

Shareholder activism for sustainability

The issue

Shareholder activism, where shareholders influence a company's behaviour by exercising their rights as owners, holds great potential for conservation. Much of this activism has focussed on governance issues – voting on matters such as executive pay levels, research and development, dividends or share buy-backs – but investors have also increasingly been engaging companies on environmental and social issues with concrete results.

One important way for investors to exercise their ownership rights and influence corporate behaviour is by proposing and voting on motions at shareholder assemblies. The diffuse ownership of publicly traded companies has allowed a minority of activist investors to significantly influence corporate decision-making with small stakeholder participations (1-3%). At the same time, many institutional investors who hold large shares in publicly traded companies do not exercise these rights (passive shareholding) or outsource these decisions to proxy advisor companies with little oversight.



The response

Behind much of these large and passive shareholdings are millions of citizens who directly or indirectly – via pension schemes, for example – actually own these shares. There is significant potential for these diffuse and currently passive shareholders to exercise their rights and make their voice heard. With better understanding of their role and access to corporate governance, shareholders could play a key role in guiding decision-making on issues such as climate change, biodiversity, or sustainability.

The Luc Hoffmann Institute, in collaboration with SustainAbility and the University of Zurich, aims to convene diverse thinking and practice on the issue of shareholder activism and the environment to improve policies and public awareness. It seeks to support new networks for collaboration and research, increase information sharing on existing and emerging ideas and promote best practices on shareholder activism for sustainable, global impact.

For more information, please contact:

Adrian Dellecker, Head of Programme, Luc Hoffmann Institute adellecker@wwfint.org