' vote records on SRI proposals to investigate if pension attention has an impact on mutual fund voting behavior. We hypothesize that since mutual fund managers may have financial interests in earning or maintaining pension funds' business, they may vote for certain SRI proposals if they learn about pension funds' attention. However, it is admittedly difficult to show such evidence of influence. Individual fund managers' voting could be largely heterogeneous and affected by a lot of isolated issues including the affiliated institution's voting policy, the subject firm characteristics, the proposal details, and the market circumstances. To overcome this concern, we focus on a subset of mutual funds that have never voted in favor of any SRI proposal in the past 1-year period. We call this group non-SRI-friendly mutual funds and we observe the proportion that votes for an SRI proposal for the first time in a year given the presence of pension fund interest.

We focus on their collective voting pattern rather than individual changes in voting so we can mitigate potential measurement errors in individual fund-level vote records. We use an Ordinary Least Squares regression analysis with two-way fixed effects. Due to the merging process with the mutual fund N-PX vote records data, we lose some observations in these tests. Table 9 shows the test results.

[Insert Table 9 here]

Models (1) through (3) utilize different sets of variables but provide a surprisingly small set of significant explanatory variables. We believe this shows how heterogeneous these voting patterns are. In model (2), proposals sponsored by other funds and unions may get smaller and larger support, respectively, from the non-SRI-friendly mutual funds. However, these types exhibit

insignificant results in model (3) once resolution types are included. In terms of resolutions, proposals with employee-related issues tend to get larger support.

Across all three model specifications, three variables seem to be robust. Recommendations from both the management and the ISS may affect the non-SRI-friendly mutual funds to the largest extent. For example, although it's rare, when management supports an SRI proposal, over 60% of the non-SRI-friendly mutual funds vote for the proposal despite their harsh vote records in the past year. ISS recommendations affect 5% of these mutual funds. Lastly, *Pension Attention* also affects roughly 1% of these mutual funds. Although the sheer number seems small, its actual impact can be meaningful compared to the impact by ISS recommendations and other relevant predictors.[22] All in all, we find that the presence of pension interest indeed promotes some mutual funds to vote for SRI proposals. This evidence supports the notion that pension funds exercise activism behind the scenes.

4.4. Resubmission of failed SRI proposals

While pension fund attention may lead to higher vote support for SRI proposals, the low passing rate of the proposals remains a challenge to the pension fund pushing an SRI agenda. In particular, our sample has an overall passing rate of only 2% for SRI proposals. Thus, it's not unusual to see the same SRI proposal submitted over consecutive annual meetings. For example, Wespath Investment Management filed its first proposal for climate change assessments for Occidental's 2016 meeting. However, the proposal didn't pass in 2016, and Wespath refiled the proposal for Occidental's 2017 meeting.

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[22] The N-PX data does not provide the actual number of votes for each proposal, and consequently we cannot perform direct analysis on how the votes from the non-SRI-friendly mutual funds lead to the vote outcomes.

We examine whether the likelihood of a resubmission is associated with pension fund attention, given that continuing to submit the proposal can result in higher future vote support and often increases the likelihood of eventually observing favorable outcomes. Even with a failed SRI proposal this year, the original sponsor or its associates may resubmit the proposal the following year if they expect additional vote support and solicitation efforts from pension funds behind the scenes. We analyze the subset of our sample with failed SRI proposals during the current year and employ logistic regression models to examine the relation between pension attention and the likelihood of a resubmission the following year.[23] We collect information on the inclusion of the same resolution for the same subject firm in the following annual meeting. However, the resubmission itself often may not carry much weight since it can be withdrawn easily. Thus, we have a second variable for the inclusion of the same resolution all the way to the shareholder vote. In our sample, there are 1,015 and 779 proposals resubmitted and voted on, respectively, in the following year's meeting. Table 10 presents the test results.

[Insert Table 10 here]

For the dependent variable, models (1) and (2) use the resubmission of the proposal itself, while models (3) and (4) utilize the indicator variable that shows if the resubmitted proposal is voted on again in the following year. Models (1) and (3) include the set of control variables based on the subject firm characteristics, while models (2) and (4) have sponsor types and resolution types as additional control variables. In all models, the coefficient of our key variable, *Pension Attention*, is positive and statistically significant. This suggests that the sponsors of SRI proposals are likely to resubmit the proposal if a pension fund pays attention to the proposal, implying the primary sponsors understand the link between pension fund attention and vote support. Across the

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[23] Those SRI proposals with a vote recommendation by management are all passed, and thus not included in this analysis. As a result, we do not include the management recommendation as a control variable in the logit models.

four models, ISS recommendation and firm size also demonstrate positive and significant effects, indicating the sponsors of SRI proposals are likely to resubmit the proposal in the following year if they receive an ISS recommendation in support this year, and if the subject firm is larger. The likelihood of a resubmission is also positively and significantly linked to sponsorship by pension funds, SRI funds, and religious organizations. Overall, this analysis offers an additional benefit from pension attention beyond those of our prior analysis and also suggests our results are unlikely to be spurious or driven by effects unrelated to pension fund efforts in pushing their SRI agenda.

4.5. Robustness tests

We recognize alternative explanations for our results may exist. For example, the positive link between pension fund attention and vote support for SRI proposals may be driven by attention on some particular proposals that is not actually related to the pension's possible activism behind the scenes. Specifically, some proposals or subject firm characteristics might attract general attention from various investors including pension funds, and then the other investors may provide support on the proposals unrelated to pension funds' interests.

To mitigate this concern, we present robustness tests based on two counterfactual scenarios that capture the general attention surrounding the meeting yet provide the least association with pension funds' influence over the vote outcomes. First, we use pension funds' access to SRI proposals during the last week immediately prior to the meeting. This attention measure is constructed from pensions' interests in the proposals and still possibly associated with the general interests by other investors. However, considering the timeline of the meeting, this attention may not lead to much time for solicitation efforts, and as a result they are not likely to influence the vote outcomes. Second, we utilize the attention of unions during the 7-day window upon the

release of proxy statements. If general attention drives the positive association in our conjecture, unions' attention on the same proposals during the same period will likely be part of the association. However, if our conjecture is the case, unions' attention is not likely to influence the vote outcomes because unions may not have the same network with other investors.

[Insert Table 11 here]

Table 11 presents the results of our falsification tests. We borrow one model specification from each of the previous tests for vote support but replace the pension access with the two counterfactual attention measures: models (1) through (3) utilize pension access in the last week, and models (4) through (6) use union access. None of these models find any significant and positive link with the alternative attention measures, suggesting the results are unique to early pension attention. In model (4), union access exhibits a significant effect on vote support rates. However, its effect is negative, not positive, suggesting that unions' attention does not help SRI proposals. Overall, the counterfactual measures do not explain the larger shareholder support for SRI proposals, which suggests that general attention given to the proposals is not a significant driver of our findings. These falsification tests add robustness to our conjecture that pension funds' initial attention may lead to additional support for SRI proposals while alleviating at least two potential alternative explanations.

5. Conclusion

Activism from public pension funds has garnered substantial attention from researchers and the media alike, due to the volume of assets under management held by pensions. As a result, studying how funds cooperate has become a focal point, specifically seeking to understand actions beyond public knowledge. We investigate pension fund attention and voting outcomes to

understand coordination through relational channels. Specifically, we use SEC log file data for proxy filing attention to examine shareholder proposals for Socially Responsible Investing (SRI) and find strategic firm targeting results in a link between pension fund attention and shareholder proposal success. Moreover, we study mutual funds not previously supportive of SRI proposals and observe changes in voting behavior following pension fund attention.

Overall, our research illustrates a novel pension fund behavior: behind the scenes activism. We find a mechanism explaining how pension fund support is linked to support from other shareholders. Moreover, we find that pension attention is also linked to higher likelihood of proposal resubmission in the following year, which can result in beneficial outcomes for the proxy item. We also show that our results are not explained by late or general attention to proxy filings, indicating this evidence is consistent with lengthy pension campaigns for vote support. Finally, our study also contributes to those on SEC EDGAR log data by offering the first instance pension attention has been examined to understand how actions are linked to corporate decisions and changes at the firm. In totality, our research offers a channel for pension fund activism, extending beyond the eye of the public.

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Table 1. Descriptive Statistics for SRI Proposals

This table shows descriptive statistics for SRI proposals in our sample. We present the frequency of each type, how much vote support on average each type receives, how many of the proposals in each type eventually pass, and then how many of the proposals receive pension fund access. Panel A and B provide the statistics based on primary sponsor types and resolution types, respectively.

Panel A. Primary Sponsor Types for SRI Proposals

	Frequency (#)	% Voting Support	# Passed Proposals	# with Pension Attention
Public Pension Funds	391	26.8%	16 (4.1%)	156 (39.9%)
SRI Funds	438	20.9%	6 (1.4%)	213 (48.6%)
Other Funds	82	18.1%	0 (0.0%)	35 (42.7%)
Unions	120	16.5%	2 (1.7%)	56 (46.7%)
Religious Organizations	338	18.0%	7 (2.1%)	131 (38.8%)
Corporations	17	23.0%	0 (0.0%)	11 (64.7%)
Special Interest Groups	221	12.6%	2 (0.9%)	94 (42.5%)
Individual Shareholders	99	7.9%	0 (0.0%)	40 (40.4%)
Others/Unspecified	338	14.6%	1 (0.3%)	142 (42.0%)
Total/Average	2,044	18.6%	34 (1.7%)	878 (43.0%)

Panel B. Resolution Types for SRI Proposals

	Frequency (#)	% Voting Support	# Passed Proposals	# with Pension Attention
Environmental	663	20.8%	13 (2.0%)	281 (42.4%)
Political	644	23.6%	11 (1.7%)	343 (53.3%)
Ethical Product	237	8.4%	1 (0.4%)	71 (30.0%)
Employee-related	166	18.4%	8 (4.8%)	64 (38.6%)
Social	119	10.3%	0 (0.0%)	42 (35.3%)
Business Ethics	167	15.1%	1 (0.6%)	54 (32.3%)
Strategy	48	7.3%	0 (0.0%)	23 (47.9%)
Total/Average	2,044	18.6%	34 (1.7%)	878 (43.0%)

Table 2. Yearly Statistics for SRI Proposals

Table 2 presents yearly statistics for SRI proposals in our sample. We show the frequency of the proposals each year for different primary sponsor and resolution types. We also show how much vote support on average the proposals receive, how many of the proposals eventually pass, and how many of the proposals receive pension fund access each year.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Pension Funds	34	29	36	31	27	39	42	53	34	36	30
SRI Funds	29	40	22	26	27	38	43	43	57	63	50
Other Funds	9	15	7	7	4	4	7	4	4	8	13
Unions	11	9	18	7	12	10	7	14	9	14	9
Religious Organizations	39	45	38	36	27	14	26	26	33	31	23
Corporations	0	0	0	1	1	1	1	2	1	2	8
Special Interest Groups	32	12	12	14	18	21	19	18	24	29	22
Individual Shareholders	18	18	10	7	7	13	4	6	8	4	4
Others/Unspecified	78	29	21	32	34	18	29	23	20	22	32
Environmental	81	62	41	55	54	44	45	52	73	79	77
Political	37	38	35	40	47	64	86	91	69	72	65
Ethical Product	60	26	27	22	20	16	14	17	18	9	8
Employee-related	24	23	15	19	17	12	7	5	8	14	22
Social	20	15	22	4	2	6	10	9	6	16	9
Business Ethics	23	25	18	17	14	9	15	13	14	11	8
Strategy	5	8	6	4	3	7	1	2	2	8	2
% Voting Support	13.8%	13.5%	16.3%	18.1%	19.8%	18.0%	20.4%	21.7%	20.8%	22.0%	21.8%
# Passed Proposals	4	2	2	2	4	1	3	5	0	7	4
# with Pension Attention	39	16	27	22	91	65	95	101	142	123	157
Total SRI Proposals	**250**	**197**	**164**	**161**	**157**	**158**	**178**	**189**	**190**	**209**	**191**

Table 3. Descriptive Statistics for the Key Variables

Table 3 provides descriptive statistics for pension funds' access for SRI proposals, vote recommendations by both the management and the ISS, and the characteristics of the subject firms receiving the SRI proposals in our sample. A (1/0) denotes an indicator variable. 'ln' represents the natural log-transformation. See Appendix A for variable definitions and data sources.

Variable	Mean	Std Dev	25th Pctl	Median	75th Pctl
Pension Attention (1/0)	0.430	0.495	0	0	1
Recommendation $_{Management}$ (1/0)	0.002	0.044	0	0	0
Recommendation $_{ISS}$ (1/0)	0.492	0.500	0	0	1
Firm Size ($, millions)	75,703.13	102,674.80	11,191.14	33,027.25	99,539.51
ln(Firm Size)	10.282	1.582	9.323	10.405	11.508
Sales Growth	0.042	0.310	-0.035	0.034	0.106
Market-to-Book	1.895	1.183	1.197	1.521	2.124
Return-on-Assets	0.150	0.106	0.089	0.139	0.202
Prior Stock Return	0.020	0.252	-0.122	0.009	0.146
Leverage	0.238	0.234	0.115	0.208	0.319
Cash Holdings	0.160	0.234	0.031	0.082	0.188
Institutional Ownership (%)	70.625	18.873	62.647	72.009	81.834

Table 4. Determinants of Pension Fund Attention

Table 4 presents OLS models for the determinants of pension attention. Model (1) includes the subject firm characteristics as well as an indicator variable if the management recommends the proposal. Models (2) and (3) add primary sponsor types and resolution types, respectively, for the SRI proposals. In model (4), we include an indicator variable if the director election includes a problematic nominee with an eventual withhold recommendation, and an indicator variable for a say-on-pay proposal. All models include year and firm fixed effects. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. t-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

	(1) Pension Attention	(2) Pension Attention	(3) Pension Attention	(4) Pension Attention
Recommendation $_{Management}$	-0.368***	-0.349***	-0.365***	-0.368***
	(-3.074)	(-2.784)	(-3.011)	(-3.014)
ln(Firm Size)	0.106**	0.105**	0.101**	0.099**
	(2.475)	(2.460)	(2.349)	(2.269)
Sales Growth	0.021	0.021	0.017	0.019
	(0.976)	(1.011)	(0.786)	(0.852)
Market-to-Book	-0.075***	-0.076***	-0.074***	-0.068**
	(-2.678)	(-2.759)	(-2.675)	(-2.478)
Return-on-Assets	0.377*	0.388*	0.405*	0.391*
	(1.825)	(1.865)	(1.941)	(1.879)
Prior Stock Return	-0.097**	-0.098**	-0.096**	-0.089**
	(-2.239)	(-2.272)	(-2.210)	(-2.057)
Leverage	-0.312**	-0.309**	-0.309**	-0.296**
	(-2.112)	(-2.078)	(-2.072)	(-1.997)
Cash Holdings	-0.004	-0.005	-0.018	-0.007
	(-0.052)	(-0.060)	(-0.206)	(-0.082)
Institutional Ownership	0.000	0.000	0.000	0.000
	(0.205)	(0.224)	(0.105)	(0.058)
Sponsor - Public Pension Funds		-0.002	-0.009	-0.009
		(-0.054)	(-0.232)	(-0.238)
Sponsor - SRI Funds		0.019	0.014	0.016
		(0.574)	(0.433)	(0.470)
Sponsor - Other Funds		0.038	0.031	0.033
		(0.590)	(0.491)	(0.519)
Sponsor - Unions		0.022	0.014	0.017
		(0.413)	(0.266)	(0.322)
Sponsor - Religious Organizations		-0.026	-0.021	-0.022
		(-0.702)	(-0.580)	(-0.592)
Sponsor - Corporations		0.134	0.129	0.129
		(1.310)	(1.253)	(1.237)
Sponsor - Special Interest Groups		-0.075*	-0.069*	-0.068*
		(-1.928)	(-1.739)	(-1.722)
Sponsor - Individual Shareholders		0.045	0.035	0.035
		(0.800)	(0.605)	(0.608)
Resolution - Environmental			-0.003	-0.007
			(-0.039)	(-0.084)

Resolution - Political			0.010	0.004
			(0.127)	(0.050)
Resolution - Ethical Product			-0.034	-0.039
			(-0.402)	(-0.465)
Resolution - Employee-related			0.014	0.006
			(0.167)	(0.076)
Resolution - Social			-0.002	-0.005
			(-0.030)	(-0.062)
Resolution - Business Ethics			-0.071	-0.074
			(-0.835)	(-0.873)
Withhold Director Nominees				0.016
				(0.433)
Say-on-pay Proposal				-0.035
				(-0.877)
Shareholder Governance Proposal				0.044
				(1.531)
Cross-section dependence	Year fixed	Year fixed	Year fixed	Year fixed
Time-series dependence	Firm fixed	Firm fixed	Firm fixed	Firm fixed
Observations	2,021	2,021	2,021	2,021
Adjusted R-squared	0.439	0.440	0.439	0.440

Table 5. Pension Fund Attention and the Percentage of Vote Support for SRI Proposals

Table 5 presents OLS models for the effect of pension fund attention on the percentage of vote support for SRI proposals. The dependent variable, *% Vote Support*, is the percentage of vote support for the proposal from shareholder voting. Model (1) includes vote recommendations by both management and ISS, the subject firm characteristics, and our key independent variable, *Pension Attention*. Then, models (2) and (3) add primary sponsor types and resolution types, respectively. All models include year and firm fixed effects. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. T-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

	(1) % Vote Support	(2) % Vote Support	(3) % Vote Support
Pension Attention	1.127**	1.196**	1.174**
	(2.390)	(2.546)	(2.522)
Recommendation $_{Management}$	42.674***	43.518***	43.591***
	(3.489)	(3.462)	(3.405)
Recommendation $_{ISS}$	18.994***	18.579***	18.264***
	(38.184)	(36.482)	(35.104)
ln(Firm Size)	-1.403**	-1.407**	-1.479**
	(-2.079)	(-2.092)	(-2.175)
Sales Growth	-0.104	-0.230	-0.298
	(-0.321)	(-0.661)	(-0.855)
Market-to-Book	0.613*	0.634*	0.713*
	(1.700)	(1.752)	(1.946)
Return-on-Assets	0.817	1.106	1.157
	(0.203)	(0.283)	(0.293)
Prior Stock Return	0.166	0.326	0.271
	(0.200)	(0.395)	(0.328)
Leverage	-2.382	-1.526	-1.778
	(-1.188)	(-0.758)	(-0.882)
Cash Holdings	3.214*	3.061*	2.850*
	(1.907)	(1.795)	(1.710)
Institutional Ownership	0.014	0.014	0.013
	(0.559)	(0.547)	(0.539)
Sponsor – Public Pension Funds		2.290***	2.082***
		(2.902)	(2.618)
Sponsor – SRI Funds		0.164	0.073
		(0.268)	(0.117)
Sponsor – Other Funds		-1.515	-1.363
		(-1.429)	(-1.280)
Sponsor – Unions		0.199	0.153
		(0.245)	(0.184)
Sponsor – Religious Organizations		0.785	0.820
		(1.047)	(1.111)
Sponsor – Corporations		-1.239	-1.469
		(-0.754)	(-0.885)
Sponsor – Special Interest Groups		-0.146	0.003

		(-0.229)	(0.004)
Sponsor – Individual Shareholders		-2.062***	-1.849**
		(-2.909)	(-2.527)
Resolution – Environmental			1.728**
			(2.268)
Resolution – Political			2.334***
			(2.999)
Resolution – Ethical Product			0.614
			(0.669)
Resolution – Employee-related			2.656***
			(2.791)
Resolution – Social			-0.484
			(-0.590)
Resolution – Business Ethics			1.690*
			(1.730)
Cross-section dependence	Year fixed	Year fixed	Year fixed
Time-series dependence	Firm fixed	Firm fixed	Firm fixed
Observations	2,021	2,021	2,021
Adjusted R-squared	0.774	0.777	0.778

Table 6. Pension Fund Attention and the Likelihood of SRI Proposals Passing

Table 6 presents logit models for the effect of pension fund attention on the likelihood of SRI proposals passing. The dependent variable, *Pass or Not*, is an indicator variable equal to one if the proposal is passed; zero otherwise. Model (1) includes vote recommendations by both management and ISS, the subject firm characteristics, and our key independent variable, Pension Attention. Then, models (2) and (3) add primary sponsor types and resolution types, respectively. All models include year fixed effects and firm clustering. '-' represents a dropped variable from each model due to the perfect prediction between the variable and the dependent variable, *Pass or Not*. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. Z-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

	(1) Pass or Not	(2) Pass or Not	(3) Pass or Not
Pension Attention	0.818*	0.896*	0.766
	(1.726)	(1.868)	(1.571)
Recommendation $_{Management}$	4.129***	5.235***	5.612***
	(3.574)	(2.812)	(2.808)
Recommendation $_{ISS}$	3.491***	3.510***	3.192***
	(3.596)	(3.421)	(3.023)
ln(Firm Size)	-0.673***	-0.776***	-0.690***
	(-5.379)	(-5.191)	(-4.431)
Sales Growth	-2.452*	-2.700**	-2.564**
	(-1.861)	(-2.072)	(-2.081)
Market-to-Book	0.220	0.343**	0.263*
	(1.185)	(2.076)	(1.711)
Return-on-Assets	0.182	-0.003	0.226
	(0.080)	(-0.001)	(0.101)
Prior Stock Return	0.532	0.452	0.344
	(0.882)	(0.652)	(0.521)
Leverage	-1.628*	-2.189**	-1.759**
	(-1.698)	(-2.432)	(-2.139)
Cash Holdings	1.126**	0.981	1.377**
	(2.014)	(1.634)	(2.107)
Institutional Ownership	0.000	0.002	0.002
	(0.012)	(0.141)	(0.198)
Sponsor – Public Pension Funds		2.959***	2.779***
		(3.717)	(3.414)
Sponsor – SRI Funds		1.750*	1.651*
		(1.859)	(1.702)
Sponsor – Other Funds		-	-
Sponsor – Unions		2.210*	2.195*
		(1.742)	(1.766)
Sponsor – Religious Organizations		2.806***	2.863***
		(3.873)	(3.571)
Sponsor – Corporations		-	-
Sponsor – Special Interest Groups		1.634	1.672

		(1.321)	(1.231)
Sponsor – Individual Shareholders		-	-
Resolution – Environmental			10.695***
			(8.284)
Resolution – Political			10.218***
			(7.787)
Resolution – Ethical Product			9.433***
			(7.020)
Resolution – Employee-related			11.483***
			(8.362)
Resolution – Social			-
Resolution – Business Ethics			10.260***
			(4.746)
Cross-section dependence	Year fixed	Year fixed	Year fixed
Time-series dependence	Firm clustering	Firm clustering	Firm clustering
Observations	1,833	1,650	1,550
Pseudo R2	0.283	0.328	0.34

Table 7. Exempt Solicitation as a Channel to Push Pensions' Agenda

Table 7 presents logit models for the effect of pension fund attention on the likelihood of an exempt proxy solicitation being filed during the firm's proxy season. In models (1) through (3) of Panel A, the dependent variable, *Exempt Solicitation*, is an indicator variable equal to one if the proxy item has an exempt solicitation filed; zero otherwise. Models (4) and (5) of Panel A employ *Pension Exempt Solicitation* as the dependent variable, which is equal to one if the exempt proxy solicitation filed at the firm is sponsored by any one of the pension funds. Panel A Models (1) and (4) include the subject firm characteristics, and our key independent variable, *Pension Attention*. Then, models (2), (3) and (5) add primary sponsor types and resolution types. Panel B then analyzes vote support by accounting for both our key independent variable, *Pension Attention,* and *Exempt Solicitation.* All models include firm clustering. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. Z-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

Panel A. Likelihood of Exempt Solicitation

	(1)	(2)	(3)	(4)	(5)
	Exempt Solicitation			Pension Exempt Solicitation	
Pension Access	0.769***	0.780***	0.788***	1.111**	1.080**
	(4.026)	(3.937)	(3.848)	(2.323)	(2.274)
Recommendation ISS	0.714***	0.743***	0.845***	2.693***	2.899***
	(3.840)	(3.581)	(3.699)	(3.713)	(3.470)
ln(Firm Size)	0.070	0.047	0.117	0.670***	0.757***
	(0.838)	(0.559)	(1.354)	(3.371)	(3.502)
Sales Growth	-0.850*	-0.940*	-0.842*	-3.878***	-3.314***
	(-1.836)	(-1.861)	(-1.743)	(-3.940)	(-3.254)
Market-to-Book	0.016	-0.022	-0.065	-1.969***	-1.939***
	(0.147)	(-0.170)	(-0.507)	(-3.226)	(-3.061)
Return-on-Assets	-0.623	-1.474	-1.473	-3.552*	-5.573***
	(-0.490)	(-1.003)	(-1.003)	(-1.774)	(-2.605)
Prior Stock Return	0.438	0.645*	0.675**	-0.253	-0.683
	(1.447)	(1.861)	(1.962)	(-0.365)	(-0.921)
Leverage	0.336	0.437	0.485	3.399**	4.480***
	(0.861)	(1.136)	(1.251)	(2.243)	(3.130)
Cash Holdings	-0.113	-0.091	0.136	-5.400*	-4.198
	(-0.312)	(-0.235)	(0.336)	(-1.654)	(-1.305)
Institutional Ownership	0.001	-0.001	-0.000	0.029*	0.027*
	(0.132)	(-0.178)	(-0.033)	(1.862)	(1.938)
Sponsor - Public Pension Funds		-0.420	-0.318		0.774
		(-1.059)	(-0.771)		(0.715)
Sponsor - SRI Funds		1.620***	1.553***		-0.765
		(5.404)	(4.992)		(-0.676)
Sponsor - Other Funds		1.100**	1.195***		
		(2.349)	(2.891)		
Sponsor - Unions		-1.985*	-1.679		
		(-1.852)	(-1.549)		
Sponsor - Religious Organizations		0.586*	0.494		2.021**
		(1.683)	(1.407)		(2.377)
Sponsor - Corporations		0.306	0.468		
		(0.291)	(0.470)		
Sponsor - Special Interest Groups		1.423***	1.151***		1.440
		(4.273)	(3.297)		(1.477)
Sponsor - Individual Shareholders		-0.783	-0.713		
		(-0.964)	(-0.861)		
Resolution - Environmental			15.139***		
			(18.438)		

	(1)	(2)	(3)	(4)	(5)
Resolution - Political			14.058***		
			(17.600)		
Resolution - Ethical Product			15.056***		
			(17.855)		
Resolution - Employee-related			14.721***		
			(18.082)		
Resolution - Social			14.825***		
			(16.963)		
Resolution - Business Ethics			14.341***		
			(16.348)		
Time-series dependence	Firm cluster	Firm cluster	Firm cluster	Firm cluster	Firm cluster
Observations	2,021	2,021	2,021	2,021	1,709
Pseudo R2	0.048	0.141	0.17	0.331	0.406

Panel B. Effect of Exempt Solicitation Associated with the Pension

	(1) % Vote Support	(2) % Vote Support	(3) % Vote Support	(4) % Vote Support	(5) % Vote Support
Pension Access	1.133**	1.201***	1.049**	1.012**	1.123**
	(2.425)	(2.620)	(2.242)	(2.173)	(2.451)
Exempt Solicitation	-0.359			-1.186*	
	(-0.533)			(-1.908)	
Exempt Solicitation by Any Pension		7.201***			4.447*
		(3.233)			(1.730)
Exempt Solicitation by Same Pension			9.695***	10.436***	5.717
			(2.824)	(3.014)	(1.372)
Recommendation $_{Management}$	43.414***	43.770***	43.643***	43.465***	43.757***
	(3.411)	(3.412)	(3.401)	(3.385)	(3.404)
Recommendation $_{ISS}$	18.298***	17.963***	18.034***	18.093***	17.940***
	(35.521)	(34.935)	(35.030)	(35.459)	(34.929)
ln(Firm Size)	-1.465**	-1.439**	-1.359**	-1.345**	-1.386**
	(-2.155)	(-2.136)	(-2.009)	(-1.995)	(-2.058)
Sales Growth	-0.322	-0.318	-0.339	-0.330	-0.329
	(-0.940)	(-0.921)	(-0.997)	(-0.979)	(-0.961)
Market-to-Book	0.678*	0.741**	0.728**	0.678*	0.743**
	(1.839)	(2.051)	(2.002)	(1.851)	(2.054)
Return-on-Assets	1.474	4.176	3.032	2.765	4.038
	(0.376)	(1.157)	(0.828)	(0.756)	(1.122)
Prior Stock Return	0.311	0.263	0.179	0.281	0.210
	(0.372)	(0.318)	(0.217)	(0.339)	(0.255)
Leverage	-1.806	-1.862	-1.638	-1.590	-1.740
	(-0.899)	(-0.916)	(-0.808)	(-0.788)	(-0.854)
Cash Holdings	2.834*	2.831*	2.951*	3.038*	2.906*
	(1.699)	(1.714)	(1.789)	(1.839)	(1.765)
Institutional Ownership	0.013	0.012	0.011	0.010	0.011
	(0.525)	(0.488)	(0.463)	(0.413)	(0.462)
Sponsor - Public Pension Funds	2.086***	2.050***	2.064***	2.011***	2.048***
	(2.612)	(2.690)	(2.667)	(2.586)	(2.688)
Sponsor - SRI Funds	0.106	0.200	0.145	0.322	0.198
	(0.169)	(0.326)	(0.235)	(0.519)	(0.322)
Sponsor - Other Funds	-1.368	-1.089	-1.268	-1.248	-1.136
	(-1.285)	(-1.015)	(-1.193)	(-1.186)	(-1.064)
Sponsor - Unions	0.133	0.125	0.113	0.077	0.115
	(0.160)	(0.153)	(0.138)	(0.094)	(0.140)
Sponsor - Religious Organizations	0.788	0.585	0.680	0.672	0.599
	(1.065)	(0.810)	(0.941)	(0.929)	(0.831)
Sponsor - Corporations	-1.490	-0.651	-0.874	-0.891	-0.612
	(-0.886)	(-0.419)	(-0.566)	(-0.574)	(-0.400)
Sponsor - Special Interest Groups	-0.019	-0.122	-0.192	-0.133	-0.181
	(-0.029)	(-0.191)	(-0.304)	(-0.210)	(-0.284)
Sponsor - Individual Shareholders	-1.875**	-1.871***	-1.838**	-1.873***	-1.853**
	(-2.562)	(-2.588)	(-2.539)	(-2.585)	(-2.570)
Resolution - Environmental	1.742**	1.336*	1.573**	1.737**	1.403*
	(2.282)	(1.748)	(2.078)	(2.290)	(1.852)
Resolution - Political	2.312***	2.409***	2.495***	2.548***	2.482***
	(2.966)	(3.087)	(3.252)	(3.333)	(3.215)
Resolution - Ethical Product	0.664	0.397	0.538	0.783	0.440

	(0.719)	(0.430)	(0.588)	(0.854)	(0.480)
Resolution - Employee-related	2.673***	2.744***	2.806***	2.925***	2.802***
	(2.795)	(2.886)	(2.989)	(3.115)	(2.973)
Resolution - Social	-0.469	-0.593	-0.446	-0.328	-0.525
	(-0.572)	(-0.720)	(-0.549)	(-0.406)	(-0.643)
Resolution - Business Ethics	1.676*	1.607	1.686*	1.796*	1.646*
	(1.713)	(1.633)	(1.736)	(1.853)	(1.685)
Observations	2,021	2,021	2,021	2,021	2,021
Adjusted R-squared	0.778	0.783	0.783	0.783	0.784

Table 8. Fund Fees and Vote Support

Table 8 analyzes fund-level voting related to fees paid. Panel A presents logit regression models for the fund-level voting patterns based on the fee-based relation. Panel B presents fund-level voting data for proposals with CalPERS' attention, where CalPERS is not the primary sponsor. In Panel A, the dependent variable, *Fund Vote,* is an indicator variable equal to one for votes in support of SRI proposals; zero otherwise. Models (1) and (3) analyze the relation between fund votes and whether they have received fees from CalPERS, which is a binary indicator variable, while Models (2) and (4) are at the fund vote level such that each vote that a fund receives fees from any of the three most prominent funds for which fee data are available: CalPERS, CalSTRS or TRSTX. In Panel B, the dependent variable, *Parent Institution Earning Biz from CalPERS in 2 Years*, is defined as the earnings generated from CalPERS during the two-year period for the fund institution parent. All models include year and fund fixed effects. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. Z-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Fund-level voting patterns based on the fee-based relation

	(1)	(2)	(3)	(4)
	Fund Vote (=1 if "For")			
Fee Received from CalPERS (0/1)	-0.756***		-0.794***	
	(-3.123)		(-3.141)	
Fee Received from Top Three (0/1)		-0.848***		-0.867***
		(-5.492)		(-5.628)
Recommendation $_{ISS}$	2.511***	2.485***	2.322***	2.448***
	(7.773)	(9.454)	(4.948)	(7.282)
ln(Firm Size)			-0.055	-0.154***
			(-0.541)	(-3.424)
Sales Growth			-0.263	0.034
			(-1.218)	(0.200)
Market-to-Book			-0.238	-0.119
			(-1.150)	(-0.924)
Return-on-Assets			0.567	0.525
			(0.517)	(0.617)
Prior Stock Return			0.485	0.434*
			(1.472)	(1.789)
Leverage			0.202	-0.058
			(0.238)	(-0.100)
Cash Holdings			-2.077**	-0.760
			(-2.149)	(-1.270)
Institutional Ownership			-0.005	-0.009*
			(-0.692)	(-1.823)
Cross-section dependence	Year	Year	Year	Year
Time-series dependence	Fund	Fund	Fund	Fund
Observations	26,705	39,178	26,287	38,760
Pseudo R2	0.201	0.186	0.210	0.193

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Table 8. Fund Fees and Vote Support (Continued)

Panel B: Fund-level voting data for proposals with CalPERS' attention (without being the primary sponsor)

VARIABLES	(1)	(2)	(3)	(4)
	Parent Institution Earning Biz from CalPERS in 2 Years			
For Vote	-0.372***	-0.372	-0.157	-0.157
	(-3.608)	(-1.300)	(-1.586)	(-0.572)
Previously SRI Unfriendly	-0.023	-0.023	-0.026	-0.026
	(-0.234)	(-0.060)	(-0.262)	(-0.068)
For Vote x Previously SRI Unfriendly	0.981***	0.981**	0.879***	0.879*
	(4.796)	(2.030)	(4.364)	(1.814)
ln(# of Funds Belonging to Parent Institution)			0.331***	0.331
			(7.954)	(1.409)
Clustered SD	Fund	Institution	Fund	Institution
Observations	16,328	16,328	16,328	16,328
Pseudo R2	0.002	0.002	0.022	0.022

Table 9. Pension Fund Activism through Mutual Funds

Table 9 presents OLS models for the effect of pension fund attention on the support from a certain group of mutual funds. The dependent variable, *% Non-SRI-friendly MF Support*, is the proposal vote support percentage received from mutual funds that have never voted for any SRI proposal in the past 1-year period. Model (1) includes vote recommendations by both management and ISS, the subject firm characteristics, and our key independent variable, *Pension Attention*. Then, models (2) and (3) add primary sponsor types and resolution types, respectively. All models include year and firm fixed effects. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. T-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

	(1) % Non-SRI-friendly MF Support	(2) % Non-SRI-friendly MF Support	(3) % Non-SRI-friendly MF Support
Pension Attention	0.660**	0.693**	0.650**
	(2.052)	(2.143)	(2.009)
Recommendation $_{Management}$	60.381***	60.829***	60.474***
	(3.268)	(3.286)	(3.281)
Recommendation $_{ISS}$	4.887***	4.790***	5.024***
	(13.998)	(13.417)	(13.605)
ln(Firm Size)	0.317	0.336	0.299
	(0.559)	(0.581)	(0.514)
Sales Growth	0.232	0.192	0.173
	(0.911)	(0.756)	(0.667)
Market-to-Book	0.274	0.283	0.319
	(0.874)	(0.885)	(1.018)
Return-on-Assets	-4.079	-4.168	-4.103
	(-1.215)	(-1.223)	(-1.192)
Prior Stock Return	-0.027	0.015	0.009
	(-0.040)	(0.022)	(0.013)
Leverage	-0.741	-0.422	-0.206
	(-0.373)	(-0.209)	(-0.099)
Cash Holdings	0.608	0.605	0.586
	(0.544)	(0.510)	(0.491)
Institutional Ownership	0.007	0.006	0.005
	(0.413)	(0.342)	(0.318)
Sponsor – Public Pension Funds		0.662	0.616
		(1.281)	(1.184)
Sponsor – SRI Funds		0.003	-0.080
		(0.007)	(-0.168)
Sponsor – Other Funds		-1.531*	-1.375
		(-1.773)	(-1.616)
Sponsor – Unions		1.173*	1.026
		(1.893)	(1.551)
Sponsor – Religious Organizations		0.695	0.643
		(1.523)	(1.395)
Sponsor – Corporations		-1.535	-1.397
		(-1.051)	(-0.949)
Sponsor – Special Interest Groups		0.093	0.066
		(0.219)	(0.147)
Sponsor – Individual Shareholders		-0.254	-0.313
		(-0.561)	(-0.719)
Resolution – Environmental			-0.224
			(-0.422)

Resolution – Political			-0.285
			(-0.535)
Resolution – Ethical Product			0.560
			(0.763)
Resolution – Employee-related			1.758**
			(2.302)
Resolution – Social			-0.084
			(-0.141)
Resolution – Business Ethics			-0.576
			(-0.932)
Cross-section dependence	Year fixed	Year fixed	Year fixed
Time-series dependence	Firm fixed	Firm fixed	Firm fixed
Observations	1,871	1,871	1,871
Adjusted R-squared	0.639	0.640	0.642

Table 10. Resubmission of Failed SRI Proposals

Table 10 presents logit models for the effect of pension fund attention on the likelihood of a resubmission of failed SRI proposals in the following year's meeting. In models (1) and (2), the dependent variable, *Resubmitted*, is an indicator variable equal to one if the proposal gets resubmitted in the following year; zero otherwise. Models (3) and (4) employ *Resubmitted & Voted* as the dependent variable, which is equal to one if the proposal gets resubmitted and voted in the following year's meeting. Models (1) and (3) includes ISS vote recommendation, the subject firm characteristics, and our key independent variable, *Pension Attention*. Then, models (2) and (4) add primary sponsor types and resolution types. All models include year fixed effects and firm clustering. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. Z-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

	(1) Resubmitted	(2) Resubmitted	(3) Resubmitted & Voted	(4) Resubmitted & Voted
Pension Attention	0.277**	0.266*	0.263*	0.256*
	(2.045)	(1.953)	(1.926)	(1.891)
Recommendation $_{ISS}$	1.479***	1.351***	1.367***	1.246***
	(12.548)	(10.561)	(11.436)	(10.314)
ln(Firm Size)	0.223***	0.214***	0.149***	0.140***
	(5.617)	(5.301)	(3.750)	(3.343)
Sales Growth	-0.123	-0.202	-0.371	-0.460
	(-0.812)	(-1.228)	(-1.171)	(-1.473)
Market-to-Book	-0.053	-0.036	0.017	0.040
	(-0.837)	(-0.586)	(0.264)	(0.671)
Return-on-Assets	0.082	0.172	0.082	0.120
	(0.130)	(0.279)	(0.141)	(0.203)
Prior Stock Return	-0.030	-0.052	-0.131	-0.172
	(-0.145)	(-0.251)	(-0.602)	(-0.758)
Leverage	0.090	0.140	0.063	0.052
	(0.340)	(0.611)	(0.262)	(0.238)
Cash Holdings	-0.186	-0.221	-0.223	-0.284
	(-0.775)	(-0.963)	(-0.876)	(-1.174)
Institutional Ownership	0.003	0.002	0.004	0.003
	(1.370)	(0.937)	(1.451)	(1.224)
Sponsor - Public Pension Funds		0.549***		0.642***
		(2.795)		(3.250)
Sponsor - SRI Funds		0.422**		0.329*
		(2.301)		(1.892)
Sponsor - Other Funds		0.372		0.427
		(1.317)		(1.514)
Sponsor - Unions		0.258		0.093
		(0.925)		(0.365)
Sponsor - Religious Organizations		0.401*		0.411**
		(1.937)		(2.153)
Sponsor - Corporations		1.228*		-0.393
		(1.697)		(-0.881)
Sponsor - Special Interest Groups		0.239		0.193
		(1.004)		(0.793)

Sponsor - Individual Shareholders	0.001		0.189	
	(0.005)		(0.776)	
Resolution - Environmental	-0.377		-0.586	
	(-0.830)		(-1.542)	
Resolution - Political	0.136		-0.097	
	(0.324)		(-0.263)	
Resolution - Ethical Product	-0.354		-0.402	
	(-0.790)		(-0.980)	
Resolution - Employee-related	0.402		0.027	
	(0.899)		(0.064)	
Resolution - Social	-0.287		-0.466	
	(-0.563)		(-0.964)	
Resolution - Business Ethics	0.010		-0.341	
	(0.022)		(-0.789)	
Cross-section dependence	Year fixed	Year fixed	Year fixed	Year fixed
Time-series dependence	Firm clustering	Firm clustering	Firm clustering	Firm clustering
Observations	1,988	1,988	1,988	1,988
Pseudo R2	0.127	0.144	0.101	0.116

Table 11. Robustness and Counterfactual Analysis

Table 11 presents robustness tests based on two counterfactual scenarios. In models (1) through (3), the key explanatory variable is pension fund attention during the last 7-day window prior to the meeting. In models (4) through (6), we employ union attention during the first 7-day window after the filing of the proxy statement. We borrow model specifications (1) and (4) from Table 5, (2) and (5) from Table 6, and (3) and (6) from Table 7. Models (1), (3), (4), and (6) are OLS models with year and firm fixed effects. Models (2) and (5) are logit models with year fixed effects and firm clustering. '-' represents a dropped variable from each model due to the perfect prediction between the variable and the dependent variable, *Pass or Not*. See Appendix A for variable definitions and data sources. 'ln' represents the natural log-transformation. T- and z-statistics are calculated using heteroskedasticity-robust standard errors and are reported in parentheses. ***, **, and * represent significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)	(3) % Non-SRI-friendly	(4)	(5)	(6) % Non-SRI-friendly
	% Vote Support	Pass or Not	MF Support	% Vote Support	Pass or Not	MF Support
Pension Attention – Last Week	-0.533	-0.021	-0.103			
	(-1.406)	(-0.047)	(-0.360)			
Union Attention – First Week				-0.935*	0.408	0.308
				(-1.831)	(0.600)	(0.926)
Recommendation Management	43.084***	5.546***	60.190***	42.842***	5.602***	60.299***
	(3.331)	(2.655)	(3.254)	(3.337)	(2.627)	(3.264)
Recommendation ISS	18.298***	3.185***	5.045***	18.285***	3.201***	5.051***
	(35.198)	(2.986)	(13.553)	(35.100)	(3.015)	(13.587)
ln(Firm Size)	-1.291*	-0.620***	0.370	-1.369**	-0.642***	0.364
	(-1.884)	(-4.004)	(0.634)	(-1.989)	(-4.054)	(0.629)
Sales Growth	-0.253	-2.488**	0.192	-0.207	-2.552**	0.165
	(-0.736)	(-2.133)	(0.741)	(-0.562)	(-2.132)	(0.623)
Market-to-Book	0.624*	0.215	0.277	0.628*	0.216	0.271
	(1.733)	(1.365)	(0.903)	(1.737)	(1.329)	(0.886)
Return-on-Assets	1.493	0.842	-3.824	1.667	0.939	-3.896
	(0.377)	(0.382)	(-1.109)	(0.420)	(0.421)	(-1.134)
Prior Stock Return	0.152	0.271	-0.058	0.184	0.195	-0.062
	(0.183)	(0.432)	(-0.085)	(0.221)	(0.321)	(-0.092)
Leverage	-2.071	-1.758**	-0.381	-1.952	-1.757**	-0.461
	(-1.026)	(-2.238)	(-0.182)	(-0.960)	(-2.215)	(-0.219)
Cash Holdings	2.856*	1.341**	0.545	2.967*	1.338**	0.482
	(1.709)	(2.025)	(0.459)	(1.777)	(1.997)	(0.406)
Institutional Ownership	0.014	0.003	0.006	0.013	0.003	0.006
	(0.558)	(0.276)	(0.339)	(0.547)	(0.301)	(0.335)

Sponsor – Public Pension Funds	2.068***	2.706***	0.597	2.053**	2.721***	0.600
	(2.593)	(3.352)	(1.143)	(2.575)	(3.345)	(1.152)
Sponsor – SRI Funds	0.088	1.495	-0.082	0.047	1.531	-0.074
	(0.141)	(1.514)	(-0.172)	(0.076)	(1.525)	(-0.155)
Sponsor – Other Funds	-1.336	-	-1.370	-1.295	-	-1.373
	(-1.254)		(-1.607)	(-1.207)		(-1.612)
Sponsor – Unions	0.158	2.258*	1.021	0.363	2.167*	0.958
	(0.193)	(1.744)	(1.531)	(0.430)	(1.762)	(1.423)
Sponsor – Religious Organizations	0.778	2.824***	0.615	0.804	2.839***	0.607
	(1.055)	(3.470)	(1.340)	(1.088)	(3.455)	(1.312)
Sponsor – Corporations	-1.352	-	-1.356	-1.446	-	-1.294
	(-0.818)		(-0.928)	(-0.874)		(-0.873)
Sponsor – Special Interest Groups	-0.101	1.682	0.008	-0.089	1.682	0.011
	(-0.158)	(1.274)	(0.017)	(-0.140)	(1.260)	(0.024)
Sponsor – Individual Shareholders	-1.777**	-	-0.280	-1.792**	-	-0.291
	(-2.410)		(-0.635)	(-2.409)		(-0.661)
Resolution – Environmental	1.776**	10.795***	-0.231	1.791**	10.768***	-0.257
	(2.284)	(8.189)	(-0.430)	(2.295)	(8.261)	(-0.479)
Resolution – Political	2.374***	10.328***	-0.283	2.376***	10.325***	-0.302
	(2.998)	(7.525)	(-0.528)	(2.990)	(7.727)	(-0.561)
Resolution – Ethical Product	0.647	9.559***	0.547	0.635	9.554***	0.519
	(0.700)	(7.028)	(0.749)	(0.685)	(7.139)	(0.706)
Resolution – Employee-related	2.738***	11.676***	1.791**	2.755***	11.694***	1.752**
	(2.853)	(8.752)	(2.314)	(2.857)	(9.324)	(2.285)
Resolution – Social	-0.436	-	-0.074	-0.396	-	-0.105
	(-0.524)		(-0.123)	(-0.477)		(-0.175)
Resolution – Business Ethics	1.662*	10.288***	-0.618	1.647*	10.273***	-0.642
	(1.685)	(4.701)	(-0.988)	(1.662)	(4.648)	(-1.026)
Cross-section dependence	Year fixed	Year fixed	Year fixed	Year fixed	Year fixed	Year fixed
Time-series dependence	Firm fixed	Firm clustering	Firm fixed	Firm fixed	Firm clustering	Firm fixed
Observations	2,021	1,550	1,871	2,021	1,550	1,871
Pseudo R2	0.778	0.332	0.642	0.778	0.332	0.642

Figure 1. SRI proposals sponsored by pension funds and SRI funds

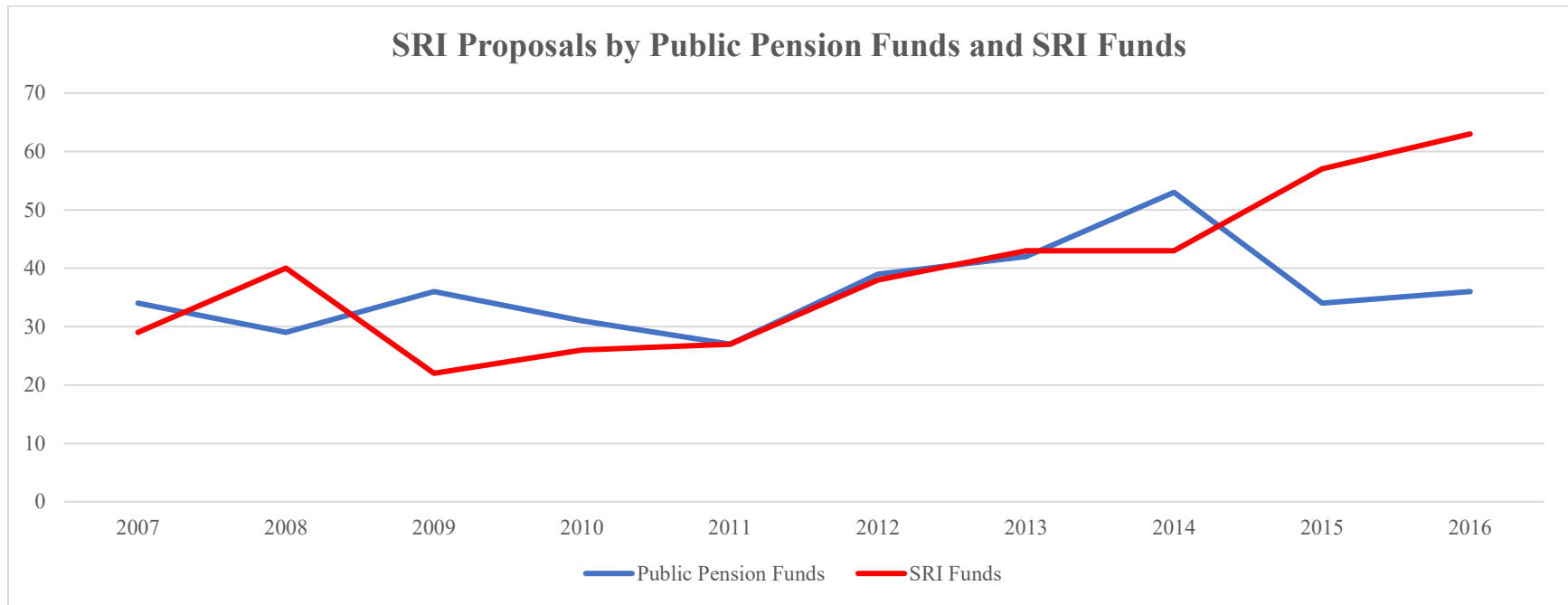**SRI Proposals by Public Pension Funds and SRI Funds**

Figure 1 compares the time trend of socially responsible investing proposals sponsored by both pension funds and SRI funds.

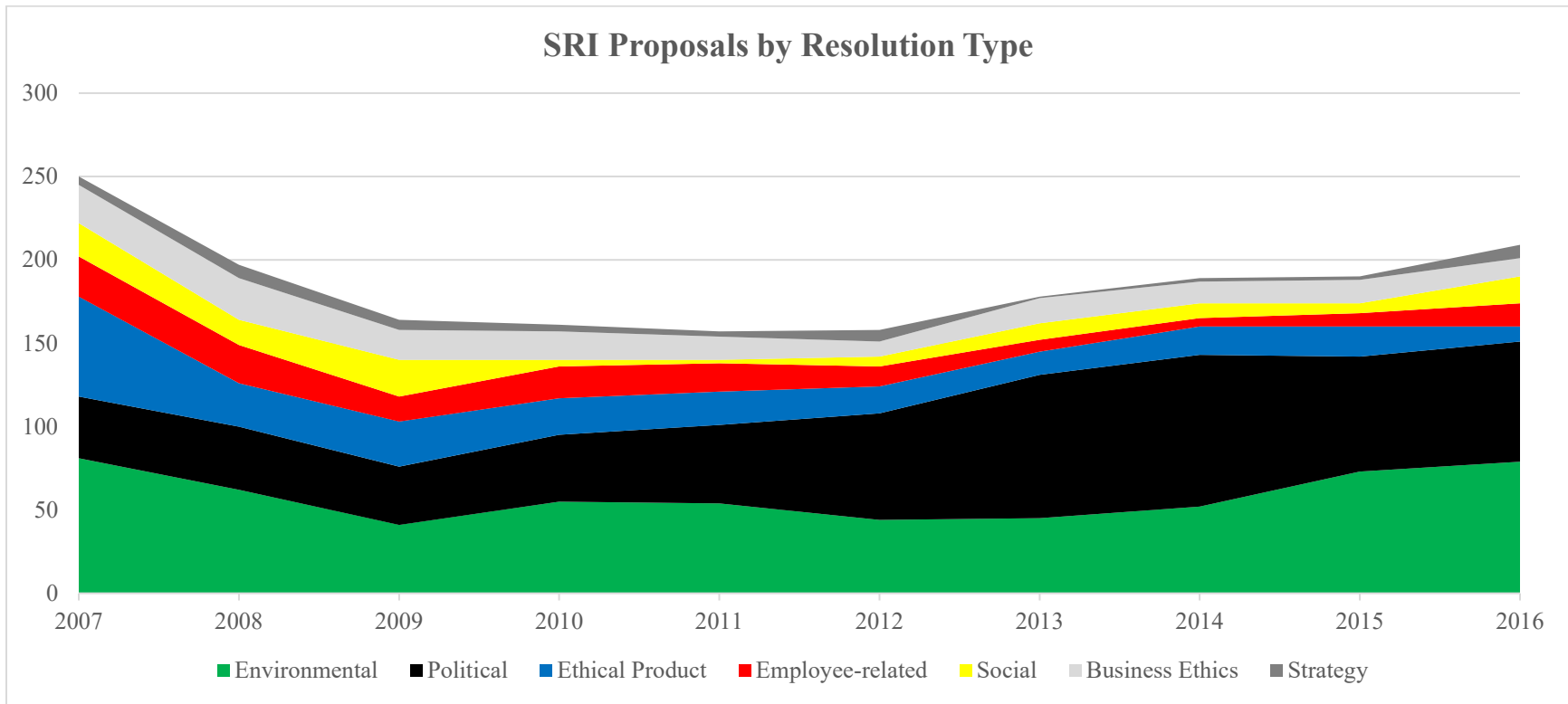**Figure 2. SRI proposals by resolution types**

Figure 2 summarizes the type of socially responsible investing proposals over time during the sample period.

Appendix A. Variable Definitions

Variable	Definition	Data source
Pension Attention	An indicator variable equal to one if a pension fund accesses the proxy statement that includes the SRI proposal during the first 7-day period from the filing date of the proxy statement; zero otherwise.	SEC EDGAR log data
Recommendation $_{Management}$	An indicator variable equal to one if the SRI proposal receives a positive recommendation from management; zero otherwise.	ISS Voting Analytics
Recommendation $_{ISS}$	An indicator variable equal to one if the SRI proposal receives a positive recommendation from ISS; zero otherwise.	ISS Voting Analytics
Firm Size	The value of the subject firm's market value of equity in millions of dollars.	Compustat
Sales Growth	The subject firm's sales growth rate over the year.	Compustat
Market-to-Book	The market value of the subject firm divided by its book value.	Compustat
Return-on-Assets	The subject firm's operating return scaled by its previous year's total assets.	Compustat
Prior Stock Return	The subject firm's past stock performance relative to the market over the 1-year window prior to the meeting date, using the buy and hold abnormal return.	CRSP
Leverage	The value of the subject firm's long-term debt scaled by its total assets.	Compustat
Cash Holdings	The value of cash and cash equivalents scaled by non-cash assets.	Compustat
Institutional Ownership	The percentage of the firm's shares held by institutional investors at the end of the quarter prior to the filing date of the proxy statement.	Thomson Reuters 13F
Sponsor	A set of indicator variables based on the primary sponsor type of the SRI proposal: public pension funds, SRI funds, other funds, unions, religious organizations, corporations, special interest groups, individual shareholders, or other unspecified types.	ISS Voting Analytics
Resolution – Environmental	A set of indicator variables based on the resolution type of the SRI proposal: environmental, political, ethical product, employee-related, social, business ethics, or strategy.	ISS Voting Analytics
Withhold Director Nominees	An indicator variable equal to one if any of the director nominees in the meeting agenda receives a withhold recommendation from ISS; zero otherwise.	ISS Voting Analytics
Say-on-pay Proposal	An indicator variable equal to one if a say-on-pay proposal is included in the meeting agenda; zero otherwise.	ISS Voting Analytics
Shareholder Governance Proposal	An indicator variable equal to one if a shareholder proposal regarding corporate governance practices is included in the meeting agenda; zero otherwise.	ISS Voting Analytics